SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **31 December 2021**

2. SEC Identification Number **CS201320778**

3. BIR Tax Identification No. **008-647-589**

4. Exact name of issuer as specified in its charter **CENTURY PACIFIC FOOD, INC.**

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

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

7. **7/F Centerpoint Building, Julia Vargas Avenue, Ortigas Center, Pasig City** **1605**
Address of principal office Postal Code

8. **(632) 8633-8555**
Issuer's telephone number, including area code

9. **NA**
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	3,542,258,595

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

Yes [✓] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange **Common Shares**

12. Check whether the issuer:

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

Yes [✓] No [ ]

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

Yes [/] No [ ]

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

PHP 83,243,076,982.50 COMPUTED USING THE CLOSING PRICE OF PHP 23.50 AND ISSUED SHARES OF 3,542,258,595 AS OF MARCH 31, 2022

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

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

Yes [/] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. List of Stockholders attached as Annex A referred to in Item 11 on page 22.

2021 Sustainability Report attached as Annex B.

2021 Consolidated Financial Statements of Century Pacific Food, Inc. and its Subsidiaries attached as Annex C referred to in Item 7 on page 11.

CENTURY PACIFIC FOOD, INC.

PART I - BUSINESS AND GENERAL INFORMATION

PART II - OPERATIONAL AND FINANCIAL INFORMATION

PART III - CONTROL AND COMPENSATION INFORMATION

PART IV - EXHIBITS AND SCHEDULES

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

a) Overview

Century Pacific Food, Inc. (CNPF or the Company) is the largest producer of canned foods in the Philippines. It owns a portfolio of well-recognized and trusted brands in the canned and processed fish, canned meat, and dairy and mixes business segments. These brands include well-established names such as Century Tuna, 555, Argentina, and Birch Tree, as well as emerging and challenger names such as Blue Bay, Fresca, Swift, Wow, Lucky Seven, Angel, Kaffe de Oro, Coco Mama, Aquacoco, Home Pride and unMEAT, Choco Hero, and Goodest.. CNPF exports its branded products to international markets, particularly where there are huge Filipino communities such as the United States and Middle East. The Company is also the Philippines' largest exporter of private label original equipment manufacturer (OEM) tuna and coconut products.

CNPF traces its history from the Century Pacific Group, a focused branded food company for almost 40 years. Century Pacific Group began in 1978 when Mr. Ricardo S. Po established Century Pacific Group, Inc (formerly Century Canning Corporation) as an exporter of canned tuna. In subsequent years, Century Pacific Group, Inc then expanded and diversified into other food-related businesses. Establishing market leading positions, it built a multi-brand, multi-product portfolio catering to a broad and diverse customer base and supported this with a distribution infrastructure with nationwide reach, directly serving hundreds of thousands of retail outlets and food service companies.

In October 2013, the Po Family reorganized the Century Pacific Group to maximize business synergies and shareholder value. It incorporated CNPF, carving out the branded canned seafood, meat, dairy, mixes and OEM tuna export businesses, folding them into CNPF. On January 1, 2014, CNPF commenced business operations under the new corporate set-up.

CNPF manages its food business through operating divisions and wholly-owned subsidiaries.

The canned and processed fish segment is CNPF's largest business segment. It produces and markets a variety mix of tuna, sardine, other fish, and seafood-based products under the Century Tuna, 555, Blue Bay, Fresca and Lucky 7 brands.

The canned meat segment, CNPF's second largest segment, produces corned beef, meat loaf, luncheon meat, and other meat-based products which are sold under the Argentina, Swift, 555, Shanghai, and Wow brands.

The dairy and mixes segment is comprised of products such as evaporated milk, condensed milk, full cream and fortified powdered milk, and all-purpose creamer under the Angel and Birch Tree brands, coffee mix under the Kaffe de Oro brand, and flavor mixes under the Home Pride brand.

The tuna export segment produces OEM canned tuna, pouched tuna, and vacuum-packed frozen tuna loin products for overseas markets including North America, Europe, Asia, Australia, and the Middle East.

At the end of 2015, CNPF acquired a 100% interest in Century Pacific Agricultural Ventures, Inc., an integrated coconut producer of high value organic-certified and conventional coconut products for both export and domestic markets.

During 2016, CNPF also acquired the license to the *Kamayan* trademark for North America and the Middle East. The brand is one of the top names in the U.S. market for shrimp paste – a popular condiment in

Philippine cuisine, locally known as *bagoong*. CNPF also acquired distribution companies in China which sell *Century Tuna*, the number one canned tuna brand in China.

In 2017, CNPF acquired the Philippine license for *Hunt's*, the country's number one pork & beans brand. The acquisition also included the transfer of manufacturing assets and inventory related to *Hunt's* product lineup. This lineup includes pork & beans, tomato-based spaghetti sauce, tomato sauce, and marinade sauce.

In 2020, the Company entered the meat-free market with the launch of the *'unMeat'* brand - the first vegan meat alternative brand in the Philippines. The brand is rolled out in the retail and institutional markets in the Philippines and in international locations such as the USA, Singapore, China and the Middle East.

In 2021, CNPF acquired Pacific Meat Company, Inc. (PMCI), an emerging player in the refrigerated food category. with the acquisition of Pacific Meat Company, Inc., an emerging player in the category. PMCI, which was added to CNPF's portfolio on April 1, 2021, came equipped with its own manufacturing facilities, cold chain distribution, and pipeline of refrigerated products.

The Company entered new and adjacent categories in 2021, including the chocomalt powdered milk segment by launching a new brand under the dairy segment called 'Choco Hero'. CNPF also ventured into the emerging pet food category, launching its own brand, 'Goodest'.

At the end of 2021, CNPF announced the acquisition of 'Ligo', a legacy brand known for its range of high quality sardines and other marine products. Under the deal, CNPF will purchase assets and intellectual property related to the manufacturing of 'Ligo's' product lineup, which is composed of shelf-stable marine products. The deal is expected to close in 2022.

b) Key Risks

CNPF's financial performance may be materially and adversely affected by fluctuations in prices or disruption in the supply of key raw materials.

CNPF's revenue growth depends on successful introduction of new products and new product extensions, which is subject to consumer preference and other market factors at the time of introduction.

Actual or alleged contamination or deterioration of, or safety concerns about, CNPF's food products or similar products produced by third parties could give rise to product liability claims and harm CNPF's reputation.

Competition in CNPF's businesses may adversely affect its financial condition and results of operations.

CNPF relies on key suppliers for certain raw materials and the failure by such suppliers to adhere to and perform contractual obligations may adversely affect CNPF's business and results of operations.

CNPF has a limited history as a separate entity.

CNPF generally does not have long-term contracts with its customers, and it is subject to uncertainties and variability in demand and product mix.

CNPF is exposed to the credit risks of its customers, and delays or defaults in payment by its customers could have a material adverse effect on CNPF's financial condition, results of operations and liquidity;

Any infringement or failure to protect CNPF's trademarks and proprietary rights could materially and adversely affect its business.

CNPF's strategy of growth, including acquisitions, entering new product categories and international expansion, may not always be successful or may entail significant costs, which could adversely affect its business, financial condition and results of operations.

CNPF may be subject to labor unrest, slowdowns and increased wage costs.

CNPF is effectively controlled by the Po family and their interests may differ from the interests of other shareholders.

CNPF's international operations may present operating, financial and legal challenges, particularly in countries where CNPF has little or no experience.

CNPF's existing insurance policies and self-insurance measures may not be sufficient to cover the full extent of all losses.

CNPF's businesses and operations are substantially dependent upon key executives.

CNPF's major raw materials are agriculture and fisheries-based. Climate-change impact on raw materials sources may adversely affect the Company's long-term operational performance.

CNPF imports key raw materials, and supply chain disruptions may adversely impact the Company's business and results of operations.

Item 2. Properties

As of December 31, 2021, CNPF does not own land. CNPF leases several properties, including the Company's head office in Pasig City, Metro Manila, its tuna and coconut processing facilities in General Santos City, and its meat processing facility in Laguna, among others. The relevant lease agreements are typically for a term of 10 years at the prevailing market rates in their respective areas, renewable upon mutual agreement of the parties.

None of the leased premises is mortgaged or encumbered.

The Company does not plan to acquire any property in the next 12 months.

Item 3. Legal Proceedings

CNPF and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. As of December 31, 2021, neither CNPF nor any of its subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to CNPF or the relevant subsidiary's interests, would have a material adverse effect on the business or financial position of CNPF or any of its subsidiaries.

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

Except for matters taken up during the annual meeting of the stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

a) Market Information

The Company's common shares are traded in the Main Board of The Philippine Stock Exchange, Inc. ("PSE"). The common shares were listed on May 6, 2014.

The following table shows the high and low prices (in pesos per common share) of the Company's shares in the PSE for each quarter within the last 2 years (2020 to 2021):

Period	High	Low
1st Quarter of 2019	16.54	14.94
2nd Quarter of 2019	16.40	13.30
3rd Quarter of 2019	15.28	13.50
4th Quarter of 2019	16.00	14.00
January 1, 2019 to December 31, 2019	**16.54**	**13.30**
1st Quarter of 2020	15.50	9.53
2nd Quarter of 2020	15.46	13.40
3rd Quarter of 2020	18.48	14.10
4th Quarter of 2020	18.00	15.50
January 1, 2020 to December 31, 2020	**18.48**	**9.53**
1st Quarter of 2021	19.36	16.58
2nd Quarter of 2021	24.50	18.32
3rd Quarter of 2021	29.60	22.60
4th Quarter of 2021	29.25	24.00
January 1, 2021 to December 31, 2021	**29.60**	**16.58**
January 1, 2022 to March 31, 2022	**29.00**	**19.80**

Source: Daily Quotation Reports of the Philippine Stock Exchange

The market capitalization of the Company's common shares as of end of 2021, based on the closing price of Php29.25 per share was Php103,611,063,903.75. The market capitalization of the Company's common shares as of March 31, 2021, based on the closing price of Php23.50 per share was Php83,243,076,982.50.

b) Holders

Total shares outstanding as of December 31, 2021, was 3,542,258,595 with a par value of P1.00

The number of shareholders of record as of December 31, 2021, was 32. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
Century Pacific Group, Inc.	*2,434,120,781	68.71%
PCD Nominee Corp.(Non-Fil)	771,753,615	21.78%
PCD Nominee Corp.(Filipino)	539,071,548	15.217%
Alvin S. Tan	15,000	-
Myra P. Villanueva	3,000	-
Owen Nathaniel S. Au ITF: Li Marcus Au	2,365	-

Giselle Karen Y. Go	2,250	-
Rosauro Panergo Babia	1,500	-
Milagros P. Villanueva	1,500	-
Myrna P. Villanueva	1,500	-
John T. Lao	1,000	-
Frederick D. Go	750	-
Christine F. Herrera	750	-
Leopoldo E. San Buenaventura ITF Mayrhilyn M. San Buenaventura	750	-
Julius Victor Emmanuel D. Sanvictores	750	-
Felicitas F. Tacub	750	-
Marietta Villanueva-Cabreza	750	-
Ernesto Kiong Lim and/or Iris Veronica Go Lim	400	-
Guillermo F. Gili, Jr.	150	-
Shareholders Association of the Philippines, Inc.	100	-
Jesus San Luis Valencia	100	-
M. J. Soriano Trading, Inc.	50	-
Gerardo L. Salgado	8	-
Joselito T. Bautista	1	-
Botschaft N. Cheng or Sevila Ngo	1	-
Johnip G. Cua	1	-
Fernan Victor P. Lukban	1	-
Christopher Paulus Tan Po	1	-
Leonardo Arthur Tan Po	1	-
Ricardo Sy Po	1	-
Ricardo Gabriel Tan Po	1	-
Teodoro Alexander Tan Po	1	-

* Century Pacific Group, Inc.'s owns 2,231,400,000 shares of the Registrant in its own name and another 202,720,781 shares of the Registrant lodged under PCD Nominee Corp. (Filipino) equivalent to 68.71%.

c) Dividends

The Company declared cash dividends last March 24, 2021 in the amount of Thirty Six Centavos (Php0.36) per share, representing a regular dividend of Eighteen Centavos (Php0.18) per share and a special dividend of Eighteen Centavos (Php0.18) per share.

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

The following shares were issued to/subscribed by the Company's employees pursuant to its Employee Stock Purchase Plan (ESPP) confirmed by the Securities and Exchange Commission (SEC), in resolutions dated December 19, 2014, and June 2, 2016, to be exempt from the registration requirement pursuant to Section 10.2 of the Code:

YEAR	NO. OF SHARES
2014	1,367,200
2015	1,059,200
2016	400,000
2017	1,229,700
2018	0
2019	0
2020	0

2021	0
TOTAL	4,056,100

Item 6. Management's Discussion and Analysis

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this SEC Form Amended 17-A as "Annex C". The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

a) Results of Operation

CNPF's consolidated net income after tax totaled Php 4.67 billion for the full-year ending December 31, 2021. This is 20% higher than the reported net income after tax of Php 3.88 billion in 2020.

Consolidated net revenues for 2021 grew 13%, amounting to Php 54.7 billion compared to Php 48.3 billion versus the same period the previous year. Growth was driven by both the branded and the OEM exports businesses, which grew by 10% and 29% year-on-year, respectively.

The branded business - composed primarily of the Marine, Meat, and Milk business units – remains to be majority of the Company's overall topline.

CNPF's brands in the marine and meat segments have maintained market leadership. Market share gains were seen across the marine, meat, and milk segments.

The growth of OEM exports was driven by the global reopening of key markets and higher demand for healthier products.

For the full-year ending December 31, 2021, cost of sales grew by 15%, leading to a 7% increase in gross profit. The Company's cost of sales consists primarily of raw material and packaging costs, manufacturing costs, and direct labor costs.

Gross margin ratio dipped by 140-basis points to 23.3% due to the general rise of input prices globally and the higher contribution of the OEM Exports segment.

Meanwhile, operating expenses increased by 11%, resulting in a 9% growth in operating income to Php 5.87 billion.

a) Financial Condition

The Company maintained its strong and healthy balance sheet with current ratio of 2.04x and net gearing at 0.12x. Interest-bearing debt over equity increased to 0.19x, as the Company rolled over regular long-term loans.

CNPF's total assets increased to Php40.88 billion as of December 31, 2021 compared to Php36.28 billion at the end of 2020.

Total equity grew from Php21.44 billion at the end of December 2020 to Php24.89 billion, coming primarily from the Company's generated net income during the year.

b) Key Performance Indicators

The following are the major financial ratios that the Company uses. Analyses are employed by comparisons and measurements based on the financial information of the current period against last year.

	Full Year 2020	Full Year 2021
Gross Profit Margin	24.7%	23.3%
Before Tax Return on Sales	10.6%	10.2%
Return on Sales	8.0%	8.5%
Interest-Bearing Debt-to-Equity	0.16X	0.19X
Current Ratio	1.74X	2.15X

Notes:
1 Gross Profit margin = Gross Profit / Net Revenue
2 Before Tax Return on Sales = Net Profit Before Tax / Net Revenue
3 Return on Sales = Net Profit After Tax / Net Revenue
4 Interest-Bearing Debt-to-Equity = Loans Payable / Total Stockholders' Equity
5 Current Ratio = Total Current Assets / Total Current Liabilities

Item 7. Financial Statements

The Company's financial statements and notes thereto form part of this SEC Form as "Annex C".

Item 8. Information on Independent Public Accountants

a. External Auditor

The historical financial statements of wholly owned subsidiaries, General Tuna Corporation (GTC), Snow Mountain Dairy Corporation (SMDC), Century Pacific Food Packaging Ventures Inc. (CPFPVI), Century Pacific Agricultural Ventures Inc (CPAVI), General Odyssey Inc. (GOI), Millennium General Power Corporation ("MPGC") (formerly Century Pacific Solar Inc.), Allforward Warehousing Inc (AWI) and Century Pacific Seacrest Inc (CPSI) as of and for the year ended December 31, 2021, were audited by *Sycip, Gorres, Velayo, & Co. ("SGV & Co.")*, a member firm within *Ernst & Young*, independent auditors, in accordance with PSA, as stated in their reports appearing herein. The historical financial statements of CNPF wholly owned subsidiaries Century International (China) Co. Ltd. (CIC) And Century (Shanghai) Trading Co., Ltd. (CST) were examined by *Shanghai Hao Yin Certified Public Accountants Ltd.*

SGV & Co. has acted as CNPF's external auditor since January 1, 2021. Maria Pilar B. Hernandez is the current audit partner for CNPF. CNPF has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. *SGV & Co.* has neither shareholdings in CNPF nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of CNPF. *SGV & Co.* does not receive any direct or indirect interest in CNPF or its securities (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The principal accountant for *SGV & Co.* is Maria Pilar B. Hernandez. The accountants for *Shanghai Hao Yin Certified Public Accountants Ltd* is Sandy Sheng for both Century International (China) Co., Ltd. and Century (Shanghai) Trading Co., Ltd.

b. Audit Fees

Name of Auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo, & Co. (a member firm within Ernst & Young)	Php4,800,000.00	Php720,000.00

a) Audit Committee and Policies

There shall be an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees. The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit. The Audit Committee has the following duties and responsibilities, among others:

i.) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

ii.) Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

iii.) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

iv.) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;

v.) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

vi.) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

vii.) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (as defined under the Code of Ethics for Professional Accountants). The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

viii.) Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

ix.) Reviews the disposition of the recommendations in the External Auditor's management letter;

x.) Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

xi.) Coordinates, monitors and facilitates compliance with laws, rules and regulations; and

xii.) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

The Audit Committee was composed of the following members in 2021, the chairman of which is an independent director:

Name	**Position**
Fernan Victor Lukban	Chairman
Ricardo Gabriel T. Po	Member
Frances J. Yu	Member

b) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with Accountants on Accounting and Financial Disclosure or Changes in Accounting Policies for the period ended December 31, 2021.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

a. Directors, Including Independent Directors, and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's articles of incorporation, the Board shall consist of nine members, of which three are independent directors. The directors were first elected at the Company's annual shareholders meeting on October 28, 2013, re-elected on June 30, 2021, and will hold office until their successors have been duly elected and qualified. The incumbent Directors and Executive Officers of the Company are as follows:

Name	Age	Nationality	Position
Ricardo Gabriel T. Po	53	Filipino	Vice Chairman
Teodoro Alexander T. Po	51	Filipino	Vice Chairman, Chief Executive Officer and President
Christopher T. Po	50	Filipino	Executive Chairman
Leonardo Arthur T. Po	43	Filipino	Director and Treasurer
Johnip G. Cua	64	Filipino	Independent Director
Fernan Victor P. Lukban	60	Filipino	Lead Independent Director
Frances J. Yu	52	Filipino	Independent Director
Regina Roberta L. Lorenzana	50	Filipino	Independent Director
Manuel Z. Gonzalez	56	Filipino	Corporate Secretary
Gwyneth S. Ong	45	Filipino	Assistant Corporate Secretary

Ricardo Gabriel T. Po, Jr. (first elected October 28, 2013) was re-elected as the Company's Vice Chairman on June 30, 2021. He concurrently serves as a Vice Chairman of PIZZA and as a Vice Chairman of ALCO. He was the Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated magna cum laude from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Christopher T. Po (first elected October 28, 2013) was re-elected as the Company's Executive Chairman on June 30, 2021. He concurrently serves as the Chairman of Shakey's Pizza Asia Ventures, Inc. (PIZZA) and as a Director of Arthaland Corporation (ALCO), a property developer listed on the PSE. He likewise serves as a Director of AB Capital Securities, Inc. and Maybank Philippines, Inc. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey and Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines, and retail. He graduated summa cum laude from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering) in 1991. He holds a Master degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University as well as a member of the Board of Asia Society Philippines, and he is the President of the CPG-RSPo Foundation.

Teodoro Alexander T. Po (first elected October 28, 2013) was re-elected as the Company's Vice Chairman, President, and Chief Executive Officer on June 30, 2021. He concurrently serves as a Vice Chairman of PIZZA. Since 1990, he has held various positions in CNPF. He graduated summa cum laude from Boston University with a Bachelor of Science degree in Manufacturing Engineering in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School.

Leonardo Arthur T. Po (first elected October 28, 2013) was re-elected as the Company's Director and Treasurer on June 30, 2021. He concurrently serves as the Director and Treasurer of PIZZA. He graduated magna cum laude from Boston University with a degree in Business Administration and has extensive and solid business development experience in consumer marketing, finance and operations of fast-moving consumer goods (FMCG), foodservice, quick-serve restaurants, and real estate development.

Johnip G. Cua (first elected October 28, 2013) was re-elected as the Company's Independent Director on June 30, 2021. He concurrently serves as the Chairman of Xavier School, Inc., as the Chairman and President of Taibrews Corporation, and as a Director of various corporations including BDO Private Bank, PAL Holdings, Inc., MacroAsia Corporation, LT Group, Inc., and Eton Properties Philippines, Inc., among others. He has extensive experience in the consumer goods and marketing industries, having served as President and General Manager of Procter & Gamble Philippines from 1995 to 2006. Prior to this, he held a number of positions at Procter & Gamble, including Manager of Product Development and Project Supply at Procter & Gamble Taiwan and Category Manager of Procter & Gamble Philippines. He has received a number of awards, including the Agora Awards' Outstanding Achievement in Marketing Management (1998) and Procter & Gamble Global Marketing Organization's Passionate Leadership Award (2006). He holds a Bachelor of Science degree in Chemical Engineering from the University of the Philippines.

Fernan Victor P. Lukban (first elected October 28, 2013) was re-elected as the Company's Lead Independent Director on June 30, 2021. He concurrently serves as the Lead Independent Director of PIZZA, as an Independent Director of ALCO, and as a Director of Central Azucarera de Tarlac, Inc. (CAT). He is a highly regarded consultant in family business, strategy, entrepreneurship, and governance. He is active in Base of the Pyramid initiatives all over the Philippines and helps professionalize Boards throughout the country. He holds undergraduate degrees in engineering (Industrial Management - Mechanical from De La Salle University, Manila) and graduate degrees in economics (MSc in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacifc) and in business (MBA from IESE Barcelona, Spain). He spent much of his early professional years in academia, helping establish the University of Asia & the Pacifc where he currently participates as a consultant, mentor, and guest lecturer. He is a founding fellow of the Institute of Corporate Directors.

Frances J. Yu (first elected March 5, 2019) was re-elected as the Company's Independent Director on June 30, 2021. She concurrently serves as an Independent Director of PIZZA. She was previously the Chief Retail Strategist of Mansmith and Fielders, Inc., the largest marketing and sales training company in the Philippines. Prior to this, she was the Vice President and Business Unit Head of Rustan's Supermarket and the Vice President and Head of Marketing Operations for Rustan's Supercenters, Inc. She founded FJY Consulting, Inc., a corporate marketing and management consulting company which she managed as President. She was also the Vice President and General Manager of a marketing research and consulting firm catering to the top 500 corporations in several sectors. From 2003 to 2005, she served as the Chairperson for the National Retail Conference and Stores Asia Expo (NRCE) Programs Committee of the Philippine Retailers Association. She graduated summa cum laude from Fordham University, New York with a Bachelor of Arts degree in English Literature.

Regina Roberta L. Lorenzana was elected as the Company's Independent Director in March 18, 2021. Ms. Lorenzana held various executive leadership positions as Global Vice President for Fabric & Fashion for Unilever PLC, Regional Vice President for Unilever Asia Africa & Middle East Deodorants, Vice President for Personal Care Unilever Philippines, and Marketing Director positions in Unilever Indonesia and China. She graduated from the Ateneo de Manila University with a degree in BS Management Engineering, and completed executive programs in Sustainability Leadership from the University of Cambridge, Leading Global Brands at Harvard Business School, along with having attended several senior executive programs in technology, leadership and purpose at Harvard Business School and INSEAD.

Manuel Z. Gonzalez (first elected October 28, 2013) was re-elected as Corporate Secretary and Compliance Officer of the Company on June 30, 2021. He is also a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. Atty. Gonzalez has been involved in corporate practice and has extensive experience in securities, banking and finance law. Atty. Gonzalez serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Securities Philippines since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Gwyneth S. Ong (first elected March 6, 2017) was elected as Assistant Corporate Secretary of the Company on June 30, 2021. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

b. Significant Employees

Edwin C. Africa	51	Singaporean	Senior Vice President and General Manager - Canned Meat and Corporate Business Services
Ronald M. Agoncillo	45	Filipino	Vice President and General Manager - Sardines
Gregory H. Banzon	58	Filipino	Executive Vice President, Chief Operating Officer and General Manager (Marine, Global Brands, Milk and Test Kitchen)
Cezar D. Cruz, Jr.	66	Filipino	Vice President and General Manager - Food Service, Corporate Engineering and Technical Adviser to Sardines BU
Pyrus A. Dela Cruz	41	Filipino	Vice President and General Manager – Snow Mountain Dairy Corporation
Marie Nicolette Dizon	39	Filipino	Vice President and General Manager – Refrigerated Products
Carlo S. Endaya	43	Filipino	Vice President and General Manager - Local Tuna Operations
Teddy C. Kho	59	Filipino	Vice President and General Manager – General Tuna Canning, Packaging and Cold Storage
Gerald R. Manalansan	56	Filipino	Vice President for Supply Chain Logistics
Wilhelmino D. Nicolasura	45	Filipino	Vice President – Domestic Sales
Richard Kristoffer S. Manapat	36	Filipino	VP – Finance, Chief Financial Officer, Chief Information Officer and Chief Risk Officer
Samuel V. Santillan	59	Filipino	Chief Audit Executive
Noel M. Tempongko, Jr.	60	Filipino	Vice President and eneral Manager – Integrated Coconut Operations
George Leander III Q. Wang	55	Filipino	Vice President – Human Resources and Corporate Affairs
Maria Rosario L. Ybanez	46	Filipino	Legal Counsel and Compliance Officer

Edwin Raymond C. Africa (first elected April 1, 2014) serves as Senior Vice President - General Manager of the Company. Prior to joining the Company, Mr. Africa had 23 years of experience in various marketing, commercial and general management roles at Pepsico from 2004-2012, Nippon Paint from

2001-2004, and Procter & Gamble Asia from 1991 to 2001. Mr. Africa graduated from Ateneo de Manila University in 1991 with a degree in Bachelor of Science in Management Engineering.

Ronald M. Agoncillo (first elected October 28, 2013) was appointed as Vice President – General Manager (Sardines) of the Company on June 30, 2021. He joined the Century Group in 2009 as Vice President for Sales, Trade Marketing & Demand Planning and afterwards became Vice President and General Manager of Dairy. Prior to CPG, he had 10 years experience in various national sales management, systems engineering & logistics roles in Unilever Philippines & Indonesia, 3M, Shell, Cadbury & San Miguel. Mr.Agoncillo graduated from De La Salle University with a Bachelor of Science degree in Industrial Management Engineering minor in Mechanical Engineering & is an Alumni of Harvard Business School from his Executive Education Advanced Management Program.

Gregory H. Banzon (first elected October 28, 2013) serves as the Executive Vice President and Chief Operating Officer of the Company. He served seven years as the General Manager and Business Unit Head at the Century Group. He is an Agora Awardee for Marketing Excellence (2014) and was recently conferred a CEO Excel Award for Marketing Communications (2017). Prior to the Century Group, Mr. Banzon had 22 years of experience in various general management, marketing and sales roles including Vice President – Marketing of Johnson & Johnson ASEAN, Managing Director of Johnson & Johnson Indonesia, and General Manager at RFM. Mr. Banzon graduated from De La Salle University with a Bachelor's degree in Commerce (Marketing).

Cezar Cruz, Jr. (first elected October 28, 2013) is the Vice President-General Manager (Food Service, Corporate Engineering) and Technical Adviser to Sardines BU on June 30, 2021. Prior to this, he was Vice President – General Manager (Canned and Processed Fish, Sardines Division) of the Company. He joined the Century Group in 2006 and served 3 years as Business Development Manager for the Fishmeal Operation of the company and thereafter taking on the VP-General Manager position for the Sardine Division in 2010 and became the Vice President-General Manager of Sardines Plant, Food Service Group and Corporate Engineering in 2018. Prior to the Century Group, he had 29 years of experience in various technical, operations and business development roles at San Miguel and RFM. He currently serves as the President of the Sardine Association of the Philippines. Mr. Cruz Jr. graduated from the University of the Philippines with a Bachelor of Science in Electrical Engineering and is a Licensed Professional Electrical Engineer.

Pyrus A. Dela Cruz was promoted as Vice President and General Manager of Snow Mountain Dairy Corporation on June 30, 2021. Mr. Dela Cruz has been part of the CPFI team for almost a year as Consultant for Innovations and has gained familiarity with our organization. Prior to Century Group, he brought with him years of experience in marketing, product innovation and general management from stints as COO of Yellow Cab/Krispy Kreme, Trade Marketing for Wyeth Nutrition, and Product Marketing & Innovation for Coca-Cola. He graduated with a degree in Chemical Engineering from UP Diliman.

Marie Nicolette Dizon was promoted as Vice President and General Manager for Refrigerated Meat Division of the Company effective May 3, 2021. Prior to joining the Company, Ms. Dizon was the Country Head of Froneri Philippines, Inc. and held various managerial roles at Nestle Philippines, Inc. from 2005 to 2016. Ms. Dizon graduated from the Ateneo de Manila University with a Bachelor of Science Degree in Management Engineering.

Carlo S. Endaya was promoted as the Vice President and General Manager for Local Tuna Operations on June 30, 2021. Mr. Endaya has been with the company since 2019 as Marketing Director for Marine. He significantly grew CPFI domestic tuna Retail Market Share and Sardines in 2020 through brand building and innovations. Mr. Endaya has proven capability in marketing and product development in both telco and consumer goods where he addressed the needs of a diverse local and international customer base. Mr. Endaya's background in Industrial Engineering will be a plus in managing the technical complexities of this business.

Teddy C. Kho (first elected October 28, 2013) serves as Vice President and General Manager of General Tuna Corporation of the Company. He served three years as Business Unit Head of GTC. Prior to GTC, Mr. Kho had 21 years of experience in various management, operations and technical roles including President and General Manager of San Miguel Foods Vietnam and Plant Manager of San Miguel Hoecheong. Mr. Kho graduated from Adamson University with a Bachelor of Science in Chemical Engineering and completed the Management Development Program from the Asian Institute of Management.

Gerald R. Manalansan, (first elected July 1, 2019) was re-appointed as Vice President for Supply Chain Logistics Division of the company on June 30, 2021. Previously, he served as the Assistant Vice President of the same division managing the total Inbound and Outbound Logistics requirements on a national scale and operated a total of 31 warehouses for the past 6 yrs. Coupled with this, he is also directing the Sales and Operations Planning - Supply Planning for all major plants of all Business Units. Prior to joining, CPFI, he had 32 years of extensive experience in Total Supply Chain Logistics mostly in fast-moving consumer goods companies (San Miguel Magnolia Division, Magnolia-Nestle Corporation, San Miguel Beer Division and San Miguel Food Group). His broad knowledge in Supply Chain Logistics led him to become a consultant for top FMCG companies like, PT-Delta in Jakarta and RFM. Not just in FMCG but also in other industries like, Adarna Books and Carmen's Best Ice Cream. Being one of the respected Logistician in the industry he was invited to be a resource speaker in PASIA WORLD 2018 Conference and Arm Forces of the Philippines Convenient Exchange Stores (AFPCES) focusing on Supply Chain Logistics. He was also awarded with the highest award (Century Idol) given to CPFI employees for exemplary work during his freshman year in the company. He graduated with a B.S Accountancy degree from Colegio de San Juan de Letran with honors. He also attended the advance management courses from the Asian Institute of Management to hone his managerial skills.

Richard Kristoffer S. Manapat was appointed as the Corporation's Vice President of Finance in January 2021 and Chief Financial Officer, Chief Information Officer and Chief Risk Officer in February 2021. Mr. Manapat is a Certified Public Accountant and has 13 years of experience in financial and management accounting, corporate planning, process excellence, and systems implementation. He first joined the Company in 2012 as AVP-Finance for the Marine Division, and was later appointed as Head of Corporate Planning in 2015. Prior to CNPF, he held the position of Brand Finance Manager at Unilever Philippines. Mr. Manapat graduated cum laude from the University of the Philippines with a degree in Business Administration and Accountancy. He also completed the Strategic Business Economics Program from the University of Asia and the Pacific. He currently serves as a Director and Treasurer of Generation Hope.

Wilhelmino D. Nicolasora (first elected January 19, 2018) was re-appointed as Vice President of Domestic Sales on June 30, 2021. He started his career at CNPF in 2011 as National Sales Development Manager and eventually became Assistant Vice President of Trade Marketing and Sales Development prior to his current role. Before joining CNPF, he spent nine years working in various sales management roles and developmental stints in the Philippines and South Asia with multinational companies such as Unilever Philippines, PepsiCo International, Kimberly- Clark Philippines, Inc., and Kimberly-Clark Thailand Ltd.

Noel M. Tempongko, Jr., (first elected January 21, 2016) was re-appointed as Vice President and General Manager for Integrated Coconut Operations of the Company on June 30, 2021. He served as the General Manager of The Pacific Meat Company, Inc. (Refrigerated Meats business of CPG) for two years. Prior to that, he had over 25 years of experience in various general management and sales management roles in both fast-moving consumer goods companies (The Purefoods-Hormel Company Inc., Frabelle Corporation, Magnolia, Inc.) and business-to-business companies such San Miguel Pure Foods - Great Food Solutions and San Miguel Packaging Products. He graduated with a B.S. Industrial Engineering degree from the University of the Philippines and is a recipient of the distinguished alumnus award from the UP Alumni Engineers. He also took up advanced management courses from the Asian Institute of

Management and has MBA units from UP. He is currently a member of the Management Association of the Philippines.

Samuel V. Santillan (first elected June 30, 2017) joined Century Pacific Group in 2008 as Corporate Internal Audit Manager. He was re-appointed Chief Audit Executive on June 30, 2021. Prior to that, he had 24 years of experience in auditing, finance and accounting management roles at various manufacturing, shipping, trading and retail businesses, such as SGV & Co., Pepsico Inc., Baliwag Navigation Inc., Universal Food Corporation (now NutriAsia), Marsman Drysdale Inc. and Pilipinas Makro, Inc. as Systems and Audit Manager in the Philippines and as Finance Director in Beijing, China. Mr. Santillan graduated from Pamantasan ng Lungsod ng Maynila with a Bachelor of Science in Business Administration major in Accounting degree and has MBA units from De La Salle University.

George Leander III Q. Wang joined the Corporation as Vice President – Human Resources and Corporate Affairs in January 2021. Prior to joining the Corporation, he worked in 2Go Logistics where he was most recently the VP HR. Previous to this, he also headed up the Organization Effectiveness for Philip Morris as well as the Head of HR for Jollibee Philippines and Greenwich Pizza. Through his 25-year career, he has been a keen HR strategic partner with different business groups and a key builder of Organizations and People.

Maria Rosario L. Ybanez (first elected March 6, 2018) was re-appointed as Compliance Officer of the Company on June 30, 2021. She concurrently serves as Legal Counsel of the Corporation and Corporate Secretary of Shakey's Pizza Asia Vetnures, Inc. and several of Century Group's subsidiaries. She graduated with a Bachelor of Science degree in Legal Management from the Ateneo de Manila University and has a Juris Doctor degree from the Ateneo de Manila University School of Law. Atty. Ybanez has been involved in the practice of Corporate, Labor, Civil and Intellectual Property laws since 2001.

Directorships in other listed companies are as follows:

Director's Name	Name of Listed Company	Type of Directorship
Ricardo Gabriel T. Po	Arthaland Corporation IP E-Game Ventures, Inc. Shakey's Pizza Asia Ventures Inc.	Non-Executive Non-Executive Non-Executive
Teodoro Alexander T. Po	Shakey's Pizza Asia Ventures Inc.	Non-Executive
Christopher T. Po	Arthaland Corporation Shakey's Pizza Asia Ventures Inc.	Non-Executive Non-Executive
Leonardo Arthur T. Po	Shakey's Pizza Asia Ventures Inc.	Executive
Johnip G. Cua	MacroAsia Corporation PAL Holdings Inc. STI Education Systems Holdings, Inc. LT Group Inc.	Independent Independent Independent Independent
Fernan Victor P. Lukban	Central Azucarera de Tarlac Shakey's Pizza Asia Ventures Inc. Arthaland Corporation	Non-Executive Independent Director
Frances J. Yu	Shakey's Pizza Asia Ventures Inc.	Independent
Regina Roberta L. Lorenzana	N/A	N/A

b. Family Relationships

Mr. Ricardo Gabriel T. Po, Mr. Christopher T. Po, Mr. Teodoro Alexander T. Po, and Mr. Leonardo Arthur T. Po, Treasurer are brothers. Aside from the foregoing, there are no family relationships between any Directors and any members of the Company's senior management as of December 31, 2021.

Teodoro Alexander T. Po, Vice Chairman, President and Chief Executive Officer, is the brother-in-law of Manuel Z. Gonzalez, Corporate Secretary.

There are no family relationships between the current members of the Board of Directors and key officers other than the above.

c. Involvement in Certain Legal Proceedings

None of the directors and officers have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanent or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities of commodities law, for the past five (5) years up to the latest date.

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

Item 10. Executive Compensation

a. General

The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

No director should participate in deciding on his remuneration.

The Company may, in exceptional cases, e.g., when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.

b. Summary Compensation Table

a. CEO and five other most highly compensated executive officers

Name	Principal Position	Year	Salary	Bonus	Other Compensation
Christopher T. Po	Executive Chairman	2021	Php 123,833,980.56		
Teodoro T. Po	President & CEO				
Gregory H. Banzon	EVP & COO				
Edwin C. Africa	SVP & GM				
Richard Kristoffer S. Manapat	VP & CFO				

b. Aggregate compensation paid to all Executive Officers and Directors

Name	Principal Position	Year	Salary	Bonus	Other Compensation
Aggregate compensation paid to all executive officers and directors as a group unnamed		2021	Php 247,567,128.96		

c. Compensation of Directors

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
Fixed Remuneration	None		
Variable Remuneration	None		
Per diem Allowance	None	None	Php111,000 to Php150,000
Bonuses	None		
Stock Options and/or other financial instruments	None		
Others (Specify)	None		

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
Advances	None		
Credit granted			
Pension Plan/s Contributions			
Pension Plans, Obligations incurred			
Life Insurance Premium			
Hospitalization Plan			
Car Plan			
Others (Specify)			

c. Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

There are no special employment contracts or other arrangements between the Company and its officers or directors.

d. Warrants and Options Outstanding

There are no outstanding warrants or options held by any of the Company’s officers or directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2021 the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding
Common	Century Pacific Group, Inc. / 7F Centerpoint Building, Julia Vargas Avenue, Ortigas Center, Pasig City / Stockholder of Record	Ricardo Gabriel T. Po, Chairman Christopher T. Po, President Teodoro Alexander T. Po, COO Leonardo Arthur T. Po, Director	Filipino	*2,434,120,781	68.72%
Common	PCD Nominee Corp. (Non- Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of December 31, 2021 attached as Annex "A"	Non-Filipino	771,753,615	21.78%
Common	PCD Nominee Corp. (Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of December 31, 2021 attached as Annex "A"	Filipino	539,071,548	15.21%

* Century Pacific Group, Inc. owns 2,231,400,000 shares of the Registrant in its own name and another 202,720,781 shares of the Registrant lodged under PCD Nominee Corp. (Filipino).

b. Security Ownership of the Board of Directors and Senior Management

The following are the number of shares owned of record by the directors and key officers of the Company as of December 31, 2021:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Beneficial Ownership		% of Capital Stock
			Number of Direct Shares	Number of Indirect Shares	
Common	Ricardo S. Po, Sr.	Filipino	1	-	-

Common	Ricardo Gabriel T. Po	Filipino	160,001	-	-
Common	Teodoro Alexander T. Po	Filipino	160,001	-	-
Common	Christopher T. Po	Filipino	160,001	-	-
Common	Leonardo Arthur T. Po	Filipino	160,001	-	-
Common	Johnip G. Cua	Filipino	160,001	-	-
Common	Fernan Victor P. Lukban	Filipino	160,001	-	-
Common	Regina Roberta L. Lorenzana	Filipino	100	-	-
Common	Frances J. Yu	Filipino	100	-	-
Common	Richard Kristoffer S. Manapat	Filipino	78,500	-	-
Common	Manuel Z. Gonzalez	Filipino	131,500	-	-
Common	Gwyneth S. Ong	Filipino	10,000	-	-
Common	Edwin C. Africa	Singaporean	290,000	-	-
Common	Ronald M. Agoncillo	Filipino	100,000	-	-
Common	Gregory H. Banzon	Filipino	17,100	-	-
Common	Cezar D. Cruz, Jr.	Filipino	160,000	-	-
Common	Pyrus A. Dela Cruz	Filipino	-	-	-
Common	Marie Nicolette Dizon	Filipino	-	-	-
Common	Carlo S. Endaya	Filipino	-	-	-
Common	Teddy C. Kho	Filipino	494,100	-	-
Common	Gerald R. Manalansan	Filipino	7,100	-	-
Common	Noel M. Tempongko, Jr.	Filipino	100,000	-	-
Common	Wilhelmino D. Nicolasura	Filipino	-	-	-
Common	George Leander III Q. Wang	Filipino	-	-	-
Common	Maria Rosario L. Ybanez	Filipino	-	-	-
		TOTAL	**2,348,507**	**-**	**-**

c. Voting Trust Holder of 5% or more

As of December 31, 2021 there are no persons holding more than 5% of a class under a voting trust or similar agreement.

d. Changes in Control

There has been no change in control of the Company as of December 31, 2021.

Item 12. Certain Relationships and Related Transactions

The Company is a subsidiary of Century Pacific Group, Inc (formerly Century Canning Corporation) and is subsequently a member of Century Pacific Group Inc's Group of Companies (the Group). As of December 31, 2021 Century Pacific Group, Inc held 68.72% of the outstanding shares of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with companies in the Group and other companies controlled by the Po Family.

The most significant of these transactions include the leases of:
a) office spaces in Pasig City, Metro Manila from Century Pacific Group, Inc and Rian Realty Corporation

b) a 151,248 sq. m. property in General Santos City from Century Pacific Group, Inc
c) a 20,375 sq. m. property in Taguig from Century Pacific Group, Inc
d) a 38,078 sq. m. property in Zamboanga from Rian Realty Corporation

In addition to the foregoing transactions, the Company also provides certain corporate services including, corporate finance, corporate planning, procurement, human resources, controller and treasury services to companies in the Group and other companies controlled by the Po Family.

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.

Further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable to affiliated companies, can be found in the notes to the Company's financial statements.

PART V - EXHIBITS AND SCHEDULES

Century Pacific Food, Inc. has eleven (11) subsidiaries as of December 31, 2021:

Subsidiary	Business	% Ownership	Country of Residence
Snow Mountain Dairy Corporation	Producing, canning, freezing, preserving, refining, packing, buying and selling wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparation and by-products.	100	Philippines
General Tuna Corporation	Manufacturing and exporting of private label canned, pouched and frozen tuna products.	100	Philippines
Allforward Warehousing Inc.	Operating warehouse facilities	100	Philippines
Century Pacific Agricultural Ventures, Inc.	Manufacturing high value organic-certified and conventional coconut products for both export and domestic markets.	100	Philippines
Century Pacific Seacrest Inc.	Developing, maintaining, licensing and administering marks and all kinds of intellectual property	100	Philippines
Century Pacific Food Packaging Ventures Inc.	Developing and manufacturing of packaging materials	100	Philippines
Century Pacific Solar, Inc.	Developing and utilization of renewable energy source and the generation and distribution of power	100	Philippines
The Pacific Meat Company, Inc.	Manufacturing, importing, exporting, buying, selling of all kinds of food products, fish, seafoods, and other marine, cattle, hog and other animal and animal products.	100	Philippines
General Odyssey Inc.	Manufacturing and distribution of of all kinds of feeds	100	Philippines
Centennial Global Corporation	Trademark holding company	100	BVI
Cindena Resources Limited	Trademark holding company	100	BVI
Century (Shanghai) Trading Company Limited	Marketing and distribution of canned food products	100	China
Century International (China) Company Limited	Marketing and distribution of canned food products	100	China
Century Pacific North America Enterprise, Inc.	Marketing and distribution of canned food products	100	USA

Reports on SEC Form 17-C:

Date	Subject of Report
January 11, 2021	Clarification of News Report: Century Pacific sees lower growth in 2021 after phenomenal results
January 18, 2021	Clarification of News Report: Century Pacific maintains capex at P2b this year
February 2, 2021	Retirement of Oscar A. Pobre and the promotion of Richard S. Manapat as Chief Financial Officer, Chief Information Officer and Chief Risk Officer
February 24, 2021	Press Release: Century Pacific Rolls Out "unMEAT" plant-based products to retail markets in the Philippines and abroad
March 1, 2021	Press Release: Century Pacific reduces freshwater consumption of tuna facilities by 30%
March 2, 2021	Notice of Annual Stockholders' Meeting
March 8, 2021	The board of directors of Snow Mountain Dairy Corporation ("SMDC"), a wholly-owned subsidiary of CNPF, approved in its special meeting today, March 5, 2021, the amendment on the primary and secondary purpose of its Articles of Incorporation.
March 15, 2021	Resignation Eileen Grace Z. Araneta as CNPF's Director
March 18, 2021	Election of Gina Lorenzana as Independent Director and as Chairman of Board Risk Oversight Committee
March 24, 2021	Declaration of cash dividends
March 24, 2021	Acquisition of Pacific Meat Company Inc ("PMCI") – an emerging player in refrigerated food
March 24, 2021	Material Information/Transactions: Acquisition of Pacific Meat Company Inc ("PMCI") – an emerging player in refrigerated food
March 24, 2021	Press Release: CNPF ends 2020 strong with earnings up 24%; Declares a Php0.36 dividend for 2021 and enters refrigerated food via the acquisition of Pacific Meat
April 7, 2021	Press Release: Century Pacific Participates in Waste-to-Cash program; Allows sari-sari store owners to earn cash from post-consumer plastic
April 14, 2021	Press Release: Century Pacific to vaccinate all employees for free; Donating 5,000 doses to government
April 19, 2021	Press Release: Century Pacific enables consumers to support coconut farmers in Mindanao by purchasing bundles of their healthy, plant-based products
May 3, 2021	Appointment of Marie Nicolette Dizon as Vice President and General Manager - Refrigerated Products
May 5, 2021	Press Release: CNPF starts the year strong with net income up 24%; Sees upside to earnings growth target for 2021
May 6, 2021	Press Release: Century Pacific Dividend Payout Date Today, May 6
May 12, 2021	Press Release: Century Pacific Returns to the MSCI Philippine Small Cap Index
June 25, 2021	Press Release: Century Pacific's Tuna and Coconut Facilities Now Over 60% Powered by Clean Energy
June 30, 2021	Results of Annual Stockholders' Meeting
June 30, 2021	Results of the Organizational Meeting of the Board of Directors
June 30, 2021	Promotions and Appointments of Vice Presidents
July 5, 2021	Amendment on the Promotions and Appointments of Vice Presidents
July 12, 2021	Press Release: Century Pacific Brands Now Certified Plastic Neutral
July 26, 2021	Press Release: Century Pacific's CEO and ESG Program recognized among

	the best in Asia ex-China by Institutional Investor
August 4, 2021	Press Release: Century Pacific caps off 1H21 with double-digit 21% earnings growth
August 11, 2021	Press Release: Century Pacific partners with GCash and HOPE to plant 1 million coconut trees in Mindanao
August 23, 2021	Press Release: Century Pacific's plant-based alternatives brand, unMEAT, debuts in the UAE; Gains footprint in over 200 distribution outlets in two months
September 7, 2021	Press Release: Century Pacific joins DOLE'S Adopt-a-Farm Livelihood Program; Creates jobs for seasonally displaced workers in Zamboanga
September 22, 2021	Press Release: Century Pacific pioneers 'unMEAT' 100% meat-free menu at 7-Eleven
October 12, 2021	The demise of Century Pacific Food, Inc's Founder and Chairman Emeritus, Ricardo S. Po, Sr.
October 20, 2021	Press Release: CNPF ventures into Pet Food with new brand 'Goodest'
October 27, 2021	Press Release: Century Pacific expands its Dairy portfolio; Launching a new chocolate malt beverage, 'Choco Hero'
November 3, 2021	Press Release: CNPF accelerates in the third quarter, Posts double-digit YTD growth for both top and bottomline
December 9, 2021	Press Release: Century Pacific, Gcash And Hope Celebrate Coconut Tree-PlantingMilestone; Donates Over 300,000 Trees In Just 3 Months
December 24, 2021	Century Pacific acquires 'Ligo', a leading brand in the sardine category.
December 24, 2021	Press Release: Century Pacific Acquires 'Ligo', A Leading Brand In The Sardine Category
December 24, 2021	Clarification of News Report: Chris Po hungry for expansion: Century Foods rumored to buy Ligo, Shakey's to snap up Potato Corner

Reports on SEC Form 17-Q

Date Filed	**Subject of Report**
May 05, 2021	First Quarter Results
August 4, 2021	Second Quarter Results
November 03, 2021	Third Quarter Results

SIGNATURES

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

By:

Teodoro Alexander T. Po Principal Executive Officer	**Dionisio A. Balagso** Principal Accounting Officer
Richard Kristoffer S. Manapat Principal Financial Officer	**Manuel Z. Gonzalez** Corporate Secretary

APR 11 2022

SUBSCRIBED AND SWORN to before me this ____ day of ______ affiant(s) exhibiting to me his/her valid IDs as follows:

NAMES	IDENTIFICATION
Teodoro Alexander T. Po	105-633-470
Dionisio A. Balagso	108-204-2010
Richard Kristoffer S. Manapat	303-723-989
Manuel Z. Gonzalez	166-201-040

Doc No.: 213;
Page No.: 44;
Book No.: 105;
Series of 2022.

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment #M-019 until 12/31/2023
PTR No. 8852510 - Jan. 3, 2022 Makati City
Roll No. 45790, IBP Lifetime #04897/7-3-03
MCLE No. VI-0016565/ Jan. 14 2019
G/F Fedman Suites, 199 Salcedo Street
Legaspi Village, Makati City

SIGNATURE

Pursuant to the requirement 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 City on APR 11 2022.

Manuel Z. Gonzalez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 11 2022 day of ____________ affiant exhibiting to me his Tax Identification No. 166-201-040.

Doc. No. 364;
Page No. 74;
Book No. II;
Series of 2022.

MIGUEL R. SEVILLA
Appointment No. 193 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 70991
33rd Floor, The Orient Square
F Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131808; 01.05.22; Pasig City
IBP Receipt No. 171898; 01.0.22; RSM
MCLE Compliance No. VI-0026054; 4.14.22

ANNEX A

List of Stockholders

COMPANY NAME : CENTURY PACIFIC FOOD, INC.

LIST OF TOP 100 STOCKHOLDERS
As Of December 31, 2021

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES PARTIALLY PAID	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
CENTURY PACIFIC GROUP, INC.	2,231,400,000	0	2,231,400,000	62.994
PCD NOMINEE CORP.(NON-FIL)	771,753,615	0	771,753,615	21.787
PCD NOMINEE CORP.(FILIPINO)	539,071,548	0	539,071,548	15.218
ALVIN S. TAN	15,000	0	15,000	0.000
MYRA P. VILLANUEVA	3,000	0	3,000	0.000
OWEN NATHANIEL S. AU ITF: LI MARCUS AU	2,365	0	2,365	0.000
GISELLE KAREN Y. GO	2,250	0	2,250	0.000
ROSAURO PANERGO BABIA	1,500	0	1,500	0.000
MILAGROS P. VILLANUEVA	1,500	0	1,500	0.000
MYRNA P. VILLANUEVA	1,500	0	1,500	0.000
JOHN T. LAO	1,000	0	1,000	0.000
FREDERICK D. GO	750	0	750	0.000
CHRISTINE F. HERRERA	750	0	750	0.000
LEOPOLDO E. SAN BUENAVENTURA ITF MAYRHILYN M. SAN BUENAVENTURA	750	0	750	0.000
JULIUS VICTOR EMMANUEL D SANVICTORES	750	0	750	0.000
FELICITAS F. TACUB	750	0	750	0.000
MARIETTA VILLANUEVA-CABREZA	750	0	750	0.000
ERNESTO KIONG LIM AND/OR IRIS VERONICA GO LIM	400	0	400	0.000
GUILLERMO F. GILI, JR.	150	0	150	0.000
SHAREHOLDERS ASSOCIATION OF THE PHILIPPINES, INC.	100	0	100	0.000
JESUS SAN LUIS VALENCIA	100	0	100	0.000
M. J. SORIANO TRADING, INC.	50	0	50	0.000
GERARDO L. SALGADO	8	0	8	0.000
JOSELITO T BAUTISTA	1	0	1	0.000
BOTSCHAFT N. CHENG OR SEVILA NGO	1	0	1	0.000
JOHNIP G. CUA	1	0	1	0.000
FERNAN VICTOR P. LUKBAN	1	0	1	0.000
CHRISTOPHER PAULUS TAN PO	1	0	1	0.000
LEONARDO ARTHUR TAN PO	1	0	1	0.000
RICARDO SY PO	1	0	1	0.000
RICARDO GABRIEL TAN PO	1	0	1	0.000
TEODORO ALEXANDER TAN PO	1	0	1	0.000
GRAND TOTAL (32)	3,542,258,595	0	3,542,258,595	

THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, DOES NOT REQUIRE ANY SIGNATURE.

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - CNPF00000000

Business Date: December 31, 2021

BPNAME	HOLDINGS
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	388,895,158
STANDARD CHARTERED BANK	212,652,772
FIRST METRO SECURITIES BROKERAGE CORP.	205,267,010
CITIBANK N.A.	189,585,779
DEUTSCHE BANK MANILA-CLIENTS A/C	80,126,959
COL Financial Group, Inc.	54,300,483
DEUTSCHE BANK MANILA-CLIENTS A/C	35,598,300
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	26,223,000
GOVERNMENT SERVICE INSURANCE SYSTEM	23,672,980
A & A SECURITIES, INC.	18,161,950
REGIS PARTNERS, INC.	10,625,021
PHILIPPINE EQUITY PARTNERS, INC.	9,267,385
MBTC - TRUST BANKING GROUP	8,666,175
BPI SECURITIES CORPORATION	8,422,746
BDO SECURITIES CORPORATION	5,049,098
SB EQUITIES,INC.	4,391,050
CLSA PHILIPPINES, INC.	2,849,989
WEALTH SECURITIES, INC.	2,681,800
S.J. ROXAS & CO., INC.	1,976,450
LUCKY SECURITIES, INC.	1,893,300
VALUE QUEST SECURITIES CORPORATION	1,673,800
MAYBANK ATR KIM ENG SECURITIES, INC.	1,646,100
STANDARD SECURITIES CORPORATION	1,376,300
SECURITIES SPECIALISTS, INC.	1,346,300
RCBC TRUST & INVESTMENT DIVISION - VARIOUS TAXABLE ACCTS	867,550
CHINA BANKING CORPORATION - TRUST GROUP	862,600
RCBC TRUST & INVESTMENT DIVISION	741,200
EVERGREEN STOCK BROKERAGE & SEC., INC.	699,200
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	665,200
ABACUS SECURITIES CORPORATION	633,885
UNICAPITAL SECURITIES INC.	629,555
PAPA SECURITIES CORPORATION	569,007
OPTIMUM SECURITIES CORPORATION	341,000
RCBC SECURITIES, INC.	328,050
IGC SECURITIES INC.	325,750
ANSALDO, GODINEZ & CO., INC.	317,125
PNB TRUST BANKING GROUP	313,000
BANK OF COMMERCE - TRUST SERVICES GROUP	291,400
DAVID GO SECURITIES CORP.	287,550
AB CAPITAL SECURITIES, INC.	278,250
TOWER SECURITIES, INC.	277,350
SUMMIT SECURITIES, INC.	267,000
ASIASEC EQUITIES, INC.	248,500
PAN ASIA SECURITIES CORP.	222,750
FIRST INTEGRATED CAPITAL SECURITIES, INC.	214,800
SunSecurities, Inc.	211,000
WESTLINK GLOBAL EQUITIES, INC.	210,300
R. NUBLA SECURITIES, INC.	188,750
GLOBALINKS SECURITIES & STOCKS, INC.	188,550
APEX PHILIPPINES EQUITIES CORPORATION	188,550
INTRA-INVEST SECURITIES, INC.	176,800
CHINA BANK SECURITIES CORPORATION	164,200
E. CHUA CHIACO SECURITIES, INC.	163,750

BPNAME	HOLDINGS
PHILSTOCKS FINANCIAL INC	154,635
QUALITY INVESTMENTS & SECURITIES CORPORATION	147,850
R. S. LIM & CO., INC.	147,700
REGINA CAPITAL DEVELOPMENT CORPORATION	143,401
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	138,300
INVESTORS SECURITIES, INC,	137,300
YAO & ZIALCITA, INC.	135,600
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	133,150
TRITON SECURITIES CORP.	118,500
TIMSON SECURITIES, INC.	115,100
R. COYIUTO SECURITIES, INC.	110,100
AAA SOUTHEAST EQUITIES, INCORPORATED	96,200
CAMPOS, LANUZA & COMPANY, INC.	95,200
ASTRA SECURITIES CORPORATION	94,350
SOLAR SECURITIES, INC.	90,600
TANSENGCO & CO., INC.	88,100
YU & COMPANY, INC.	85,550
UPCC SECURITIES CORP.	81,100
UCPB SECURITIES, INC.	77,250
A. T. DE CASTRO SECURITIES CORP.	72,000
HDI SECURITIES, INC.	67,400
PNB SECURITIES, INC.	66,850
SALISBURY BKT SECURITIES CORPORATION	65,090
EAGLE EQUITIES, INC.	64,400
LOPEZ, LOCSIN, LEDESMA & CO., INC.	63,100
BELSON SECURITIES, INC.	60,950
EASTERN SECURITIES DEVELOPMENT CORPORATION	60,850
MDR SECURITIES, INC.	60,000
RTG & COMPANY, INC.	59,550
AP SECURITIES INCORPORATED	58,700
PREMIUM SECURITIES, INC.	58,200
VENTURE SECURITIES, INC.	54,100
AURORA SECURITIES, INC.	52,600
MERIDIAN SECURITIES, INC.	43,650
JAKA SECURITIES CORP.	41,700
MERCANTILE SECURITIES CORP.	30,800
NEW WORLD SECURITIES CO., INC.	30,500
FIDELITY SECURITIES, INC.	30,000
CTS GLOBAL EQUITY GROUP, INC.	27,700
GUILD SECURITIES, INC.	25,100
EQUITIWORLD SECURITIES, INC.	23,400
JSG SECURITIES, INC.	23,250
FIRST ORIENT SECURITIES, INC.	22,050
GOLDSTAR SECURITIES, INC.	21,500
STRATEGIC EQUITIES CORP.	21,000
VC SECURITIES CORPORATION	21,000
LUYS SECURITIES COMPANY, INC.	20,800
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	20,700
ALPHA SECURITIES CORP.	18,100
MANDARIN SECURITIES CORPORATION	17,750
F. YAP SECURITIES, INC.	17,250
CUALOPING SECURITIES CORPORATION	15,000
DIVERSIFIED SECURITIES, INC.	15,000
I. B. GIMENEZ SECURITIES, INC.	13,300
G.D. TAN & COMPANY, INC.	11,000
EAST WEST CAPITAL CORPORATION	10,000
BA SECURITIES, INC.	7,500
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	5,400
ALAKOR SECURITIES CORPORATION	4,500
DA MARKET SECURITIES, INC.	3,300

BPNAME	HOLDINGS
R & L INVESTMENTS, INC.	2,500
LARRGO SECURITIES CO., INC.	1,800
I. ACKERMAN & CO., INC.	1,500
J.M. BARCELON & CO., INC.	1,400
MOUNT PEAK SECURITIES, INC.	300
H. E. BENNETT SECURITIES, INC.	100
CENTURY PACIFIC FOODS, INC.	8
DEUTSCHE BANK MANILA-CLIENTS A/C	2
TOTAL	**1,310,825,163**

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

ANNEX B

Sustainability Report

Name of organization	Century Pacific Food, Inc. ("CNPF")
Location of headquarters	Center Point, 7/F Garnet Rd, Ortigas Center, Pasig, Metro Manila
Location of operations	General Santos City, Zamboanga City, Taguig, Binan, Pasig City
Business Model, including Primary Activities, Brands, Products, and Services	Engaged in manufacturing packaged food and beverage
Reporting Period	January 1, 2021 - December 31, 2021
Highest Ranking Person responsible for this report	Christopher Po, Executive Chairman
Contact for questions regarding the report (Department/Name and/or email)	Investor Relations, investorrelations@centurypacific.com.ph

Materiality Process

CNPF Material topic	Materiality process
Protein delivery - Profit & purpose alignment (Product affordability & accessibility, Product development & innovation, Food quality & safety) - Healthier products (Sodium reduction, Calcium, Iron & Vitamin C fortification) ***Planet preservation*** - Freshwater consumption management - Energy consumption management - Greenhouse gas emission reduction - Plastic neutrality - Landfill waste reduction - Supply chain management (Supplier credibility, Local sourcing) - Tuna sustainability (Tuna Purchase Assessment, Fisheries in Progress) ***People development*** - Diversity and inclusion - Talent development - Employee engagement - Workplace safety - Community engagement	CNPF recognizes that a company's ESG material topics are the foundation of our sustainability strategy, reporting disclosures, and company targets. As such, we ensure that the material topics selection process is both inclusive and holistic. CNPF first identified its material topics in 2019. We began by identifying the appropriate stakeholders to engage in the materiality assessment. Then we worked with our internal and external stakeholders to understand their priorities and direction based on their experience and role in the company. They also shared potential opportunities, risks, and expectations on future initiatives in sustainability. From the information gained from the activities above, we were able to craft the following, and continue to be guided by these in 2021: (1) A sustainability framework, which features the sustainability focus areas of the company, how it works, and enhances the value chain. These topics were then categorized and prioritized under Protein Delivery, Planet Preservation, and People Development based on impact and feasibility to ensure that we are focusing our efforts on areas where we can move the needle. (2) A stakeholder engagement matrix, which summarizes the main concerns of our stakeholders, how we address these concerns, and what the different channels of engagement are. (3) A preliminary strategy, which discusses the company's initial plans to achieve its goal of continuously creating stakeholder value and being a more sustainable company.

	CNPF will be refreshing and reassessing our material topics to stay relevant to recent changes such as COVID-19 in 2022. These changes will be reflected in the 2022 Sustainability Report.

Note: Stakeholder engagement matrix guided CNPF to consider all appropriate internal and external stakeholders when assessing the impacts, risks, and opportunities of the disclosures listed below.

Economic Disclosures

Economic Performance: KPIs

Direct economic value generated and distributed	In PHP Billions
Direct economic value generated (revenue)	54.7
Direct economic value distributed *(auto-calculated)*	51.7
Employee wages and benefits	2.0.
Payments to suppliers and operating costs	47.0
Dividends given to stockholders and interest payments to loan providers	1.6
Taxes given to government	1.1

Economic Performance: Impact, Risks, Opportunities, Management approach

Of the Php 54.7B in economic value generated, 51.7billion is funneled towards our key stakeholders, namely our employees, suppliers, stockholders, banks, the government, and the communities we serve.

Risks related to our business include:

1. Supply Risks
    a. CNPF's financial performance may be materially and adversely affected by fluctuations in prices or disruption in the supply of key raw materials.
    b. CNPF relies on key suppliers for certain raw materials and the failure by such suppliers to adhere to and perform contractual obligations may adversely affect CNPF's business and results of operations.
    c. CNPF imports key raw materials, and supply chain disruptions may adversely impact the Company's business and results of operations.
2. Market Forces
    a. CNPF's revenue growth depends on successful introduction of new products and new product extensions, which is subject to consumer preference and other market factors at the time of introduction.
    b. Competition in CNPF's businesses may adversely affect its financial condition and results of operations.
3. Food Safety
    a. Actual or alleged contamination or deterioration of, or safety concerns about, CNPF's food products or similar products produced by third parties could give rise to product liability claims and harm CNPF's reputation.
4. Intellectual Property Rights

    a. Any infringement or failure to protect CNPF's trademarks and proprietary rights could materially and adversely affect its business.
5. New Ventures and Businesses
    a. CNPF's strategy of growth, including acquisitions, entering new product categories and international expansion, may not always be successful or may entail significant costs, which could adversely affect its business, financial condition, and results of operations.
    b. CNPF's international operations may present operating, financial and legal challenges, particularly in countries where CNPF has little or no experience.
6. Labor
    a. CNPF may be subject to labor unrest, slowdowns, and increased wage costs.
7. Climate Factors
    a. CNPF's major raw materials are agriculture and fisheries based. Climate-change impact on raw materials sources may adversely affect the Company's long-term operational performance.

For the past 5 years, the Company has demonstrated consistent double-digit growth, a testament to its strategic priorities of supporting its Core Business Segments, Marine & Meat, while investing in faster-growing Emerging Businesses such as Milk, Coconut, Plant-based Alternatives, and Pet Food. The Company aims to double the business in the next five years. These growth opportunities are founded on its strategic priorities and commitment to becoming a more responsible and sustainable business.

CNPF has plans in place to mitigate the risks. These include:

1) Continuous diversification of the business, which allows us to expand towards new sources of growth while effectively spreading the risk and reducing our exposure to material changes in specific commodities
2) Embracing innovation; which allows us to create new channels for growth, keep our brands relevant amidst an evolving consumer landscape
3) Process improvements and controls; which mitigates operational risks
4) People-centric & values-based culture; which engages our employees and reduces labor risks
5) Commitment to sustainability; which balances the needs of our stakeholders and helps secure the longevity of our business

Climate-related risks and opportunities
Climate Change Management CNPF recognizes climate change as an urgent global issue that needs to be addressed. Our country is one of the most vulnerable to the impacts of climate change, thus, it is in our interest to ensure that our business is future-proofed and can mitigate and adapt to changing landscapes. The directive to manage our climate change impact comes from our Board of Directors, through the Corporate Governance and Sustainability Committee. To operationalize our sustainability strategy, we've established an interdepartmental steering committee to track, monitor, and continuously improve our resource management, headed by no less than our Executive Chairman and Chief Executive Officer, along with top company officers and business unit representatives.

We rolled out initiatives to reduce our natural resource usage (water, energy, waste) and limit our environment footprint, partnering with accredited third-party vendors and platforms who can either reuse or recycle our waste such as plastic. One of the most palpable impacts of climate change is the increasing severity of typhoons and other extreme weather events such as droughts. Climate change may adversely impact our sourcing, especially our agriculture and fisheries-based raw materials. Severe shifts in weather conditions may likewise impact our supply chain, leading to production or logistical challenges. We have taken steps not only to curb our impact, but also to positively influence our stakeholders to meet the same standards we've set for ourselves -- whether it's through our Supplier Code of Conduct or information sharing through community engagement. A deeper and rigorous assessment on climate change risk management is underway, not only as part of our moral obligation but as part of overall responsible business practices and accountability to our stakeholders.

Procurement: KPIs

Proportion of spending on local suppliers	
Percent of procurement budget used for significant locations of operations that is spent on local suppliers	61.93%

Procurement: Impact, Risks, Opportunities, Management Approach

CNPF believes in supporting the local economy through its sourcing policies. We support local businesses and enterprises by sourcing the majority of our materials locally, ensuring suppliers are treated fairly and supporting them in sustainable development.

For example, all major raw materials by Sardines and Coconut business units are locally sourced. Our Coconut division launched a local community purchasing program to ensure that farmers are paid a fair price for their products. We believe this approach to our supply chain creates shared value with our partners and gives us a competitive advantage in securing raw material supply.

Through our partnership with the Department of Labor, we piloted an Adopt-a-Farm initiative in Zamboanga, where seasonally displaced workers in the marine industry can be employed as farmers during closed fishing season. CNPF purchases the produce as raw ingredients for products. These types of partnerships support local communities by reducing cyclical poverty through promoting stable livelihoods while securing our raw material and ingredients supply sustainability.

Anti-corruption
Training on anti-corruption policies and procedures

Training on anti-corruption policies and procedures: KPIs	
Percentage of employees to whom the organization's anti-corruption 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	100%
Percentage of directors and management that have received anti-corruption training	100%
Percentage of employees that have received anti-corruption training	100%

Training on anti-corruption policies and procedures: Impact, Risks, Opportunities, Management Approach
CNPF has a zero tolerance policy for corruption and everyone is trained on the proper ethics and decorum on anti-corruption as outlined in our Code of Business Conduct and Ethics , which is published on our website and Annual Reports. Our Code of Business Conduct and Ethics explicitly prohibits all forms of covers corruption, extortion, and bribery, conflict of interest, no gift policy, as well as whistleblower policy.

All employee onboarding orientation covers the anti-corruption policies within the company. Additionally, employees receive a 1:1 training on the management and reporting process for anti-corruption within their respective departments to address incidents of corruption.

Incidents of corruption: KPIs	
Number of confirmed incidents of corruption	1
Number of incidents in which employees were dismissed or disciplined for corruption	1
Number of confirmed incidents when contacts with business partners were terminated due to incidents of corruption	1

Incidents of corruption: Impact, Risks, Opportunities, Management Approach
Refer to anti-corruption management approach for "Incidents of corruption" management approach.

Environment disclosure
Resource Management

Energy type	Energy consumption within the organization	Reduction of energy consumption
Renewable sources (kwh)	31,219,848.50	0.00
Electricity (kwh)	39,248,964.00	3,722,721.00
LPG (GJ)	15,279,095.60	0.00
Diesel (GJ)	653,790,629.25	15,838,496.70
Coal (GJ)	2,370,641.20	0.00

Impact, Risks, Opportunities, Management Approach: Energy Consumption
The Mission Inspire Steering Committee meets every quarter to review the resource management report, including resource consumption. We leverage these reports to identify opportunities to further reduce our energy usage.

CNPF uses a mix of energy sources and types. Our production plants use steam generated from bituminous coal, purchased electricity, and diesel to fuel our back-up generators.

To manage energy consumption, CNPF works on reducing consumption through energy efficient methods, diversifying our energy mix, and installing renewable energy sources (eg. solar). Some notable energy efficiency initiatives are:

1. Improved tuna plant energy efficiency: we shifted to 100% LED lighting, replaced systems, equipment, and machinery with more efficient versions.
2. In 2021, we commissioned a 5.2 MW Solar PV plant in General Santos, our largest manufacturing hub (Tuna and Coconut division). The plant can supply 15% of the energy requirements of these 2 divisions. Effectively, these facilities now source 60% of their energy from renewable sources (solar and hydroelectric)

CNPF will consider adding solar power installations to other business units as it is proven to be an effective energy management resource.

Water consumption in the organization	CBM
Water withdrawal	3,399,777.97
Water discharge	1,597,810.55
Water consumption	2,354,690.25
Water recycled and reused	552,722.83

Impact, Risks, Opportunities, Management Approach: Water Consumption
The Mission Inspire Steering Committee meets every quarter to review the resource management report, including resource consumption. We leverage these reports to identify opportunities to further reduce our water usage.

Water consumption across CNPF is primarily used in the factories as input material for our product sauces and liquefied products. Another significant use is for generating steam to power our operations.

We aim to operate within the constraints of our natural resources with as minimal impact as possible. As such, we are committed to reducing our water withdrawal per metric ton by 20-30% in the next two years. We manage our consumption through a combination of innovative thawing methods, rainwater and wastewater recycling, desalination, and condensate recovery.

CNPF gives particular attention to high water stress areas where our operations are present. We invest in water recycling technologies and field experts to ensure that we are continuously improving our sustainable practices.

In 2021, we engaged Dr. Dominic Foo - one of the top scientists in the country and a world-leading researcher specializing in reducing water consumption. Results and recommendations from this engagement will be implemented in 2022.

Environment Impact Management

Air emission	tCO2e
Direct (Scope 1) GHG emission	192,051.49
Indirect (Scope 2) GHG emission	27,953.11

Impact, Risks, Opportunities, Management Approach: Air emission

Greenhouse gasses (GHG) are generated by the energy we utilize and embodied carbon from our products and services. The fuel that we directly manage and burn in our manufacturing facilities represents our Scope 1 emissions, while the purchased electricity we use to light up our facilities and offices refers to our Scope 2 emissions.

GHG emissions occur primarily through our production process. As part of our continuous improvement culture, we are always looking at ways to reduce our GHG footprint through our operations.

Some notable initiatives to manage our emissions are:

1. We are exploring renewable energy sources to help limit our greenhouse gas emissions. By switching to solar and hydroelectric, we've lowered our dependence on fossil fuel by as much as 60% in our General Santos facilities -- thereby avoiding CO_2 emissions. Moving forward, we aim to expand our renewable energy sources through solar and potentially biogas in our other business units as well.
2. Through partnerships with companies such as GCash and HOPE, our coconut division has committed to plant 1 million coconut trees. This not only contributes to carbon sequestration, but the trees in turn are donated to smallholder coconut farmers. With this initiative, we are expecting the coconut business to become carbon neutral by 2028.
3. Our continued growth within the plant-based meat alternative market with the launch of "UnMeat" in 2020 supports both our ambition to become a healthier food company and to do business in a more sustainable and responsible way. Aside from having health-related advantages, plant-based meat alternatives also consume less natural resources than animal-based meat (water, land, energy, etc) in its production process - generating less greenhouse gas emissions.
4. We have also further reduced our coal consumption in our tuna and coconut businesses through the waste to energy initiatives. Sludge from the treated wastewater is dewatered and used as a portion of the fuel in our boilers, lowering the coal usage by around 10%.

CNPF adheres to the Philippine standards for air pollutant management as set by the Department of Environmental Resources (DENR) as its base management approach. At this time, air pollutants are currently not tracked.

Solid & Hazardous Waste

Solid waste (total), MT	44,306.38
Reusable	3,714.07
Recyclable	11,505.75
Composted	2,489.21
Incinerated	6.01
Residuals/Landfilled	26,591.34

Impact, Risks, Opportunities, Management Approach: Solid Waste
CNPF takes measures to be aware and responsible for its waste generation and discharge through a combination of reduction, reuse, and recycling/upcycling activities.

All BUs track their waste by type and by weight. Results are reported during the quarterly Mission Inspire steering committee meeting. The same principle of continuous improvement is applied to improve resource management across the company.

Some notable initiatives to manage our solid waste are:

1. Material Resource Facilities enforce segregation as part of our company's common business practice. We ensure waste types are properly sorted and sent to accredited recyclers (e.g. tin cans, glass bottles, metal lids, plastic canisters, and lids can be sold as scrap for recycling).
2. Partnerships with third-party vendors allow us to co-process and recycle our waste. One partnership is with a cement producer that converts our coal ash into useful materials such as hollow blocks or bricks that meet or exceed structural standards.
3. The sludge to energy initiative also enables our tuna and coconut divisions to divert waste from landfill and contribute to more robust solid waste management.
4. Tuna division reduced over 60% of plastic stretch films by switching to reusable wraps for their palletized empty cans and finished goods.

Plastic credit initiative
Through our Plastic Neutrality initiative, we purchase plastic credits from the Plastic Credit Exchange (PCeX), a plastic offset mechanism modeled after the carbon offset industry that recovers, processes, and recycles an equivalent amount of plastic as our operational plastic footprint. In 2021, CNPF was awarded 3,071 plastic credits to offset the plastic waste it generated. In 2021, all brands of CNPF that make use of flexible packaging have been certified as plastic neutral by a third-party assurance firm, Isla Lipana & Co. (PriceWaterhouseCoopers).

Effluents	
Total volume of water discharges (CBM)	1,597,810.55

Percent of wastewater recycled	34.59%

Impact, Risks, Opportunities, Management Approach: Effluents

CNPF invested in various equipment, technology, and workflow to minimize its water consumption and maximize its recycled water. As a result, almost a quarter of its total discharge is recycled and reused for different operational use.

Water discharged from the various CNPF facilities adheres to *at least* minimum standards for the quality of effluent discharge based on the set standards of DENR.

Standards adhering to DENR (DAO 2016-08)

- BOD: 100 mg/L,
- Ph:6-9,
- Nitrate: 20 mg/L,
- Temperature:3 deg C,
- TSS: 100 mg/L,
- Oil & Grease: 10 mg/L

Standards adhering to LLDA (DAO 2016-08) Effluent standards for Class C Water are as follows:

- Total Suspended Solids, mg/L 100
- Color, PCU 150
- Biochemical Oxygen Demand, mg/L 50
- Oil/Grease, mg/L 5

A wastewater plant is located in the plant premises primarily to treat effluent discharge. CNPF abides by DENR Administrative Order No. 35 Series of 1990.

Social disclosure

Employment Management

Employee hiring and benefits: Employee data	
Total employees	18,753.00
Number of female employees	7,069.00
Number of male employees	11,684.00
Attrition rate	1.99%

Employee Hiring and Benefits

CNPF's hiring policies are designed to ensure fair and equitable hiring practices.

Our hiring policy is to select an applicant that is "best fit" to the position and culture of the organization. A candidate goes through several assessments before he or she is placed with a job match. These assessments include culture fit, technical skills, customer service, etc. Our HR Department follows a standardized procedure to post positions, interview, assess, and select the candidate which helps CNPF in mitigating natural biases.

CNPF offers employee competitive benefits as part of our relationship and management with our primary internal stakeholders. We offer a fair salary structure, benefits, incentive and bonus system, and provision of access to loan programs (SSS, HDMF, company funds).

For more information on employee data, refer to the Diversity and Inclusion section Management Approach.

Employee training and development		
Total training hours provided to employees (hours)	Female	Male
Employees (total average)	7.17	8.40
Executive	11.20	4.56
Senior manager (Department Mgr)	13.10	29.23
Middle manager (Section Mgr)	9.22	8.34
Supervisor	12.34	18.47
Rank and File	7.50	3.49
Project-Based	0.86	0.00
Outsourced Worker	3.19	3.13
Consultant	0.00	0.00

Impact, Risks, Opportunities, Management Approach: Employee Training and Development

CNPF regards our employees as partners in growing the business. We invest in their professional and personal growth. Our Employee Training and Development policy offers in-house and external training programs for our employees to build competencies, maximize efficiency, and ensure their career growth.

Our Executive Succession Management Program supports business goals, strategies, and sustainability - enabling us to equip and prepare high-potential talents posed for taking on key senior management roles in the next three to five years. To address development gaps and hone the competencies required by these leadership roles, each candidate is given an Individual Development Plan which is then implemented through a combination of formal training, social learning, and experiential learning. The program is capped with a comprehensive competency assessment and performance evaluation to determine the readiness of the candidates along with final recommendations to be acted on by the Executive Committee.

Operating in a labor-intensive industry, it is important to provide our supervisors and section managers with seminars and workshops that focus on employee and labor relations. We aim to improve the knowledge, skills, attitude, and habits of our supervisors and section managers in detecting, identifying, recording, reporting, and addressing minor work-related issues as well as in preventing and mitigating these risks.

Diversity and equal opportunity (excludes outsourced workers)	
% of female workers in the workforce	42.48%
% of male workers in the workforce	57.52%
Number of employees from indigenous communities and/or vulnerable sector	2,503

Impact, Risks, Opportunities, Management Approach: Diversity and Equal Opportunity
CNPF's business supported 21,567 jobs, of which 18,753 are direct and outsourced employees of the business. Our Human Resources Department leads the role in building a highly engaged, inclusive, and competitive workforce that supports current and future strategies.

Our HR Department is responsible for ingraining this into our culture - seeing to it that every employee lives out our core value of Respect for the Individual. Our hiring process places a premium on the skills and potential of applicants and not based on ethnicity, religion, or gender. We aim to create more opportunities for employees to embrace diversity and practice inclusion in our workplace via networking groups, training and guidance, and mentorship programs.

We uphold our core value of Respect for Individual by promoting a safe workplace that prohibits all forms of sexual harassment through our Anti-Sexual Harassment and Safe Spaces Policy. The Committee on Decorum and Investigation on Sexual Harassment Cases is tasked to investigate and address complaints of gender-based sexual harassment. Committee membership is equally distributed among managerial, supervisory and rank and file employees. At least half of the committee's members are women.

At the executive level, the gender distribution is still skewed towards males. This is recognized by management, and we see this as an opportunity to further promote and empower women in the workplace. Moving forward, we aim to incorporate diversity and inclusion into our leadership representation to strengthen our competitive advantage and capacity to innovate.

Labor Laws and Human Rights	
Legal actions or employee grievances involving forced labor	0
Legal actions or employee grievances involving child labor	0
Legal actions or employee grievances involving human rights	0
Are there available policies that explicitly disallow:	
Legal actions or employee grievances involving forced labor	0
Legal actions or employee grievances involving child labor	0
Legal actions or employee grievances involving human rights	0
Reference company policies	Reference company policies
Legal actions or employee grievances involving forced labor	Policy on Human Rights
Legal actions or employee grievances involving child labor	Policy on Human Rights

Legal actions or employee grievances involving human rights	Policy on Human Rights

Impact, Risks, Opportunities, Management Approach: Labor Laws, Human Rights, and Occupational Health and Safety

CNPF has a Policy Statement on Human Rights. The company is committed to respect and promote human rights in accordance with the United Nation Guiding Principles on Business and Human Rights in our relationships with our employees, suppliers, contractors, subcontractors, stakeholders, and visitors. Every employee and person we work with is entitled to human rights. Our Company will not discriminate based on sex, age, religion ethnicity, sexual orientation, gender or marital status. We will not tolerate any employees being subjected to any physical, sexual, racial, verbal, or any other forms of harassment.

The health and safety of our employees are paramount to our operations. We are committed to ensuring the safety of our employees by putting programs and protocols in place to protect them from potential safety and health risks and hazards in the workplace. As a manufacturing business, accidents can happen within our facilities. Our safety officers ensure that health and measures are being observed by the workforce and oversee that workplace related injuries are immediately addressed and managed.

The Company has the following policies in place to ensure a safe, productive, and supportive workplace:
1. Policy on Occupational Health and Safety
2. Policy on Health and Safety Committee
3. Drug-Free Workplace Policy
4. Policy on AIDS Prevention and Control
5. Policy and Program on Tuberculosis Prevention and Control
6. Policy and Program on Hepatitis B
7. Policy and Program on Mental Health in the Workplace

Our business was heavily impacted by the disruptions brought about by the pandemic. To manage these, we deployed health and safety measures across all our manufacturing facilities, supported work from home arrangements for our office-based employees, and provided telemedicine and telecounseling services for all our employees. CNPF rolled out a company-wide vaccination and booster program as well, which is now at 99.71%. This program has also been extended to dependents and key suppliers.

Supplier accreditation: Are the following topics considered when accrediting suppliers	Do you have a supplier accreditation policy?
Environmental performance	Yes
Forced labor	Yes
Child labor	Yes
Human rights	Yes
Bribery and corruption	Yes

Reference company policies	Reference company policies
Environmental performance	Supplier Code of Conduct (2020)
Forced labor	Supplier Code of Conduct (2020)
Child labor	Supplier Code of Conduct (2020)
Human rights	Supplier Code of Conduct (2020)
Bribery and corruption	Supplier Code of Conduct (2020)

Impact, Risks, Opportunities, Management Approach: Supply chain management

We look beyond the sustainability of our own company and further examine the sustainability efforts of our suppliers. Thus, our procurement team takes care of ensuring suppliers consistently provide us with high-quality raw materials that are compliant with government regulations and accredited by international organizations, especially as part of our ambitions to lead in Tuna Sustainability. We are also able to trace the origins of our major raw materials such as fish, meat, milk powder, and coconut back to the fishing ground or farm each main raw material was sourced from.

In 2021, CNPF formalized and institutionalized Supplier Code of Conduct and Ethics covering actions of all raw material suppliers and service providers. It covers the following issues: (a) Human Rights (child labor, forced labor and human trafficking, nondiscrimination, harassment, working hours, wages and benefits), (b) Ethics (business integrity, no gift policy, fair competition, privacy and intellectual property, conflict of interest), (c) Health, Safety and Quality, (d) Environment, and (e) Management Systems. As part of our accountability and maturation in supply chain sustainability, the procurement team is looking to develop a roadmap embedding ESG criteria into our supplier accreditation parameters and engage them to ensure progress and compliance with our Supplier Code of Conduct and Ethics.

Relationship with the community					
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)
Adopt a Farm Program, in partnership with DOLE	Zamboanga	Seasonally displaced workers and their families	No	Right to desirable work and adequate living standards	Job creation for the community and supporting local community sourcing and

					supporting local community sourcing
COVID vaccine donation to Binan and LIIP Mamplasan	Metro manila	Unvaccinated employees	No	Ample protection against COVID-19	The vaccination program of CNPF has been provided to all employees for free and extended to their dependents.
Aling Tindera	Metro Manila	Women in vulnerable communities	No	Right to desirable work and adequate living standards	Reducing plastic waste in these communities and supporting livelihoods
Local Community Purchasing Program	Mindanao	Smallholder coconut farmers	Yes	Fair trade	Purchase nuts at fair prices, supporting the livelihood of the community

Impact, Risks, Opportunities, Management Approach: Relationship with the Community

The CPG-RSPo Foundation (RSPo) is the dedicated philanthropic arm, founded by the legendary Richard S. Po. RSPo's legacy feeding program, KAIN Po, as well as our Daily Dairy Milk program launched last July 2021 aim to deliver nutrition to Filipino youths and communities. The foundation also promotes livelihood security for seasonally displaced marine workers through our Adopt-A-Farm initiative. The farms, in turn, support the business as a source of raw materials for our products. We also look to focus on educating communities on the importance of nutrition and health. Additionally, RSPo supports disaster recovery and neighborhood restructuring initiatives in partnership with public and private sector organizations.

In an effort to further our impact, we track the number of jobs supported, jobs created, number of meals served, and units distributed, among other impact metrics. We are working on aligning the RSPo initiatives with our business activities as part of our sustainability agenda to serve the communities where we operate.

UN Sustainable Development Goals	Social value / contribution to SDG
SDG 1: No Poverty	Donating coconut seedlings to smallholder farmers to help their farms become more productive
SDG 2: Zero Hunger	Kain Po served 8 million meals to communities; providing affordable protein sources to ur consumers through our Marine, Meat, and Dairy Business

SDG 3: Good health and well-being	Launched unMEAT, plant-based meat alternatives
SDG 4: Quality Education	Scholarship program for the children of our employees
SDG 5: Gender Equality	Providing equal opportunities to our employees. 5 out of 6 of our manufacturing heads across our different business units are women
SDG 6: Clean Water & Sanitation	Investing in wastewater treatment in our production plants
SDG 7: Affordable & Clean Energy	Built a 5.2MW solar PV plant for our largest manufacturing hub
SDG 8: Decent Work & Economic Growth	Supporting 21,567 jobs across the organization Economic growth amidst the pandemic
SDG 9: Industry, Innovation, & Infrastructure	Expanded the capacity of our coconut manufacturing facility by 50%, generating 500 quality manufacturing jobs Launched Argentina Ready-to-use Giniling, an affordable alternative to ground pork - the first of its kind in the category
SDG 10: Reduce Inequalities	Hiring 2,503 indigenous people
SDG 11: Sustainable cities and communities	Commissioned a 5.2MW solar PV plant for our largest manufacturing hub in PH
SDG 12: Responsible consumption and production	2nd year of plastic neutrality Supply Chain Traceability Natural Resource Usage Reduction Environmental Impact Reduction (use of solar energy, waste to energy initiatives)
SDG 13: Climate action	Launched the Coconut Division's 2028 Road to Carbon Neutrality program, aiming to plant 1 million coconut trees which will sequester GHG emissions
SDG 14: Life Below Water	Leading in Tuna Sustainability - 100% compliant to ISSF conservation measures; manages a Fishery in Progress in the Western Central Pacific Ocean
SDG 15: Life on Land	Planting 1 million coconut trees to support biodiversity
SDG 16: Peace and Justice Strong Institutions	Committed to strong Corporate Governance
SDG 17: Partnerships to achieve the Goal	Partnered with GCash, the country's leading e-wallet, and HOPE, non-profit impact organization, to plant 1 million coconut trees and donate these to smallholder coconut farmers A member of the International Seafood Sustainability Foundation to advocate for more sustainable tuna fishing practices

NOTE ON DISCLOSURE TOPICS:

CNPF internally considered all disclosure topics for impact, risk, and opportunities. Undisclosed data are due to confidentiality reasons or CNPF is improving its data collection methods and baseline metrics.

ANNEX C

PARENT FINANCIAL STATEMENTS

CENTURY PACIFIC FOOD INC.

Centerpoint Building Julia Vargas Ave.,
Ortigas Center Pasig City, Metro Manila
Philippines
Tel : (632) 8633 8555
Fax : (632) 638 6336
website : www.centurypacific.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PARENT COMPANY FINANCIAL STATEMENTS

The Management of Century Pacific Food, Inc. (the "Company") is responsible for the preparation and fair presentation of the parent company financial statements including the schedules attached therein, as at and for the years ended December 31, 2021 and 2020, in accordance with Philippine financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signature: Christopher T. Po
Chairman of the Board

Signature: Teodoro Alexander Po
Chief Executive Officer

Signature: Richard Kristoffer S. Manapat
Chief Financial Officer

Signed this APR 11 2022 day of ____, 2022.

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment #M-019 until 12/31/2023
PTR No. 8852510 - Jan. 3, 2022 Makati City
Roll No. 45790, IBP Lifetime #04897/7-3-03
MCLE No. VI-0016565/ Jan. 14 2019
G/F Fedman Suites, 199 Salcedo Street
Legaspi Village, Makati City

DOC. NO. 212
PAGE NO. 44
BOOK NO. 105
SERIES OF 2022

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	2	0	7	7	8

Company Name

CENTURY PACIFIC FOOD, INC.

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

7TH FLOOR CENTERPOINT BLDG., JULIA VARGAS ST., ORTIGAS CENTER, PASIG CITY, METRO MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N.A.

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N.A.	8633-8555	N.A.

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
32	6/30	12/31

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
MANUEL Z. GONZALES	manuel.gonzales@mvgslaw.com	8687-1195	0918-843-8888

Contact Person's Address

7TH FLOOR CENTERPOINT BLDG., JULIA VARGAS ST., ORTIGAS CENTER, PASIG CITY, METRO MANILA

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.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Century Pacific Food, Inc. and Subsidiaries
(A Subsidiary of Century Pacific Group, Inc.)
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Century Pacific Food, Inc (the Company), which comprise the parent company statement of financial position as at December 31, 2021, and the parent company statement of comprehensive income, parent company statement of changes in equity and parent company statement of cash flows for the year-ended December 31, 2021, and notes to the parent company financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Matter

The parent company financial statements as at and for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 14, 2021.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 38 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Century Pacific Food, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 105007-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8853500, January 3, 2022, Makati City

April 11, 2022

CENTURY PACIFIC FOOD, INC.
(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Comparative Figures as at December 31, 2020)

		December 31	
	Notes	**2021**	2020
ASSETS			
Current Assets			
Cash and cash equivalents	7	**₱937,826,963**	₱810,004,353
Trade and other receivables	8	**5,574,912,977**	4,866,381,735
Inventories - net	9	**10,690,041,448**	9,848,541,595
Due from related parties	19	**3,122,412,757**	1,752,419,935
Biological assets	12	**-**	65,726,630
Prepayments and other current assets	10	**1,219,106,263**	1,020,304,894
Total Current Assets		**21,544,300,408**	18,363,379,142
Noncurrent Assets			
Investment in Subsidiaries	11	**7,310,359,912**	7,286,359,912
Property, plant and equipment - net	13	**2,329,473,573**	2,000,776,443
Right-of-use assets	14	**1,607,308,874**	1,322,929,379
Intangible asset	16	**444,660,693**	466,176,533
Deferred tax assets	32	**532,578,346**	715,788,855
Other noncurrent assets	15	**121,963,720**	100,517,301
Total Noncurrent Assets		**12,346,345,118**	11,892,548,423
TOTAL ASSETS		**₱33,890,645,526**	₱30,255,927,565
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	17	**₱7,152,237,321**	₱7,246,226,356
Due to related parties	19	**1,408,513,903**	2,770,444,373
Current portion of borrowings	18	**2,609,764,285**	3,134,000,000
Current portion of lease liabilities	30	**566,831,238**	224,809,949
Income tax payable		**-**	82,527,226
Total Current Liabilities		**11,737,346,747**	13,458,007,904
Noncurrent Liabilities			
Borrowings - net of current portion	18	**1,982,127,068**	-
Lease liabilities - net of noncurrent portion	30	**1,136,964,820**	1,152,852,126
Retirement benefit obligation	20	**443,647,120**	529,381,347
Total Noncurrent Liabilities		**3,562,739,008**	1,682,233,473
Total Liabilities		**15,300,085,755**	15,140,241,377
Equity			
Share capital	23	**3,542,258,595**	3,542,258,595
Share premium	23	**4,936,859,146**	4,936,859,146
Share-based compensation reserve	21	**8,211,398**	8,211,398
Retained earnings	23	**10,103,230,632**	6,628,357,049
Total Equity		**18,590,559,771**	15,115,686,188
TOTAL LIABILITIES AND EQUITY		**₱33,890,645,526**	₱30,255,927,565

See accompanying Notes to Parent Company Financial Statements.

CENTURY PACIFIC FOOD, INC.
(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for the Year Ended December 31, 2020)

		Years Ended December 31	
	Notes	**2021**	2020
REVENUE FROM CONTRACTS WITH CUSTOMERS	25	**₱42,115,472,660**	₱38,959,316,609
COST OF GOODS SOLD	26	**32,264,952,657**	30,561,975,804
GROSS POFIT	23	**9,850,520,003**	8,397,340,805
OPERATING EXPENSES	27	**(7,866,983,929)**	(6,827,251,760)
OTHER INCOME	28	**3,638,352,432**	1,708,897,656
OTHER EXPENSES	29	**(149,278,937)**	(363,689,909)
PROFIT FROM OPERATIONS		**5,472,609,569**	2,915,296,792
FINANCE COST	18	**(267,934,225)**	(219,348,070)
PROFIT BEFORE TAX		**5,204,675,344**	2,695,948,722
INCOME TAX EXPENSE	31	**(470,448,947)**	(479,886,405)
PROFIT FOR THE YEAR		**4,734,226,397**	2,216,062,317
OTHER COMPREHENSIVE INCOME			
ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Remeasurement gain (loss) on retirement benefit obligation – net of tax	20	**15,860,280**	(269,697,101)
TOTAL COMPREHENSIVE INCOME		**₱4,750,086,677**	₱1,946,365,216
Basic and Diluted Earnings Per Share	33	**₱1.34**	₱0.62

ssSee accompanying Notes to Parent Company Financial Statements.

CENTURY PACIFIC FOOD, INC.
(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY **STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures as at December 31, 2020)

	Notes	Share Capital (Note 23)	Share Premium (Note 23)	Share-based Compensation Reserve (Note 21)	Unappropriated Retained (Note 23)	Appropriated Retained Earnings (Note 23)	Total
Balance, January 1, 2020		₱3,542,258,595	₱4,936,859,146	₱8,211,398	₱4,797,849,279	₱1,159,355,648	₱14,444,534,066
Profit for the year		–	–	–	2,216,062,317	–	2,216,062,317
Other comprehensive income:							
Currency translation adjustment		–	–	–	–	–	–
Remeasurement of retirement benefit obligation - net of tax		–	–	–	(269,697,101)	–	(269,697,101)
Total Comprehensive Income		–	–	–	1,946,365,216	–	1,946,365,216
Cash dividends		–	–	–	(1,275,213,094)	–	(1,275,213,094)
Appropriation of retained earnings		–	–	–	84,894,739	(84,894,739)	–
Balance, December 31, 2020		3,542,258,595	4,936,859,146	8,211,398	5,553,896,140	1,074,460,909	15,115,686,188
Profit for the year		–	–	–	4,734,226,397	–	4,734,226,397
Other comprehensive income:							
Currency translation adjustment		–	–	–	–	–	–
Remeasurement of retirement benefit obligation - net of tax		–	–	–	15,860,280	–	15,860,280
Total Comprehensive Income		–	–	–	4,750,086,677	–	4,750,086,677
Cash dividends		–	–	–	(1,275,213,094)	–	(1,275,213,094)
Appropriation of retained earnings		–	–	–	(625,539,091)	625,539,091	–
Balance, December 31, 2021		**₱3,542,258,595**	**₱4,936,859,146**	**₱8,211,398**	**₱8,403,230,632**	**₱1,700,000,000**	**₱18,590,559,771**

See accompanying Notes to Parent Company Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
(A Subsidiary of Century Pacific Group, Inc.)

PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures *for the* **Year Ended** *December 31, 2020***)**

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱5,204,675,344**	₱2,695,948,722
Adjustments for:			
Depreciation and amortization	13,14	**624,420,718**	508,786,613
Finance costs	18,30	**267,934,225**	219,348,070
Provision for inventory obsolescence	9	**334,700,073**	216,137,970
Retirement benefit expense	20	**111,894,801**	48,141,147
Amortization of intangible asset	16	**21,515,840**	21,515,840
Investment loss on investment in subsidiaries		**-**	6,488,448
Unrealized foreign exchange loss (gain) – net		**(13,015,060)**	47,065,043
Expected credit losses	8	**(4,911,389)**	9,270,257
Interest income		**(3,896,121)**	(32,624,026)
Reversal of accruals		**16,198,933**	(11,920,798)
Inventory written-off/reversals of provision		**(205,844,000)**	(136,430,853)
Loss (Gain) on disposal of property, plant and equipment	9	**2,684,656**	249,357
Dividend income	28	**(3,075,564,522)**	(1,096,449,791)
Gain from retirement of scrap		**(169,698,377)**	(162,221,854)
Reversal of allowance for expected credit loss	28	**5,826,622**	(14,479,086)
Operating cash flows before working capital changes		**3,116,921,743**	2,318,825,059
Decrease (Increase) in:			
Trade and other receivables		**(708,531,242)**	(129,709,440)
Inventories		**(970,355,928)**	(4,956,299,438)
Due from related parties		**(1,235,143,014)**	924,638,785
Biological assets		**65,726,630**	(32,346,274)
Prepayments and other current assets		**(198,801,369)**	(275,584,229)
Other non-current assets		**(21,446,419)**	(30,339,219)
Increase (Decrease) in:			
Trade and other payables		**(114,596,014)**	3,184,788,320
Due to related parties		**(1,361,930,471)**	2,043,204,791
Cash from (used in) operating activities		**(1,428,156,084)**	3,047,178,355
Proceeds from sale of scrap	28	**169,698,377**	162,221,854
Income taxes paid		**(409,150,043)**	(407,639,318)
Contributions to retirement fund		**(142,384,368)**	(41,889,504)
Interest received		**3,968,935**	32,676,933
Net cash from (used in) operating activities		**(1,806,023,183)**	2,792,548,320
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	**(814,520,317)**	(947,794,840)
Dividends received		**3,075,564,522**	1,046,599,371
Proceeds from disposal of property, plant and equipment		**(3,445,184)**	17,620,791
Additions to investment in subsidiaries	11	**(24,000,000)**	-
Net cash used in investing activities		**2,233,599,021**	116,425,322
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds short-term borrowings	18	**5,400,000,000**	2,950,000,000
Proceeds long-term borrowings	18	**2,000,000,000**	-
Repayments of borrowings	18	**(5,934,000,000)**	(4,269,000,000)
Finance costs paid		**(133,591,190)**	(268,124,202)
Payment of lease liabilities		**(356,948,944)**	(266,596,252)
Dividends paid	24	**(1,275,213,094)**	(1,275,186,440)
Issuance of share capital		**-**	-
Net cash from (used in) financing activities		**(299,753,228)**	(3,128,906,894)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**127,822,610**	(219,933,252)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**810,004,353**	1,029,937,605
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)		**₱937,826,963**	₱810,004,353

See accompanying Notes to Parent Company Financial Statements

1. CORPORATE INFORMATION

Century Pacific Food, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 25, 2013.

The Company is primarily engaged in the business of buying and selling, processing, canning and packaging and manufacturing all kinds of food and food products, such as but not limited to fish, seafood and other marine products, cattle, hog and other animals and animal products, fruits, vegetables and other agricultural crops and produce of land, including by products thereof, and for such purpose, to acquire, construct, own, lease, charter, establish, maintain and operate canneries, factories, plants, vessels, cold storage, refrigerators, refrigerated vehicles and vessels, warehouses and other machineries, equipment, apparatus, and appliance as may be required in the conduct of its business.

The Company is a subsidiary of Century Pacific Group, Inc. (CPGI), also its ultimate parent, an entity registered with the SEC and is domiciled in the Philippines owning 62.99% and 62.99% interest as at December 31, 2021 and 2020, respectively.

On May 6, 2014, the Company's shares were listed in the Philippine Stock Exchange (PSE).

The Company's registered address and principal place of business is at 7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center, Pasig City.

The Company has the following subsidiaries as at December 31, 2021 and 2020:

	Ownership Interest	
Name of Subsidiary	**2021**	2020
General Tuna Corporation (GTC)	100%	100%
Snow Mountain Dairy Corporation (SMDC)	100%	100%
Allforward Warehousing Inc. (AWI)	100%	100%
Century Pacific Agricultural Ventures, Inc. (CPAVI)	100%	100%
Century Pacific Seacrest Inc. (CPSI)	100%	100%
Centennial Global Corporation (CGC)	100%	100%
Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	100%	100%
General Odyssey Inc (GOI)	100%	100%
Millenium General Power Corporation (MGPC)	100%	100%
The Pacific Meat Company Inc (PMCI)	100%	-
Century International (China) Co. Ltd. (CIC)	100%	100%
Century (Shanghai) Trading Co. Ltd. (CST)	100%	100%
Cindena Resources Limited (CRL)	100%	100%
Century Pacific North America Enterprise Inc. (CPNA)	100%	100%

GTC was incorporated in the Philippines and registered with the SEC on March 10, 1997. GTC is presently engaged in manufacturing and exporting private label canned, pouched and frozen tuna products. Its processing plant is located at Purok Lansong, Brgy. Tambler, General Santos City, Philippines.

SMDC was incorporated in the Philippines and registered with the SEC on February 14, 2001. SMDC is engaged in producing, canning, freezing, preserving, refining, packing, buying and selling at wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparations and by-products. Its principal place of business is located at 32 Arturo Drive, Bagumbayan, Taguig City, Philippines.

AWI was incorporated in the Philippines and was registered with the SEC on October 3, 2014. AWI is engaged in the business of operating cold storage facilities, handling, leasing, maintaining, buying, selling, warehouse and storage facilities, including its equipment, forklift, conveyors, pallet towers and other related machineries, tools and equipment necessary in warehousing, and storage operation. Its principal place of business is located at Purok Lansong, Barangay Calumpang, General Santos City, Philippines.

CPAVI was incorporated in the Philippines and was registered with the SEC on August 29, 2012. CPAVI is engaged in the business of manufacturing and distributing all kinds of food and beverage products and other foodstuffs derived from fruits and other agricultural products. Its principal place of business is located at Purok Lansong, Barangay Tambler, General Santos City, Philippines.

CPSI was incorporated in the Philippines and was registered with the SEC on November 13, 2015. CPSI is engaged in the business of developing and designing, acquiring, selling, transferring, exchanging, managing, licensing, franchising and generally exercising all rights, powers and privileges of ownership or granting any right or privilege of ownership or any interest to label marks, devices, brands, trademark rights and all other forms of intellectual property, including the right to receive, collect and dispose of any and all payments, dividends, interests and income derived from therefrom. Its principal place of business is located at 7th Floor, Centerpoint Building, J. Vargas Avenue corner Garnet Road, Ortigas Center, Pasig City, Philippines.

CGC was incorporated in the British Virgin Islands (BVI) on November 13, 2006. CGC is a company limited by shares. On February 25, 2015, the Company acquired 100% interest in CGC. CGC is the corporate vehicle that holds the various brands, trademarks, and related intellectual property of the Company and its subsidiaries. CGC was acquired from Shining Ray Limited, a wholly owned subsidiary of CPGI. . CGC's registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and its registered agent is Offshore Incorporations Limited.

CPFPVI was incorporated in the Philippines and was registered with SEC on June 29, 2016. CPFPVI is engaged in the business of manufacturing, processing, buying, selling, importing, exporting and dealing in all kinds of packaging products. On June 29, 2016, the Company acquired 100% interest in CPFPVI. Its registered principal place of business is located at Purok Lansong, Barangay Calumpang, General Santos City, Philippines.

GOI was incorporated in the Philippines and was registered with SEC on July 27, 2020. GOI is engaged in the business to buy and sell, process, can, pack, manufacture, market, produce, distribute, import and export, and deal in all kinds of feeds and for such purpose to acquire, construct, own, lease, charter, establish, maintain and operate stores, outlets, canneries, factories, plants, vessels, cold storage, refrigerators, refrigerated vehicles and vessels, warehouses, and other machineries, equipment's, apparatus and appliances as may be required. Its principal place of business is located at Centerpoint Building, J. Vargas Avenue corner Garnet Road, Ortigas Center, Pasig City, Philippines.

MGPC formerly Century Pacific Solar Inc was incorporated in the Philippines and was registered with SEC on August 10, 2020. MGPC is engaged in the business of exploration, development and utilization of renewable energy sources, including the generation and distribution of power therefrom, planning, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof and processing and commercialization of by-products in its operations and to undertake such other powers and purposes as may be required. Its principal place of business is located at Purok Lansong Bgy Tambler General Santos City.

PMCI was incorporated in the Philippines and was registered on December 9, 1997 to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in at wholesale and retail, all kinds of food and foods products, fruits, vegetables and other goods of same nature, and any all equipment, materials, and supplies used or employed in, or related to the manufacture of such finished product. On March 24, 2021 the Parent Company entered into a share purchase agreement with CPGI to acquire 100% equity interest in PMCI

The sale was completed when CPGI and the Parent Company signed the deed of absolute sale covering the PMCI shares on April 1, 2021. PMCI's registered address and principal place of business is at Block 7, Lot 7 LIIP Avenue, Barangay Mamplasan, Binan Laguna Philippines.

CIC was incorporated in China and was registered on June 9, 2003. CIC is engaged in the selling of hardware and electrical apparatus, auto spare parts, building decoration materials and products, telecommunication equipment, stationery commodities, mechanical equipment, pre-package food; wholesales of beverage; development and sale of computer software and hardware; and consulting services. Its registered address is Room A3011, No. 70 Licheng Road, Pudong New Area, Shanghai, China.

CST was incorporated in China and was registered on August 24, 2005. CST is engaged in the wholesale, import and export of food, provision of ancillary services, relevant business consulting services subject to administrative approval and relevant authority. Its registered address is at Room 520A, No. 335 Changli Road, Pudong New District, Shanghai, China.

CRL was originally incorporated in the BVI under The International Business Companies Act (CAP.291) on March 27, 2002. CRL is engaged in the purchase or otherwise acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm or company, to import, export, buy, sell, exchange, barter, let on hire, distribute, and otherwise deal in and turn to account goods, materials, commodities, produce and merchandise generally in their prepared, manufactured, semi-manufactured and raw state, to enter into, carry on and participate in financial transactions and operations of all kinds and to manufacture, construct, assemble, design, repair, refine, develop, alter, convert, process, and otherwise produce materials, fuels, chemicals, substance and industrial, commercial and consumer products of all kinds. The Company was re-registered under the BVI Business Companies Act (No 16 of 2004) on January 1, 2009 upon the compulsory implementation of the new Act. CRL's registered office is at P.O. Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands and its registered agent is Offshore Incorporations Limited.

CPNA was incorporated in the United States and was registered with the Secretary of State of California on April 20, 2017 as a domestic stock company type. CPNA is engaged in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporation Code. The agent for service process in this state is Vcorp Services CA, Inc. The registered address of CPNA is at 350 N. Glendale Avenue Ste B348, Glendale, California 91206. Its principal place of business is at 7th Floor, Centerpoint Building, J. Vargas Avenue corner Garnet Road, Ortigas Center, Pasig City.

Approval and Authorization for Issuance of Parent Company Financial Statements

The parent company financial statements were approved and authorized for issue by the Board of Directors on April 11, 2022.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION

Statement of Compliance

The parent company financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Preparation

The parent company financial statements of the Company have been prepared on the historical cost basis, unless otherwise stated. The parent company financial statements are presented in Philippine peso, the Company's functional currency.

3. ADOPTION OF NEW AND REVISED ACOUNTING STANDARDS

New Standards, Interpretations and Amendments Issued and Effective for December 31, 2021 year-end

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements of the Company.

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

The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Company adopted the amendment beginning April 1, 2021.

Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Company adopted the amendments beginning January 1, 2021.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

4. SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statements of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve (12) months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

Deferred tax assets are classified as noncurrent assets.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve (12) months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax liabilities are classified as noncurrent liabilities.

Fair Value Measurement

The Company discloses the fair values of financial instruments measured at amortized cost.

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

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

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

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

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

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

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

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Instruments

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

a. Financial assets

- *Initial recognition and measurement.* Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVPL.

  The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Company has applied the practical expedient are measured at transaction price determined under PFRS 15.

  In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

  The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

  Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market-place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

  The Company has no financial assets at FVOCI with or with no recycling of cumulative gains and losses (debt and equity instruments) and financial assets at FVPL as at December 31, 2021 and 2020.

- *Subsequent measurement.* For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortized cost (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), and FVPL.

Financial assets at amortized cost (debt instruments) is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the parent company statements of comprehensive income when the asset is derecognized, modified or impaired.

This category includes cash and cash equivalents, trade and other receivables, due from related parties, security deposits and deposits on utilities as at December 31, 2021 and 2020.

The Company has no financial assets at FVOCI with or with no recycling of cumulative gains and losses (debt and equity instruments) and financial assets at FVPL as at December 31, 2021 and 2020.

- *Impairment.* The Company recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

  ECLs are recognized in two stages, as follows:

  a. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL).
  b. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

  For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

  The Company considers a financial asset in default when contractual payments are over 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash and cash equivalents, due from related parties, security deposits and deposits on utilities, the Company recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Company has leveraged on available market data for cash in banks to calculate the ECL.

- *Derecognition.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

  - The rights to receive cash flows from the asset have expired; or

  - The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

b. Financial Liabilities

- *Initial Recognition and Measurement.* Financial liabilities are classified at initial recognition as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

  All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

  The Company's financial liabilities as at December 31, 2021 and 2020 are categorized under loans and borrowings. This category includes the Company's trade and other payables, borrowings, due to related parties and lease liabilities.

  The Company has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments as at December 31, 2021 and 2020.

- *Subsequent Measurement.* After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the parent company statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the parent company statements of comprehensive income.

- *Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the parent company statements of comprehensive income.

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company statements of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of all the counterparties.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Inventories

Inventories are initially measured at cost which includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated as follows:

Raw materials	Moving average
Work-in-process	Weighted average
Finished goods	Weighted average

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation. Inventories and its related provision for impairment are written off when the Company has determined that the related inventory is already obsolete and damaged. Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited in the parent company statements of comprehensive income based on the result of Management's current statement, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

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.

Spare parts with useful lives of one year or less are classified as inventories and recognized as expense as they are consumed.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments 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 with the passage of time.

Prepayments are classified in the parent company statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Advances to Suppliers

Advances to suppliers represent advance payments made to suppliers for the purchase of raw materials. These are reclassified to inventories upon purchase.

Investments in Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by the Company.

Investments in subsidiaries are measured initially at cost. Subsequent to initial recognition, investments in subsidiaries are carried in the Company's financial statements at cost less any accumulated impairment losses.

The Company's accounting policy for impairment of financial assets are applied to determine whether it is necessary to recognize any impairment loss with respect its investment in subsidiary. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with the Company's accounting policy on impairment of tangible and intangible 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 to the extent that the recoverable amount of the investment subsequently increases.

The investments in subsidiaries are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in profit or loss.

Biological Assets

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

The Company measures its biological assets on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.

After exerting its best effort in determining the fair value of the Company's biological assets, Management believes that the fair value of its biological assets cannot be measured reliably on a continuing basis since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable. Thus, the Company measures biological assets at its cost less any accumulated impairment losses.

There is no recognized depreciation on biological assets given its nature which is to grow and use it as part of its production. Biological assets of the Company are classified as consumable biological assets which include fish in farms. The Company manages the growth of fish which will subsequently be used in production upon harvest.

Biological assets are recognized as expense when consumed.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Construction in progress or the cost of self-constructed assets includes the cost of materials and direct labor,
any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Major spare parts qualify as property, plant and equipment when the Company expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of property, plant and equipment measured are carried at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property, plant 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 Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method, other than construction in progress, based on the estimated useful lives of the assets as follows:

Land improvements	5-15 years
Buildings	15 - 20 years
Building improvements	5-15 years
Plant machinery and equipment	2 - 20 years
Office furniture, fixtures and equipment	2 - 5 years
Laboratory tools and equipment	1 - 15 years
Transportation and delivery equipment	3 - 10 years

Properties in the course of construction for production, rental, administrative purposes or for purposes not yet determined, are carried at cost less any recognized impairment loss. Depreciation commences at the time the assets are ready for their intended use.

Leasehold improvements which include the land improvements, buildings and building improvements are depreciated over shorter of the lease term and estimated useful lives of the assets, whichever is shorter.

Spare parts and properties in the course of construction for production or for purposes not yet determined are carried at cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 the profit or loss.

Intangible Assets

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets, such as trademarks, with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its tangible assets and intangible assets 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. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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 CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in profit or loss.

Impairment losses recognized in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

A reversal of an impairment loss is recognized as in profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When 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, the 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 the end of the reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Contingencies

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

Share-based Payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

At end of each reporting period, the Company revises its estimate of the number of equity instruments expected to be exercised. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. The valuation of the share-based compensation reserve is determined by the number of share options exercised multiplied by the intrinsic value which is the difference between fair value of the shares at grant date and the exercise price.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Employee Benefits

Short-term benefits

The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before 12 months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

The Company classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the parent company statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Retirement benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Company presents the first two components of retirement benefit costs in profit or loss. The retirement benefit obligation recognized in the parent company statements of financial position represents the actual deficit or surplus in the Company's defined benefit plans.
Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Share capital

Share capital are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Share premium

Share premium represents the excess over the par-value received on subscriptions for the Company's shares which is presented in equity.

Retained earnings

Retained earnings represent accumulated profit attributable to equity holders of the Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue from Contracts from Customers

The Company recognizes revenue from the sale of manufactured goods.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product to a customer.

Sale of goods

The Company contracts to sells goods to the wholesale market and retailers. It identifies each party's rights and payment terms regarding goods to be transferred.

For sales of goods to the wholesale market and retailers, revenue is recognized at a point in time when control of the goods has transferred, being when the goods have been delivered to the wholesalers' and retailers' specific location. Following delivery, the wholesaler and retailer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are delivered to the wholesaler and retailer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Transaction price

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The transaction price is also adjusted for any consideration payable to the customer. Consideration payable to a customer includes cash amounts that the Company pays, or expects to pay, to the customer (or to other parties that purchase the Company's goods from the customer). Consideration payable to a customer also includes credit or other items that can be applied against amounts owed to the Company (or to other parties that purchase the Company's goods from the customer).

Variable consideration

The amount of consideration can vary because of discounts, rebates, refunds, credits, incentives, penalties or other similar items. The Company estimated the amount of consideration to which it will be entitled to in exchange for transferring the promised goods to a customer.

The Company includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company estimated the value of the variable consideration by obtaining the most likely amount in a range of possible consideration amounts.

The Company includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Company considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- The amount of consideration is highly susceptible to factors outside the Company’s influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions and a high risk of obsolescence of the promised goods.
- The uncertainty about the amount of consideration is not expected to be resolved for a long period of time.
- The Company’s experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value.
- The Company has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances.
- The contract has a large number and broad range of possible consideration amounts.

The Management re-assessed the variable considerations based on their evaluation of actual trade promotional activities.

Service income

Service income is recognized over time in which the services are rendered.
The service income pertains to management fees.

Other income

Other income is income generated outside the normal course of business and is recognized at a point in time when it is probable that the future economic benefits will flow to the Company and it can be measured reliably.

Revenue outside the scope of PFRS 15

Rental income

Revenue recognition for rental income is disclosed in the Company’s policy for leases.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Dividend income

Dividend income from investments is recognized when the shareholders’ rights to receive payment have been established, provided that it is probable that the future economic benefits will flow to the Company and the amount of income can be measured reliably.

Other income

Other income is income generated outside the normal course of business and is recognized at a point in time when it is probable that the future economic benefits will flow to the Company and it can be measured reliably.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the parent company statements of financial position as an asset.

Expenses in the parent company statements of comprehensive income are presented using the function of expense method. Costs of goods sold are expenses incurred that are associated with the goods sold and includes raw materials used, direct labor and manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Company.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company determines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Further, the asset that is the subject of a lease must be specifically identified wherein it is either explicitly specified in the contract or the asset is implicitly specified at the time that is made available for use by the Company.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company determines throughout the period of use if it has both the right to obtain substantially all of the economic benefits from the use and the right to direct the use of the identified asset. The Company identifies that the period of use is the total period of time that an asset is used to fulfill a contract between the lessor and the Company including any non-consecutive periods of time.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company determined the rate by obtaining it directly from the respective banks.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the parent company statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.
The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the parent company statement of financial position. The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line Cost of Goods Sold and Operating Expenses in the Statements of Comprehensive Income.

Foreign Currency

Foreign currency transactions

Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that has a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax.

Current tax

The current tax expense is based on taxable profit for the taxable period. Taxable profit differs from net profit as reported in the parent company statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax rate, whichever is higher.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the parent company financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in associate except when the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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 and assets 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred taxes 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 other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized outside profit or loss.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of sales tax except:

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

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the parent company statement of financial position.

Deferred Input VAT

In accordance with the Revenue Regulations No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of input VAT) in each of the calendar months exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods whichever is shorter.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Earnings per Share

The Company computes its basic earnings or loss per share by dividing profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the period attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Events after the Reporting Period

The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the parent company financial statements are authorized for issue. The parent company financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the parent company financial statements when material.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- 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
- 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 parent company financial statements.

For Management purposes, the Company is currently organized into four business segments, namely: Canned and Processed Fish, Canned Meat, Distribution and Corporate. These divisions are the basis on which the Company reports its primary segment information.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial information on segment reporting is presented in Note 6.

Events after the Reporting Period

The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the parent company financial statements are authorized for issue. The parent company financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the parent company financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, 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 the 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.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the parent company financial statements.

<u>Determination of functional and presentation currency</u>

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be Philippine Peso.

The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency of that mainly influences the Company in determining the costs and the selling price of its inventories. It is the currency in which the Company measures its performance and reports its results.

<u>Determination of Lease Term of Contracts with Renewal option – Company as a Lessee</u>

The Company has lease contracts that includes extension option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Company included the renewal period as part of the lease term for leases of land and buildings. The Company typically exercises its option to renew for these leases because of significant improvements on the leased assets and these assets including the underlying assets are critical to the business of the Company. As such, there will be a significant negative effect on production if a replacement asset is not readily available. The Company has determined that the lease term of these lease contracts ranges from 10 to 20 years.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the parent company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

As at December 31, 2021 and 2020, the Company's lease liabilities amounted to ₱1,703,796,058 and ₱1,377,662,075, respectively (see Note 30).

Determination of Fair Value of Financial Instruments

Where the fair value of financial assets and liabilities recorded in the parent company statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and liabilities are disclosed in Note 35.

Impairment of Trade and Other Receivables, Due from Related Parties, Security Deposits and Deposits on Utilities

The Company uses a provision matrix to calculate ECLs for its trade and other receivables, due from related parties, security deposits and deposits on utilities. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade and other receivables is disclosed in Note 9.

Other than the considerations on the impact of COVID-19 on macroeconomic factors used as inputs to the ECL calculation, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Total trade receivables recognized in the parent company statements of financial position amounted to P5,574,912,977 and P4,866,381,735 as at December 31, 2021 and 2020, respectively, which is net of the related allowance for expected credit losses amounting to P18,525,044 and P29,263,055 as at December 31, 2021 and 2020, respectively, as shown in Note 8.

		2021	2020
Due from related parties	**19**	**₱3,122,412,757**	₱1,752,419,935
Security deposits	**15**	**70,569,833**	56,605,734
Deposits on utilities	**15**	**8,201,377**	5,146,724
		₱3,201,183,967	₱1,814,172,393

No provision for ECL was recognized in 2021, 2020 and 2019 on due from related parties, security deposits and deposits on utilities.

Estimation of Useful Lives of Long-Lived Nonfinancial Assets. The useful lives of long-lived nonfinancial assets are estimated based on the economic lives of the assets and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the long-lived nonfinancial assets are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the long-lived nonfinancial assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimation of useful lives of property, plant and equipment, intangible assets with definite useful life and right-of-use assets in 2021 and 2020. The carrying values of these assets are as follows:

		2021	2020
Property, plant and equipment	**13**	**₱2,329,473,574**	₱2,000,776,443
Intangible assets with definite useful life	**12**	**444,660,693**	466,176,533
Right-of-use assets	**13**	**1,607,308,873**	1,322,929,379
		₱4,381,443,140	₱3,789,882,355

Determination of Pension Costs. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Retirement benefit obligation amounted to P443,647,120 and P529,381,347 as at December 31, 2021 and 2020, respectively (see Note 20).

The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary and pension increases are based on expected future inflation rates in the Philippines.

Further details about the assumptions used are provided in Note 20.

Recoverability of Deferred Tax Assets. The Company performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Company's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions. The Company computes for deferred tax using the 25% corporate tax rate.

Deferred tax assets recognized amounted to ₱532,578,346 and ₱715,788,855 as at December 31, 2021 and 2020, respectively (see Note 32).

6. SEGMENT INFORMATION

Business segment

For Management purposes, the Company is organized into five major business segments: Canned and Processed Fish, Canned Meat, Distribution, Dairy and Corporate. These divisions are the basis on which the Company reports its primary segment information to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The principal products and services of each of these divisions are as follows:

Business Segment	Products
Canned and Processed Fish	Tuna Sardines Other seafood-based products
Canned and Frozen Meat	Corned beef Meatloaf Processed beans Other meat-based product
Distribution	Distribution of other products
Dairy	Canned milk Powdered milk
Corporate	Shared services Sale of supplies

The results of operations of the reportable segments for the years ended December 31, 2021 and 2020 are as follows:

	Revenue	Profit (Loss) Before Tax
2021		
Canned and processed fish	**₱16,540,927,277**	**₱1,008,623,084**
Canned meat	**14,825,468,835**	**1,617,599,765**
Distribution	**93,387,843**	**6,148,727**
Dairy	**10,655,423,578**	**(170,462,288)**
Corporate	**265,127**	**2,742,766,056**
Total revenue and profit for the year	**P42,115,472,660**	**P5,204,675,344**

2020		
Canned and processed fish	₱15,935,223,188	₱838,377,406
Canned meat	12,383,595,068	1,549,909,501
Distribution	88,595,934	10,112,391
Dairy	10,548,290,713	(466,879,178)
Corporate	3,611,706	764,428,602
Total revenue and profit for the year	₱38,959,316,609	₱2,695,948,722

Segment profit represents the profit before tax by each segment without allocation of central administration costs and directors' salaries, investment income, other gains and losses, as well as finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The segment assets and liabilities as at December 31, 2021 and 2020 are as follows:

	Assets	**Liabilities**
2021		
Canned and processed fish	**₱100,053,387,299**	**₱94,830,110,569**
Corporate	**99,195,837,120**	**90,841,576,020**
Canned and Frozen meat	**51,861,308,357**	**46,089,942,790**
Distribution	**3,283,845,160**	**3,344,067,405**
Dairy	**25,811,593,273**	**26,509,714,654**
Segment total	**280,205,971,209**	**261,615,411,438**
Eliminations	**(246,315,325,683)**	**(246,315,325,683)**
	₱33,890,645,526	**₱15,300,085,755**
2020		
Canned and processed fish	₱88,298,591,297	₱83,983,824,353
Corporate	81,133,455,594	74,255,593,636
Canned meat	46,223,747,233	41,665,581,492
Distribution	3,255,333,607	3,320,167,397
Dairy	24,672,208,148	25,242,482,813
Segment total	243,583,335,879	228,467,649,691
Eliminations	(213,327,408,314)	(213,327,408,314)
	₱30,255,927,565	₱15,140,241,377

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments, other than other financial assets, and current and deferred tax assets which are booked under Corporate segment. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.
- All liabilities are allocated to reportable segments, other than borrowings, other financial liabilities, current and deferred tax liabilities, which are booked under Corporate segment. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information as at and for the years ended December 31, 2021 and 2020 are as follows:

	Additions to Property, Plant and Equipment	**Depreciation and Amortization**	**Interest Income**	**Finance Costs**
2021				
Canned and processed fish	**₱457,716,102**	**₱215,391,000**	**₱134,433**	**₱7,506,963**
Canned meat	**154,396,245**	**187,910,193**	**73,416**	**46,839,896**
Distribution	**-**	**-**	**-**	**-**
Dairy	**52,969,015**	**126,317,307**	**55,923**	**50,794,778**
Corporate	**149,438,955**	**116,318,058**	**3,632,349**	**162,792,589**
Total	**₱814,520,317**	**₱645,936,558**	**₱3,896,121**	**₱267,934,226**

	Additions to Property, Plant and Equipment	Depreciation and Amortization	Interest Income	Finance Costs
2020				
Canned and processed fish	₱763,410,756	₱144,789,997	₱120,786	₱3,497,258
Canned meat	75,219,858	187,904,259	59,266	10,699,028
Distribution	-	-	-	-
Dairy	38,343,403	79,158,206	15,716	30,631,957
Corporate	70,820,823	118,449,989	32,428,258	174,519,477
Total	₱947,794,840	₱530,302,451	₱32,624,026	₱219,347,720

Revenues and non-current assets are mainly based in the Philippines, which is the Company's country of domicile.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the parent company statements of cash flows can be reconciled to the related items in the parent company statements of financial position as follows:

	2021	2020
Cash on hand and in banks	**₱729,899,673**	₱783,068,237
Cash equivalents	**207,927,290**	26,936,116
	₱937,826,963	₱810,004,353

Cash on hand includes petty cash fund and undeposited collections.

Cash in banks earned average interest rate ranging from 0.10% to 0.125% and from 0.10% to 0.35% and per annum in 2021 and 2020, respectively, and is unrestricted and immediately available for use in the current operations of the Company.

Cash equivalents represent short-term fund placements and investments in unit - trust funds (UITFs) with local banks . Short-term fund placements will mature in three months or less from the date of acquisitions with annual average interest rates ranging from 1.25% to 2.25% in 2021 1.32% to 2.25% in 2020 and 1.01% to 5.00% in 2019. These placements are from excess cash and can be withdrawn anytime.

Interest income earned from bank deposits and placements amounted to P3,244,431 and P32,063,109 in 2021 and 2020 respectively, as disclosed in Note 28.

8. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables consist of:

	2021	2020
Trade receivables from third parties	**₱5,481,429,055**	₱4,795,344,882
Allowance for expected credit losses	**(17,639,958)**	(20,378,767)
Allowance for sales returns	**(885,086)**	(8,884,288)
	5,462,904,011	4,766,081,827
Trade receivables from:		
Other receivables	**70,537,383**	63,827,034
Advances to employees	**41,471,583**	36,472,874
	₱5,574,912,977	₱4,866,381,735

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 30 to 90 days term or less. No interest is charged on trade receivables.

Advances to officers and employees are non-interest bearing and are liquidated within one month. Advances to officers include salary loans which earned average interest rate of 8% per annum. Interest income earned from salary loans amounted to P651,690 and P560,916 in 2021 and 2020, respectively, as disclosed under other income in Note 28.

Other receivables, which consist mainly of receivables from various parties for transactions other than sale of goods and statutory receivables, are non-interest bearing and generally have terms of 30 to 45 days.

Movements in the allowance for expected credit losses and allowance for sales returns as at December 31 are as follows:

	Notes	Expected credit losses	Allowance for sales returns	Total
Balance, January 1, 2020		P11,108,510	P23,363,374	P34,471,884
Provisions for expected credit losses	27	9,270,257	-	9,270,257
Reversals		-	(14,479,086)	(14,479,086)
Balance, December 31, 2020		20,378,767	8,884,288	29,263,055
Provisions for expected credit losses	27	(4,911,389)	-	(4,911,389)
Reversals		2,172,580	(7,999,202)	(5,826,622)
Balance, December 31, 2021		**P17,639,958**	**P885,086**	**P18,525,044**

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the Management believes that there is no further allowance for expected credit losses required in excess of those that were already provided.

9. INVENTORIES

Details of the Company's inventories are as follows:

	Note	**2021**	2020
Raw and packaging materials	26	**₱5,715,167,270**	₱4,621,486,374
Finished goods	26	**5,025,885,649**	5,156,236,784
Work in process	26	**141,556,029**	145,873,484
Spare parts and supplies		**142,132,573**	130,788,953
		11,024,741,521	10,054,385,595
Allowance for obsolescence		**(334,700,073)**	(205,844,000)
		₱10,690,041,448	₱9,848,541,595

The Company's inventories are recorded at their respective costs.

Cost of inventories recognized as expense amounted to P32,287,922,647, P30,561,975,804 and P25,151,587,841 in 2021, 2020 and 2019, respectively, as disclosed in Note 26.

Movement in the Company's allowance for inventory obsolescence are as follows:

	Notes	**2021**	2020
Balance, January 1		**₱205,844,000**	₱126,136,883
Provision for inventory obsolescence	26, 29	**334,700,073**	216,137,970
Reversal	26	**(205,844,000)**	(136,430,853)
Balance, December 31		**₱334,700,073**	₱205,844,000

Allowance for inventory obsolescence relates to 100% provision of inventories that are no longer resaleable.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The Company's prepayments and other current assets consist of the following:

	2021	2020
Deferred input value-added tax (VAT)	**₱86,990,988**	₱118,840,048
Prepaid services	**39,122,843**	48,129,564
Prepaid insurance	**7,010,632**	5,230,459
Prepaid rentals	**1,503,756**	2,327,617
Advances to suppliers	**979,384,163**	823,713,670
Others	**105,093,881**	22,063,536
	₱1,219,106,263	₱1,020,304,894

Prepaid services pertain to advance payments related to maintenance on software and system used by the Company.

Others pertain to creditable withholding taxes and advance to suppliers.

11. INVESTMENTS IN SUBSIDIARIES

	Ownership Interest	**2021**	2020
Investment in Subsidiaries			
CPAVI	100%	**₱4,763,000,013**	₱4,763,000,013
GTC	100%	**1,161,032,807**	1,161,032,807
SMDC	100%	**533,582,833**	533,582,833
CPFPVI	100%	**400,000,000**	400,000,000
AWI	100%	**300,000,000**	300,000,000
CIC*	100%	**-**	-
CST**	100%	**35,077,639**	35,077,639
CPSI	100%	**50,000,000**	50,000,000
CPNA	100%	**40,662,081**	40,662,081
MGPC	100%	**2,000,000**	2,000,000
GOI	100%	**1,000,000**	1,000,000
PMCI	100%	**24,000,000**	-
CGC	100%	**4,439**	4,439
CRL	100%	**100**	100
		P7,310,359,912	P7,286,359,912

**Net of allowance for impairment amounting to ₱65,156,584*
***Net of allowance for impairment amounting to ₱27,099,672*

The Management believes that there is no indication of impairment on the carrying amounts of its investment in subsidiaries other than the total allowance for impairment recognized for investment in CIC amounting to P65,156,584 and CST amounting to P27,099,672 in 2020. Such amounts are recognized for the difference between the carrying amount and the recoverable amount of investments in subsidiaries.

Movement in investment in subsidiaries for 2020 and 2021 are as follows:

	2021	2020
Cost		
Beginning of year	**₱7,378,616,168**	₱7,375,616,168
Addition	**24,000,000**	3,000,000
End of year	**7,402,616,168**	7,378,616,168
Accumulated impairment		
Beginning of year	**(92,256,256)**	(85,767,808)
Addition	**-**	(6,488,448)
End of year	**(92,256,256)**	(92,256,256)
	₱7,310,359,912	₱7,286,359,912

CPAVI

The significant information on the audited statements of financial position of CPAVI as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱1,957,098,530**	₱1,706,298,146
Non-current assets	**2,748,329,040**	2,147,422,899
Total assets	**4,705,427,570**	3,853,721,045
Current liabilities	**1,394,056,640**	516,740,257
Non-current liabilities	**38,899,257**	48,992,378
Total liabilities	**1,432,955,897**	565,732,635
Equity	**₱3,272,471,673**	₱3,287,988,410

	2021	2020
Results of Operations		
Revenue	**₱4,968,089,823**	₱3,616,037,666
Cost and expenses	**4,491,144,021**	3,321,063,136
Profit for the year	**₱476,945,802**	₱294,974,530

GTC

The significant information on the audited statements of financial position of GTC as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020, as translated to the Company's functional currency, are as follows:

	2021	2020
Financial Position		
Current assets	**₱3,626,901,057**	₱4,315,675,831
Non-current assets	**1,390,908,961**	1,265,275,471
Total assets	**5,017810,018**	5,580,951,302
Current liabilities	**2,310,957,779**	2,760,934,265
Non-current liabilities	**63,863,645**	97,152,491
Total liabilities	**2,374,821,424**	2,858,086,756
Equity	**₱2,642,988,594**	₱2,722,864,546

	2021	2020
Results of Operations		
Revenue	**₱7,815,247,676**	₱6,007,349,439
Cost and expenses	**7,411,249,231**	5,865,074,076
Profit for the year	**₱403,998,445**	₱142,275,363

SMDC

The significant information on the audited statements of financial position of SMDC as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱530,176,493**	₱2,042,747,471
Non-current assets	**600,991,637**	652,236,210
Total assets	**1,131,168,130**	2,694,983,681
Current liabilities	**172,608,389**	505,108,396
Non-current liabilities	**40,343,429**	49,980,675
Total liabilities	**212,951,818**	P555,089,071
Equity	**₱918,216,312**	₱2,139,894,610

	2021	2020
Results of Operations		
Revenue	**₱120,567,899**	₱9,898,001,543
Cost and expenses	**142,246,197**	9,357,992,454
Profit (loss) for the year	**(₱21,678,298)**	₱540,009,089

CPFPVI

The significant information on the audited statements of financial position of CPFPVI as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱1,638,019,396**	₱1,405,686,988
Non-current assets	**936,534,919**	802,117,723
Total assets	**2,574,554,315**	2,207,804,711
Current liabilities	**1,532,763,298**	620,069,260
Non-current liabilities	**-**	2,563,384
Total liabilities	**1,532,763,298**	622,632,644
Equity	**₱1,041,791,017**	₱1,585,172,067

	2021	2020
Results of Operations		
Revenue	**₱2,561,985,633**	₱2,211,214,721
Cost and expenses	**2,005,305,310**	1,673,235,123
Profit for the year	**₱556,680,323**	₱537,979,598

AWI

The significant information on the audited statements of financial position of AWI as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱185,009,310**	₱128,239,608
Non-current assets	**581,589,009**	559,208,676
Total assets	**766,598,319**	687,448,284
Current liabilities	**77,960,874**	18,081,486
Non-current liabilities	**16,928,795**	16,626,603
Total liabilities	**94,889,669**	34,708,089
Equity	**₱671,708,650**	₱652,740,195

	2021	2020
Results of Operations		
Revenue	**₱185,110,345**	₱196,083,924
Cost and expenses	**98,141,890**	109,613,466
Profit for the year	**₱86,968,455**	₱86,470,458

GOI

The significant information on the audited statement of financial position of GOI as at December 31, 2021 and 2020 and the results of its operations for the year ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱29,154,231**	₱1,000,000
Non-current assets	**1,950,832**	37,562
Total assets	**31,105,063**	1,037,562
Current liabilities	**47,402,974**	125,207
Non-current liabilities		
Total liabilities	**47,402,974**	125,207
Equity (Capital deficiency)	**(₱16,297,911)**	₱912,355

	2021	2020
Results of Operations		
Revenue	**₱9,819,612**	₱-
Cost and expenses	**27,029,878**	87,645
Loss for the year	**(₱17,210,266)**	(₱87,645)

MGPC

The significant information on the audited statements of financial position of MGPC as at December 31, 2021 and 2020 and the results of its operations for the year ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱113,832,041**	₱2,021,021
Non-current assets	**154,665,006**	246,535
Total assets	**268,497,047**	2,267,556
Current liabilities	**267,039,485**	439,732
Non-current liabilities		
Total liabilities	**267,039,485**	439,732
Equity	**₱1,457,562**	₱1,827,824

	2021	**2020**
Results of Operations		
Revenue	**₱69,693,513**	**₱-**
Cost and expenses	**70,054,776**	**181,175**
Loss for the year	**(P361,263)**	**(P181,175)**

PMCI

On April 1, 2022, Century Pacific Food, Inc. (CPFI) and Century Pacific Group Inc. (CPGI) entered into a share purchase agreement (the "Agreement"), wherein CPGI, the Seller, has agreed to sell, assign and convey to CPFI, the buyer, all its rights title and interest in and to the common shares of PMCI.

PMCI is a is an emerging player in the large refrigerated food category. It comes equipped with its own manufacturing facilities, cold chain distribution, and a robust innovation pipeline of refrigerated better-for-you products.

The acquisition became effective on April 1, 2022, where all the rights, title and interest pertaining to PMCI Business were transferred from CPGI to the CPFI, for the total consideration of P24,000,000.00.

The significant information on the audited statement of financial position and the results of its operations for the period from April 1 to December 31, 2021 are as follows:

	2021
Financial Position	
Current assets	**₱957,393,408**
Non-current assets	**544,336,859**
Total assets	**1,501,730,267**
Current liabilities	**1,495,894,084**
Non-current liabilities	**9,500,602**
Total liabilities	**1,505,394,686**
	(₱3,664,419)

	2021
Results of Operations	
Revenue	**₱994,287,454**
Cost and expenses	**(1,013,311,188)**
Loss for the year	**(₱19,023,734)**

CIC

The significant information on the audited statements of financial position of CIC as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱101,356,501**	₱121,906,540
Non-current assets	**932,936**	623,603
Total assets	**102,289,437**	122,530,143
Current liabilities	**189,495,060**	168,451,977
Capital deficiency	**(₱87,205,623)**	(₱45,921,834)

	2021	2020
Results of Operations		
Revenue	**₱195,342,843**	₱223,272,368
Cost and expenses	**231,828,542**	219,534,165
Profit (Loss) for the year	**(₱36,485,699)**	₱3,738,203

CIC has a material uncertainty to continue as going concern entity due to its capital deficiencies and net loss amounting to P87,205,622 and P36,485,699, respectively in 2021 and capital deficiency and net income amounting to P45,921,834 and P3,738,203, respectively, during 2020. Consequently, there is a recoverability issue in the investment to CIC and an allowance for impairment has been recognized. No additional nor reversal of allowance was recognized during 2020.

CST

The significant information on the audited statements of financial position of CST as at December 31, 2021 and 2020, and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Total assets	**₱32,795,077**	₱35,770,934
Total liabilities	**674,376**	693,295
Equity	**₱32,120,701**	P35,077,639
Results of Operations		
Revenue	**₱1,695,716**	₱-
Cost and expenses	**(7,175,458)**	6,579,868
Loss for the year	**(₱5,479,742)**	(₱6,579,868)

CST has a material uncertainty to continue as a going concern entity due to its significant decrease in capital from a net loss of P5,479,742 and P6,579,868 for the years ended December 31, 2021 and 2020, respectively. Consequently, there is a recoverability issue in the investment to CST and an allowance for impairment has been recognized. In addition, the Company has committed to provide a continuous financial support to enable CST to continue its operations.

The impairment loss related to investment in CST amounted to nil and P6,488,448 in 2021 and 2020, respectively.

CPSI

CPSI entered into a Trademark Purchase Agreement to purchase certain trademarks owned by CGC. The trademarks purchased include brands such as "Century Tuna", "Argentina", "555", "Wow Ulam", "Birch Tree", "Fresca", "Luck 7" and "Angel Evaporada" among others.

The significant information on the audited statements of financial position of CPSI as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱367,337,710**	₱110,932,793
Non-current assets	**116,774,788**	111,474,788
Total assets	**484,112,498**	222,407,581
Current liabilities	**402,001,638**	124,672,701
Equity	**₱82,110,860**	₱97,734,880

	2021	2020
Results of Operations		
Revenue	**₱1,784,409,073**	₱1,392,036,077
Cost and expenses	**272,468,413**	272,129,985
Profit for the year	**₱1,511,940,660**	₱1,119,906,092

CPNA

On January 2, 2018, the Company invested cash for the capital requirement of CPNA which amounted to P24,950,000.

In 2019, an additional investment is recognized for the additional working capital requirement of the subsidiary for its expansion in the US Market via mainstream accounts amounting to USD 300,000 or P15,707,100.

The significant information on the unaudited statements of financial position of CPNA as at December 31, 2021, and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱442,102,090**	₱401,080,534
Non-current assets	**5,522,687**	6,727,204
Total Assets	**447,624,777**	407,807,738
Total Liabilities	**382,090,605**	362,947,525
Equity	**P65,534,172**	₱44,860,213
Results of Operations		
Revenue	**₱325,645,204**	₱304,084,639
Cost and expenses	**307,315,029**	280,657,728
Profit for the year	**₱18,330,175**	₱23,426,911

CGC

CGC sold certain trademarks to CPSI.

The significant information on the unaudited statements of financial position of CGC as at December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Total assets	**₱50,004,438**	₱50,004,438

CGC has no operations and no revenue and expenses were recognized or incurred in 2021 and 2020.

CRL

The significant information on the unaudited statements of financial position of CRL as at December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Total non-current assets	**₱100**	₱100

12. BIOLOGICAL ASSETS

Biological assets of the Company comprise fingerlings and mature milk fish. Movements of the carrying amounts of the biological assets are shown below.

	2021	2020
Balance, January 1	**₱65,726,630**	₱33,380,356
Consumed feeds	**44,736,192**	147,706,093
Purchased fingerlings	**(150,000)**	33,629,983
Direct labor	**(1,802,394)**	375,429
Overhead	**(2,041,504)**	3,137,020
Total cost	**106,468,924**	218,228,881
Decrease due to harvest	**(106,468,924)**	(152,502,251)
Balance, December 31	**₱-**	₱65,726,630

13. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amounts of the Company's property, plant and equipment are as follows:

	Land Improvements	Building Improvements	Plant Machinery and Equipment	Office Furniture, Fixtures and Equipment	Laboratory, Tools and Equipment	Transportation and Delivery Equipment	Computer Equipment	Construction in progress	Total
Cost									
January 1, 2020	₱712,298	₱303,950,277	₱1,041,915,328	₱37,235,744	₱74,844,125	₱90,816,475	₱148,109,782	₱465,211,048	₱2,162,795,077
Additions	-	12,092,302	70,983,180	3,925,185	10,787,747	3,332,755	18,685,382	827,988,289	947,794,840
Disposals	(158,464)	(1,612,481)	(13,285,176)	(58,903)	(85,614)	(3,393,929)	(280,965)	(17,613,612)	(36,489,144)
Transfers	-	470,700,871	628,835,656	1,047,442	10,375,553	-	42,077	(1,111,001,599)	-
December 31, 2020	553,834	785,130,969	1,728,448,988	42,149,468	95,921,811	90,755,301	166,556,276	164,584,126	3,074,100,773
Additions	-	5,551,071	111,261,193	3,478,388	13,003,154	29,212,780	15,968,590	636,045,141	814,520,317
Disposals	-	(31,837,881)	(33,828,771)	(116,489)	(4,000,856)	(6,809,732)	(2,180,894)	(93,188,848)	(171,963,471)
Transfers	-	104,101,377	394,660,675	1,550,297	4,487,809	6,200	1,639,680	(506,446,039)	-
December 31, 2021	**553,834**	**862,945,536**	**2,200,542,085**	**47,061,664**	**109,411,918**	**113,164,549**	**181,983,652**	**200,994,380**	**3,716,657,620**
Accumulated Depreciation									
January 1, 2020	339,324	96,711,947	465,812,480	29,635,443	52,126,301	52,202,188	113,835,358	-	810,663,041
Depreciation	76,827	50,911,863	181,721,496	4,231,361	14,985,031	13,164,358	16,189,349	-	281,280,285
Disposals	(144,495)	(1,474,964)	(13,094,893)	(15,722)	(30,693)	(3,447,310)	(410,919)	-	(18,618,996)
Transfer	-	-	635,160	-	(567,338)	-	(67,822)	-	-
December 31, 2020	271,656	146,148,846	635,074,243	33,851,082	66,513,301	61,919,236	129,545,966	-	1,073,324,330
Depreciation	74,289	67,671,230	230,893,592	4,666,739	17,625,172	12,270,656	14,309,246	-	347,510,925
Disposals	-	(11,876,694)	(9,515,796)	(66,092)	(3,742,670)	(6,735,791)	(1,714,165)	-	(33,651,209)
December 31, 2021	**345,945**	**201,943,382**	**856,452,039**	**38,451,729**	**80,395,803**	**67,454,101**	**142,141,047**	**-**	**1,387,184,046**
Carrying Amounts									
December 31, 2021	**₱207,889**	**₱661,002,154**	**₱1,344,090,046**	**₱8,609,936**	**₱29,016,115**	**₱45,710,448**	**₱39,842,605**	**₱200,994,380**	**₱2,329,473,574**
Carrying Amounts									
December 31, 2020	**₱282,178**	**₱638,982,123**	**₱1,093,374,745**	**₱8,298,386**	**₱29,408,510**	**₱28,836,065**	**₱37,010,310**	**₱164,584,126**	**₱2,000,776,443**

The Company recognized Loss from disposal of property, plant and equipment amounting to ₱2,684,656 and ₱249,357 in 2021 and 2020, respectively, as disclosed in Note 29.

Management believes that there are no impairment indicators on its property, plant and equipment as at December 31, 2020 and 2021.

14. RIGHT-OF-USE ASSETS

Movements in the carrying amounts of the Company's right-of-use assets are as follows:

	Warehouse	Office Space	Equipment	Plant	Total
Cost					
January 1, 2020	P603,941,010	P45,989,964	P18,422,609	P13,339,753	P 681,693,336
Additions	1,010,036,728	3,286,325	6,384,735	-	1,019,707,788
Termination	(6,306,881)	(1,059,134)	(5,822,419)	(7,315,683)	(20,504,117)
December 31, 2020	1,607,670,857	48,217,155	18,984,925	6,024,070	1,680,897,007
Additions	494,596,876	21,498,203	10,681,509	35,004,655	561,781,243
Expiration	(129,788,074)	-	(9,487,642)	-	(139,275,716)
December 31, 2021	**1,972,479,658**	**69,715,357**	**20,178,792**	**41,028,725**	**2,103,402,534**
Accumulated Depreciation					
January 1, 2020	127,695,487	8,659,987	7,948,726	6,661,217	150,965,417
Depreciation	205,986,543	9,883,980	8,571,710	3,064,095	227,506,328
Expiration	(6,306,881)	(1,059,134)	(5,822,419)	(7,315,683)	(20,504,117)
January 1, 2021	327,375,149	17,484,833	10,698,017	2,409,629	357,967,628
Depreciation	251,993,839	8,412,188	9,040,903	7,462,864	276,909,793
Expiration	(129,245,989)	-	(9,537,772)	-	(138,783,761)
December 31, 2021	**450,122,999**	**25,897,021**	**10,201,148**	**9,872,492**	**496,093,659**
Carrying Amount December 31, 2021	**P1,522,356,660**	**P43,818,337**	**P9,977,644**	**P31,156,232**	**P1,607,308,874**
Carrying Amount December 31, 2020	1,280,295,708	30,732,322	8,286,908	3,614,441	1,322,929,379

The Management believes that there is no indication that an impairment loss has occurred on its right-of-use assets for the years ended December 31, 2021 and 2020.

Amounts recognized in profit or loss

Amortization charged to cost of goods sold under factory overhead and operating expenses in relation to right of use assets are as follows:

	Notes	2021	2020
Cost of goods sold	26	**P190,819,454**	P148,479,774
Operating expenses	27	**76,687,273**	71,616,234
Other expenses	29	**9,403,066**	7,410,318
Total Amortization of Right-of-Use Assets		**P276,909,793**	P227,506,326

15. OTHER NON-CURRENT ASSETS

The Company's other non-current assets consist of the following:

	Note	2021	2020
Security deposits	30	**₱70,569,833**	₱56,605,734
Returnable containers		**26,411,097**	32,264,724
Deposits on utilities		**8,201,377**	5,146,724
Deposits on agencies		**5,868,624**	1,350,000
Others		**10,912,789**	5,150,119
		₱121,963,720	₱100,517,301

Security deposits pertain to deposits required under the terms of the lease agreements of the Company with certain lessors. Returnable containers are assets used in the delivery of the Company's products. Products for delivery do not include the value of these containers. Others pertain to claims from suppliers not yet settled at December 31, 2021 and 2020.

16. INTANGIBLE ASSETS

In 2017, the Company acquired the Philippine license for the Hunt's brand from Hunt-Universal Robina Corporation ("HURC"). HURC is a joint venture corporation of Universal Robina Corporation ("URC") and ConAgra Grocery Products Company, Limited Liability Company (LLC) established for the purpose of manufacturing, selling and distributing of Hunt's licensed products. HURC entered into various agreements with URC to act as HURC's exclusive partner for the manufacture, sale and distribution of the licensed products. The acquisition is expected to support the growth of the Company's branded businesses, as well as expand its presence into adjacent shelf-stable categories.

To facilitate the Hunt's acquisition, the Company entered into the following agreements on May 1, 2017 ("Signing date"):

Trademark licensing agreement

The Company entered into a trademark licensing agreement with ConAgra Foods RDM, Inc. ("ConAgra"). The trademark license will entitle the Company an exclusive revocable right and license to manufacture and sell in the Philippines and other licensed territories the licensed products in accordance with the formulas and specifications furnished by ConAgra and to affix to the products the licensed marks after the grant date and during the term of the agreement. The licensing agreement shall have an initial term of 25 years subject to renewal of 3 years thereafter subject to the terms of the licensing agreement. On the same date, the Company paid a one-time upfront fee of P214,230,000.

On each contract year, the Company shall pay ConAgra the following:

- Guaranteed royalty to be paid quarterly and serves as a non-refundable advance towards the earned royalty for the licensed products; and
- Earned royalty is non-refundable and to be paid based on an agreed percentage of net sales per contract year.

Further, under the licensing agreement, the Company purchased plant machinery and equipment (the "plant assets") that could be used to manufacture the licensed products.

Royalty fee expense to ConAgra amounted to P21,430,068 and P21,639,908 during 2021 and 2020, respectively, as disclosed in Note 27 under "Royalties".

The remaining useful life of the intangible asset acquired is 20.33 and 21.33 years for in 2021 and 2020, respectively.

Movements in carrying amounts of the Company's intangible asset are as follows:

		2021	2020
Cost		**₱537,896,000**	₱537,896,000
Accumulated depreciation			
Beginning balance		**71,719,467**	50,203,627
Amortization	27	**21,515,840**	21,515,840
Ending balance		**93,235,307**	71,719,467
Carrying Amount		**₱444,660,693**	₱466,176,533

The Management believes that there is no indication that an impairment loss has occurred on its intangible asset for the years ended December 31, 2021 and 2020.

17. TRADE AND OTHER PAYABLES

The Company's trade and other payables consist of the following:

	2021	2020
Trade payables	**₱2,621,824,697**	₱2,644,959,937
Accrued expenses	**4,127,531,595**	4,292,827,876
Withholding tax payable	**179,121,110**	191,913,455
Non-trade payables	**186,898,180**	111,967,516
Output value-added tax (VAT)	**36,861,739**	4,557,572
	₱7,152,237,321	₱7,246,226,356

The credit period on purchases of certain goods from supplier's ranges from 30 to 120 days. No interest is charged on trade payables. Accrued expenses are non-interest bearing and are normally settled within one year. The Company has financial risk management policies in place to ensure that all payables are paid within the credit period.

Non-trade payables pertain to miscellaneous payable and reimbursements to employees which are payable on demand and no interest is charged.

Details of accrued expenses are shown below:

	Note	**2021**	2020
Product-related costs		**₱1,785,754,914**	₱2,180,851,912
Advertising and promotion		**2,015,262,240**	1,391,322,174
Professional services and other fees		**213,890,349**	599,302,477
Employee benefits		**38,456,991**	33,583,540
Interest	18	**18,872,910**	14,464,867
Utilities		**4,197,016**	6,251,911
Others		**51,097,175**	67,050,995
		₱4,127,531,595	₱4,292,827,876

Others pertain to accruals for rental and insurance expenses of the Company.

18. BORROWINGS

This account consists of the following:

	2021	2020
Short-term	**₱2,609,764,285**	₱1,550,000,000
Long-term		
Current portion	**-**	1,584,000,000
Non-current portion	**1,982,127,068**	-
	₱4,591,891,353	₱3,134,000,000

The Company acquired several short-term loans amounting to P5,400,000,000 and P2,950,000,000 as at December 31, 2021 and 2020, respectively, with interest ranging from 1.95% to 3.0% annum in 2021 and 3.125% to 7.0% per annum in 2020.

Interest expense pertaining to short-term loans amounting to P57,817,708 and P41,264,271 was recognized in 2021 and 2020, respectively.

Long-term facility

CNPF has entered into a P2.0-billion, ten-year term loan facility with Banco de Oro (BDO) in April and May 2021. The proceeds were used to refinance the existing long-term borrowings.

The carrying value of this long-term borrowing as at December 31, 2021 is as follows:

	Amount
Principal	₱2,000,000,000
Less unamortized debt issue costs	8,108,647
	1,991,891,353
Less current portion of loan payable	9,764,285
Noncurrent portion	₱1,982,127,068

Shown below are the details of this long-term borrowing:

	Loan 1	Loan 2
Principal	P1,000.0 million	P1,000.0 million
Date	April 5, 2021	May 5, 2021
Interest rate	a. Fixed pricing for the initial five-year period ("5Y initial interest rate"): The higher of (i) 5-year BVAL on the relevant interest settling date plus a spread of 0.80% p.a. and (ii) 3.90% p.a. b. Subject to the repricing at the end of the 5th year, at the higher of (i) 5Y interest rate; and (ii) 5-year BVAL rate at the repricing date plus a spread of 0.80% p.a.	a. Fixed pricing for the initial five-year period ("5Y initial interest rate"): 4.04% p.a. b. Subject to the repricing at the end of the 5th year, at the higher of (i) 5Y interest rate; and (ii) 5-year BVAL at the repricing date plus a spread of 0.80% p.a.
Prepayment penalty	The Borrower may, subject to the penalty of 3% for Peso Borrowing and 1% for Foreign Borrowing, prepay the Term Loan in part or full together with accrued interest thereof to prepayment date.	
Principal payment	Semi-annual	Semi-annual

Management has assessed that the interest rate floor on the loans is an embedded derivative which is not for bifurcation since the market rate approximates the floor rate at the transaction date. On the other hand, the prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

Until termination of the Facility and payment in full of the Loan and all other amounts due hereunder, the Company is required to comply with certain covenants, unless the Lender shall otherwise give its prior consent in writing. These include preservation of rights, privileges and franchises, maintenance of adequate books, accounts and records, compliance of all laws, statutes, rules and regulations and promptly provide written notice to the bank of any dispute or unresolved case.

In addition, the Company must not make changes in the character of its business, in its ownership or control or capital stock, not permit any indebtedness to be secured by any lien, not declare dividends upon occurrence of and Event of Default, not sell, lease or transfer substantially all of its assets with any other person, not extend loan to any corporation owned by the Borrower or to any of its directors, not act as guarantor or surety and will not undertake any capital expenditure outside ordinary course of business.

The Company is also required to maintain a maximum of Debt-to-Equity ratio which shall be at 3:1 and minimum Debt Service Coverage Ratio of 1.05x.

As at December 31, 2021 and 2020, the Company is in compliance with the aforementioned covenants.

In 2020, the Company had long-term loans amounting to P1,150,000,000 with interest rate of 4.52% and P500,000,000 with interest rate of 4.47% which matured and was paid on May 5, 2021 and April 21, 2021, respectively.

Interest expense pertaining to long-term loans amounting to P88,322,978 and P111,278,204 were recognized in 2021 and 2020, respectively.

Total finance costs incurred on these loans amounted to P267,934,225 and P219,348,070 in 2021 and 2020, respectively, as presented in the parent company statements of comprehensive income.

Total accrued interest payable on these loans amounting to P18,872,910 and P14,464,867 as at December 31, 2021 and 2020, respectively, is presented as part of accrued expenses as disclosed in Note 17.

19. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, *Related Party Transactions,* as summarized below:

	Relationship
Century Pacific Group, Inc. (CPGI)	Ultimate Parent
The Pacific Meat Company, Inc. (PMCI)	Fellow Subsidiary
Columbus Seafoods Corporation (CSC)	Fellow Subsidiary
Yoshinoya Century Pacific, Inc. (YCPI)	Fellow Subsidiary
Century Pacific Vietnam Co., Ltd. (CPVL)	Fellow Subsidiary
CPG Holdings, Inc. (CHI)	Fellow Subsidiary
Rian Realty Corporation (RRC)	Fellow Subsidiary
Pacifica Agro Industrial Corp. (PAIC)	Fellow Subsidiary
Millennium Land Development Corporation (MLDC)	Fellow Subsidiary
Shinning Ray Limited (SRL)	Fellow Subsidiary
Pacific Pabahay Homes, Inc. (PPHI)	Fellow Subsidiary
Century Sino-Beverage Company Limited (CSBCL)	Fellow Subsidiary
Centrobless Corp. (CBC)	Fellow Subsidiary
Shakey's Asia Foods, Holding Inc. (SAFHI)	Fellow Subsidiary
Arthaland Corporation (ALCO)	Associate of a Fellow Subsidiary
Moresby International Holdings, Inc. (Moresby)	Joint venture of ultimate parent
Majestic Seafood Corporation	Related party through Moresby
DBE Project Inc. (DPI)	Fellow Subsidiary
Shakey's Pizza Asia Ventures, Inc. (SPAVI)	Fellow Subsidiary
Richard S. Po Foundation Inc. (RSPO)	Fellow Subsidiary
General Tuna Corporation (GTC)	Subsidiary
Snow Mountain Dairy Corporation (SMDC)	Subsidiary
Allforward Warehousing Inc. (AWI)	Subsidiary
Century Pacific Agricultural Venture Inc. (CPAVI)	Subsidiary
Century Pacific Seacrest, Inc. (CPSI)	Subsidiary
Centennial Global Corporation (CGC)	Subsidiary
Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	Subsidiary
General Odyssey Inc (GOI)	Subsidiary
Century Pacific Solar Inc, (CP Solar)	Subsidiary
Cindena Resources Limited (CRL)	Subsidiary
Century (Shanghai) Trading Co. Ltd. (CST)	Subsidiary
Century International (China) Co. Ltd. (CIC)	Subsidiary
Century Pacific North America (CPNA)	Subsidiary

The summary of the Company's transactions and outstanding balances with related parties as at and for the years ended December 31, 2021 and 2020 is as follows:

		Amount of Transactions During the Year		Outstanding Receivable (Payable)		
Related Party Category	**Notes**	**2021**	2020	**2021**	2020	Remarks
Ultimate Parent Company						
Dividends	24	**₱803,304,000**	₱803,304,000	**₱-**	₱-	
Rental expense	27	**23,579,642**	22,288,456	**(1,375,000)**	(5,516,518)	F
Cash borrowings		**300,000,000**	-	**-**	-	
Sale of fixed assets			-			H
Service income	28	**160,416**	107,746	**47,379**	30,195	C
Miscellaneous deposit			1,173,662	**7,155,808**	7,155,808	F
Interest Expense		**1,250,000**				
Share cost reimbursement		**18,015,364**		**(19,816,900)**		
Fellow Subsidiaries						
Shared services fee		**4,119,686**	13,800,000		-	D
Sale of inventories		**147,792,083**	341,088,861	**33,093,002**	257,826,247	A
Purchase of inventories		**22,637,888**	80,036,909	**(6,171,155)**	(31,789,728)	B
Service income	28	**13,925,303**	42,034,242	**849,150**	849,150	C
Shared cost reimbursement		**19,711,080**	27,191,236		-	c
Rental expense	27	**3,250,787**	3,133,623	**(289,862)**	-	f
Sale of fixed assets		**202,954**	774,719		-	h
Subsidiaries						
Shared services fee		**78,545,625**	142,352,632	**-**	-	d
Sale of inventories		**1,111,582,676**	747,724,681	**1,336,254,086**	883,481,317	a, i
Purchase of inventories		**3,871,322,015**	12,947,671,950	**(1,320,337,536)**	(2,680,138,127)	b
Cash advances		**363,000,000**	750,500,000	**1,340,090,158**	583,407,218	e
Service income	28	**129,386,601**	136,546,489	**385,253,174**		c
Miscellaneous deposit				**19,670,000**	19,670,000	
Shared cost reimbursement		**641,971,043**	638,509,447		-	c
Cash borrowings		**-**	-		-	e
Investment		**24,000,000**	3,000,000			a
Sale of assets		**123,569,823**	17,613,612	**(50,000,000)**	(50,000,000)	h
Rental expense	27	**119,520,000**	129,681,227	**(10,523,450)**	(3,000,000)	f
Dividend income	28	**3,075,564,522**	1,096,449,791		-	i
Rental income	28	**-**	-		-	f
Royalties		**1,784,409,073**	1,321,903,515		-	g
Purchase of fixed assets		**9,658,144**	17,417,817		-	h
Retirement Fund					-	
Contributions from the employer		**-**	41,889,504		-	
Due from related parties				**₱3,122,412,757**	₱1,752,419,935	
Due to related parties				**₱1,408,513,903**	₱2,770,444,373	

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured, interest free and settlement occurs using cash or non-cash consideration. There have been no guarantees provided nor received for any related party receivables or payables. As at December 31, 2021 and 2020, no related party has recognized any impairment losses of receivables relating to amounts advanced to another related party. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

a. The Company enters into sale transactions with fellow subsidiaries and subsidiaries for the distribution of products to certain areas where Management deems it necessary to establish customers.

b. The Company shares cost with its related parties relating to repairs and maintenance, supplies, fees and dues, utilities and other operating expenses. Service income from related parties amounted to P 143,472,319, P178,688,477 and P351,014,170 in 2021, 2020 and 2019, respectively, shown as part of service income in Note 28. Shared cost reimbursement from related parties amounted to P679,697,487, P665,700,683 and P465,420,117 in 2021, 2020, and 2019, respectively.

c. The Company entered into a Master Service Agreement (MSA) with related parties to provide corporate office services. In accordance with the terms of the MSA, the Company provides management service for manpower, training and development. For and in consideration, thereof, the Company shall charge the related parties a shared service fee on a monthly basis for the services rendered.

   The MSA shall be in effect from date of execution and shall automatically renew on a month-to-month basis, unless terminated by either party through the issuance of a written advice to that effect at least 30 days prior to the intended date of termination.

   Shared services fee amounted to P82,665,311, P156,152,632 and P115,921,610 in 2021, 2020, and 2019, respectively.

d. The Company, in the normal course of business, either provides to or borrows from its related parties funds for working capital requirements. These advances are non-interest bearing and short-term in nature. Included in the balance are advances to CPAVI to pay off its infrastructure expenses, GTC, CPFPVI and AWI for operational purposes. The outstanding amount of these advances amounted to P1,340,090,158, P583,407,217 in 2021 and 2020 respectively.

   In addition, cash borrowing from CGC amounting to P50,000,000 was recognized in 2017. This is still outstanding as at December 31, 2021 and 2020.

e. The Company, as a lessee, has a lease agreement with CPGI for the use of the latter’s office space in Centerpoint, Ortigas. In 2021, 2020 and 2019, the Company has a lease agreement with AWI to house inventories in General Santos City.

   Total rental expense on lease agreements with related parties amounted to P146,350,249 and P155,103,306 in 2021 and 2020, respectively.

f. Total royalty fee to CPSI amounted to P1,784,409,073 and P1,321,903,515 in 2021 and 2020, respectively.

g. In 2021, the company sold property plant and equipment to MGPC, GTC, CPPFVI and AWI amounting to P123,569,823.

   In 2020, the company purchased property plant and equipment from CPAVI amounting to P17,417,817.

h. Total dividend income earned by the Company from subsidiaries for the years ended December 31, 2021 and 2020 amounted to P3,075,564,521 and P1,096,449,791 respectively, as disclosed in Note 28.

Remuneration of Key Management Personnel

The remuneration of the Directors and other members of key management personnel of the Parent Company are set out below in aggregate for each of the categories specified in PAS 24, *Related Party Disclosures*:

	2021	2020	2019
Short-term employee benefits	**₱645,688,097**	₱777,319,346	₱437,620,114
Post-employment benefits	**17,351,129**	26,346,154	13,760,427
	₱663,039,226	₱803,665,500	₱451,380,541

The short-term employee benefits of the key management personnel are included as part of compensation and other benefits in the parent company statements of comprehensive income.

No share-based payments were made during 2021 and 2020.

20. RETIREMENT BENEFIT OBLIGATION

The Group has set up the Century Pacific Group of Companies Multiemployer Retirement Plan which is a funded, non- contributory and of the defined benefit type which provides a retirement benefit ranging from 100% to 130% of plan salary for every credited service. Benefits are paid in a lump sum upon retirement or separation in accordance with terms of the plan.

Under the existing regulatory framework, Republic Act (RA) No. 7641, requires a provision for retirement pay 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 not require minimum funding of the fund.

The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed by the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the retirement plan and the management of the retirement plan.

As at December 31, 2021 and 2020, the Group's retirement fund has investments in various shares of stocks under the stewardship of a reputable bank. All of the Fund's investing decisions are made by the Board of Trustees which is composed of certain officers of the Group. The power to exercise the voting rights rests with the Board of Trustees.

The plan typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently, the plan's investments are in the form of debt instruments of government security bonds, equity instruments and fixed income instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in government security bonds.

Interest rate risk

A decrease in the government security bond interest rate will increase the retirement, benefit obligation. However, this will be partially off-set by an increase in return in on the plan's debt investment.

Longevity risk

The present value of the retirement benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

Salary risk

The present value of the retirement benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

The most recent actuarial valuations of plan assets and the present value of the retirement benefit obligation were carried out as at December 31, 2021 by an independent actuary.

The present value of the retirement benefit obligation and the related current service cost and past service cost was measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	Valuation as at January 1	
	2021	2020
Discount rate	**3.95%**	5.24%
Expected rate of salary increases	**6.00%**	4.00%
Mortality rate	The 2001 CSO Table – Generational (Scale AA, Society of Actuaries)	

As at December 31, 2021, the discount rate was 5.06% and salary increase rate was 6%.

The Company's demographic information of its qualified employees is as follows:

	2021	2020
Average age	35.7	35.7
Average years of service	6.5	6.5

Amounts recognized in parent company statements of comprehensive income in respect of this retirement benefit plan are as follows:

	2021	2020
Service costs:		
Current service cost	**₱93,529,336**	₱42,950,710
Net interest expense	**18,365,465**	5,190,437
Components of retirement benefit costs recognized in profit or loss	**111,894,801**	48,141,147
Actuarial gains and losses:		
from changes in financial assumptions	**(114,036,116)**	251,564,756
from experience adjustments	**16,997,949**	119,362,685
Loss (Gain) on plan assets net of amounts included in net interest expense	**41,793,507**	14,354,132
Components of retirement benefit costs recognized in other comprehensive income	**(55,244,660)**	385,281,573
	₱ 56,650,141	₱433,422,720

The retirement expense was recognized as part of cost of goods sold and operating expenses as shown below:

	2021	2020
Cost of goods sold	**₱8,876,265**	₱6,004,675
Operating expenses	**103,018,536**	42,136,472
	₱111,894,801	₱48,141,147

The amounts included in the parent company statements of financial position arising from the Company's defined benefit retirement plan are as follows:

	2021	2020
Present value of defined benefit obligation	**₱831,043,955**	₱815,845,521
Fair value of plan assets	**(387,396,835)**	(286,464,174)
	₱443,647,120	₱529,381,347

Movements in the present value of defined benefit obligations are as follows:

	2021	2020
Balance, January 1	**₱815,845,521**	₱367,193,554
Current service cost	**93,529,336**	42,950,710
Interest expense	**32,225,898**	19,240,942
Benefits paid	**(13,518,633)**	(4,632,702)
Transfer To/From the Plan	**-**	20,165,576
Actuarial loss (gains) arising from:		
Changes in financial assumptions	**(114,036,116)**	251,564,756
Experience adjustments	**16,997,949**	119,362,685
Balance, December 31	**₱831,043,955**	₱815,845,521

Movements in the fair value of plan assets are as follows:

	2021	2020
Balance, January 1	**₱286,464,174**	₱249,510,999
Interest income	**13,860,433**	14,050,505
Contributions from the employer	**142,384,368**	41,889,504
Benefits paid	**(13,518,633)**	(4,632,702)
Remeasurement (loss) on plan assets	**(41,793,507)**	(14,354,132)
Balance, December 31	**₱387,396,835**	₱286,464,174

The following are the composition of plan assets as at December 31, 2021 and 2019:

	2021	2020
Cash and cash equivalents	**0.63%**	1.93%
Debt instruments - government bonds	**71.66%**	64.69%
Debt instruments - other bonds	**1.98%**	2.34%
Unit investment trust funds (UITF)	**23.31%**	24.61%
Others (market gains or losses, accrued receivables)	**2.42%**	6.43%
	100.00%	100.00%

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the Retirement Plan Trustee may make changes at any time.

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

Actual return on plan assets in 2021 and 2020 are as follows:

	2021	2020
Interest income	**₱13,860,433**	₱14,050,505
Remeasurement losses on plan assets	**(41,793,507)**	(14,354,132)
Actual return	**(₱27,933,074)**	(₱303,627)

Movement in the OCI relating to retirement obligation in 2021 and 2020 are as follows:

	2021	2020
Accumulated OCI, January 1	**₱358,025,010**	₱88,327,909
Actuarial losses (gains) on defined benefit obligation	**(97,038,167)**	370,927,441
Remeasurement losses (gains) on plan assets	**41,793,507**	14,354,132
	(55,244,660)	385,281,573
Deferred tax	**39,384,380**	(115,584,472)
OCI, net of tax	**(15,860,280)**	269,697,101
Accumulated OCI, December 31	**₱342,164,730**	₱358,025,010

Significant actuarial assumptions for the determination of the retirement benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in Assumption	Increase (Decrease) on Retirement Benefit Obligation
2021		
Discount rate	**+100 basis points**	**P101,402,687**
	-100 basis points	**(84,803,159)**
Expected salary growth rate	**+100 basis points**	**99,393,660**
	-100 basis points	**(84,847,517)**
2020		
Discount rate	+100 basis points	111,933,094
	-100 basis points	(92,393,487)
Expected salary growth rate	+100 basis points	108,428,294
	-100 basis points	(91,552,406)

The sensitivity analysis presented above may not be representative of the actual change in the retirement benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the parent company statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The weighted average duration of the plan is calculated as 11.2 years and expected future contribution for 2022 is P142,384,368.

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan.

The Company is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Company's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the Retirement Fund.

21. SHARE-BASED PAYMENTS

Employee Stock Purchase Plan (ESPP or Plan)

The ESPP gives benefit-eligible employees an opportunity to purchase the common stock of the Company at a price lower than the fair market value of the stock at grant date. The benefit-eligible employee must be a regular employee of the Company who possesses a strong performance record. The benefit-eligible employee shall be given the option to subscribe or purchase up to a specified number of shares at a specified option price set forth in which they have the option to participate or not. There are designated ESPP purchase periods and an employee may elect to contribute an allowable percentage of the base pay through salary deduction.

The Plan took effect upon the shareholder's approval on September 26, 2014 and was approved by the SEC on December 19, 2014.

On June 3, 2015, the Company's BOD authorized to amend the existing ESPP to increase the underlying shares from 3,269,245 shares to 8,269,245 shares and was approved by the SEC on May 31, 2016.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee.

As at December 31, 2021, 2020 and 2019, the aggregate number of shares that may be granted to any single individual during the term of the ESPP in the form of stock purchase plans shall be determined as follows:

Level	Maximum Share Allocated
Vice-President or Board members	**40,000**
Assistant Vice-Presidents	**18,333**
Managers	**6,000**
Supervisor	**2,500**
Rank and File	**1,250**
	68,083

Details of the share options outstanding during the year are as follows.

	2021		2020	
	Number of share options	**Weighted Average exercise price in PHP**	Number of share options	Weighted Average exercise price in PHP
Outstanding at beginning of year	**4,213,145**	**14.41**	4,213,145	14.41
Granted during the year	**-**	**-**	-	-
Forfeited during the year	**-**	**-**	-	-
Exercised during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Outstanding at the end of the year	**4,213,145**		4,213,145	
Exercisable at the end of the year	**4,213,145**		4,213,145	

Of the total shares available under the ESPP, employees subscribed to 1,229,700 shares at P14.10 per share, 400,000 at P16.54 per share, 1,059,200 shares at P14.82 per share and 1,367,200 shares at P13.75 per share for a total of P17,338,770, P6,616,000, P15,694,380 and P18,779,000 in 2017, 2016, 2015 and 2014. There were no share options offered for purchase or subscription from the management in 2020, 2019, and 2018. Accordingly, the share options has no expiry if the employee is eligible and will exercise the right to purchase or subscribe specified number of shares at a specified option price once offer is available.

22. EMPLOYEE BENEFITS

Aggregate remuneration charged to profit or loss consists of the following:

	2021	2020
Cost of goods sold:		
Short-term benefits	**₱207,231,363**	₱1,224,408,596
Post-employment benefits	**8,876,266**	6,004,675
	216,107,629	1,230,413,271
Operating expenses:		
Short-term benefits	**1,328,596,562**	1,220,701,235
Post-employment benefits	**103,018,535**	42,136,472
	1,431,615,097	1,262,837,707
	₱1,647,722,726	₱2,493,250,978

23. SHARE CAPITAL

	2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized:				
At P1 par value	**6,000,000,000**	**₱6,000,000,000**	6,000,000,000	₱6,000,000,000
Issued, fully-paid and outstanding:				
Balance, January 1	**3,542,258,595**	**3,542,258,595**	3,542,258,595	P3,542,258,595
Issuances	**-**	**-**	-	-
Balance, December 31	**3,542,258,595**	**₱3,542,258,595**	3,542,258,595	₱3,542,258,595

The Company declared cash dividends amounting to P1,275,213,094 on April 06, 2021 and June 30, 2020 as disclosed in Note 24.

The Company has one class of common shares which carry one vote per share and carry a right to dividends. Share premium as at December 31, 2021 and 2020 amounted to P4,936,859,146 which pertains to the excess proceeds from issuance of share capital over the par value, net of issuance cost.

In 2018, the Board of Directors authorized to appropriate P1,313,000,000 of the total unappropriated retained earnings for capital expenditures, specifically for the construction of a new tuna plant, corporate projects and other projects in connection with the canned meat, sardines and mixed business of the Company. In 2020, the Board of Directors authorized the reversal of the appropriated retained earnings amounting P84,894,739 for the related projects.

24. DIVIDENDS

On June 30, 2020, a cash dividend was declared by the Company's Board of Directors to stockholders of record as of July 30, 2020 for a total amount of P1,275,213,094.

On April 12, 2021, a cash dividend was declared by the Company's Board of Directors to stockholders of record as of April 12, 2021 for a total amount of P1,275,213,094.

The Company declared the following dividends to its equity shareholders:

	Date of Declaration	**Date of Record**	**Dividends Per Share**	**Total Dividends**
2021				
Cash dividends				
Total dividends declared	**April 06, 2021**	**April 12, 2021**	**₱0.36**	**₱1,275,213,094**
2020				
Cash dividends				
Total dividends declared	June 30, 2020	July 30, 2020	₱0.36	₱1,275,213,094

Of the total cash dividend declared, the dividends paid to CPGI in 2021 and 2020 amounted to P803,304,000 as disclosed in Note 19.

Of the total cash dividend declared, P1,275,213,094 and P1,275,186,440 was paid on May 06, 2021 and August 14, 2020, respectively.

25. NET SALES

Details of the net sales follow:

	2021	2020
Sales	**₱48,821,089,885**	₱45,529,840,251
Sales discount	**(3,421,941,411)**	(3,147,523,008)
Variable considerations	**(1,368,087,325)**	(1,057,700,617)
Considerations payable to a customer	**(1,915,588,489)**	(2,365,300,017)
	₱42,115,472,660	₱38,959,316,609

Details of the variable considerations and considerations payable to a customer are shown below:

	2021	2020
Variable considerations:		
Sales returns	**₱757,313,071**	₱451,016,315
Contractual trade terms	**409,094,082**	425,849,701
Price adjustments	**109,968,011**	60,530,573
Prompt payment	**91,712,161**	120,304,028
	₱1,368,087,325	₱1,057,700,617
Considerations payable to a customer:		
Trade promotions	**₱1,672,599,600**	P2,120,921,527
Display allowance	**122,147,171**	88,470,922
Distribution program	**59,170,603**	46,987,541
Other trade promotions	**61,671,115**	108,920,027
	₱1,915,588,489	₱2,365,300,017

26. COST OF GOODS SOLD

The components of cost of goods sold are as follows:

	Note	2021	2020
Raw materials, beginning	9	**₱4,621,486,374**	₱1,840,288,599
Purchased raw materials		**25,487,796,533**	24,999,322,299
RM non-production receipts/(issuance), net		**2,669,611,684**	(33,421,949)
Raw materials, ending	9	**(5,715,167,270)**	(4,621,486,374)
Raw materials, used		**27,063,727,321**	22,184,702,575
Direct labor		**989,143,583**	1,053,096,216
Factory overhead			
Depreciation		**478,721,828**	394,085,303
Supplies		**414,744,467**	318,121,181
Outside manpower services		**318,783,307**	210,982,658
Utilities		**209,271,904**	176,668,277
Compensation		**216,107,628**	177,317,054
Rental and storage fee		**304,477,080**	256,777,280
Miscellaneous		**40,056,546**	20,581,645
Repairs and maintenance		**69,519,049**	26,155,799
Toll packing fees		**504,708,109**	613,146,640
Insurance		**54,718,503**	46,370,984
Freight trucking		**21,856,104**	17,978,429
Professional fees		**10,383,187**	3,946,936
Travel		**5,898,153**	14,220,407
Taxes and licenses		**5,806,918**	4,521,441
Provision for inventory obsolescence	9	**124,703,082**	60,562,965
Total manufacturing cost		**30,832,626,768**	25,579,235,790
Work-in-process, beginning	9	**145,873,483**	66,097,125
Work-in-process, ending	9	**(141,556,029)**	(145,873,484)
Total finished goods manufactured		**30,836,944,222**	25,499,459,431
Finished goods, beginning	9	**5,156,235,481**	3,720,559,152
Finished goods, purchased		**1,351,609,990**	6,529,050,601

	Note	2021	2020
Cost of goods available for sale		**₱37,344,789,694**	₱35,749,069,184
Finished goods, issuance		**(138,187,108)**	(30,856,596)
Finished goods, ending	9	**(4,941,649,929)**	(5,156,236,784)
		₱32,264,952,657	₱30,561,975,804

Direct labor includes salaries and employee benefits incurred from contractual and permanent employees while factory overhead includes employee benefit expenses.

27. OPERATING EXPENSES

The components of operating expenses are as follows:

	Notes	2021	2020
Advertising trade promotions		**₱1,965,059,370**	₱1,793,669,826
Freight		**1,604,506,157**	1,520,819,953
Royalties	16, 19	**1,805,839,141**	1,343,543,423
Salaries and employee benefits	22	**1,431,597,565**	1,262,837,707
Professional fees		**161,012,129**	148,113,619
Outside manpower		**166,986,312**	111,033,660
Repairs and maintenance		**120,220,161**	109,388,386
Depreciation		**108,989,705**	107,284,103
Utilities		**17,326,640**	80,463,972
Travel and entertainment		**79,198,384**	78,789,096
Rental	30	**76,072,686**	68,619,617
Supplies		**54,258,483**	52,992,892
Taxes and licenses		**133,145,477**	48,967,384
Amortization	16	**21,515,840**	21,515,840
Insurance		**16,521,045**	14,992,259
Provision for expected credit losses	8	**(4,911,389)**	9,270,257
Others		**109,646,223**	54,949,766
		₱7,866,983,929	₱6,827,251,760

Others pertain to subscriptions, donations in cash and in-kind and other fees and dues.

28. OTHER INCOME

The components of other income are as follows:

	Notes	2021	2020
Dividend income	19	**₱3,075,564,522**	₱1,096,449,791
Sale of scrap		**169,698,377**	162,221,854
Shared services fee	19	**82,665,311**	156,152,632
Service income	19	**143,472,319**	178,688,477
Interest income	7, 8	**3,896,121**	32,624,026
Supplier's incentive		**38,134,457**	25,744,687
Foreign exchange gain		**40,080,068**	-
Reversal of accruals		**16,198,933**	11,920,798
Others		**68,642,324**	45,095,391
		₱3,638,352,432	₱1,708,897,656

Reversal of accruals pertain to long outstanding liability to third party vendors.

Miscellaneous income pertains to proceeds on sale of dented stocks, price/payment and rounding differences, and other miscellaneous income.

29. OTHER EXPENSES

The components of other expenses are as follows:

	Notes	2021	2020
Supplier charges		**₱101,849,192**	₱70,094,184
Taxes and licenses		**474,738**	
Provision for inventory obsolescence	9	**-**	155,575,005
Foreign exchange loss		**-**	72,612,640
Documentary stamp tax		**21,541,070**	15,382,945
Allocated input for government sales		**7,936,764**	10,478,594
Investment loss on investment in subsidiaries	11	**-**	6,488,448
Bank charges		**1,372,637**	1,121,781
Loss on disposal of property, plant and equipment	13	**2,684,656**	249,357
Others		**13,419,880**	31,686,955
		₱149,278,937	₱363,689,909

Others pertain to penalties, surcharges and unutilized creditable withholding taxes.

30. LEASE LIABILITIES

The Company leases warehouses, office spaces, plant and equipment under finance leases. The average lease term is 1 to 10 years. The Company has options to purchase the equipment for a nominal amount at the end of the lease terms. The Company's lease liabilities are secured by the lessors' title to the leased assets.

Amortization of right of use assets (ROU) charged to cost of goods sold under factory overhead and operating expenses in relation to short-term and low value leases are recognized as follows:

	2021	2020
Cost of goods sold – amortization of ROU	**₱255,712,524**	₱256,777,280
Operating expenses – amortization of ROU	**89,126,498**	68,619,617
Other expenses – amortization of ROU	**12,072,389**	2,810,542
Total Amortization of ROU	**₱356,911,411**	₱328,207,439

The lease liabilities of the Company in relation to the right of use assets recorded in accordance to PFRS 16 based on undiscounted cashflows fall due as follows:

	2021	2020
Not later than one year	**₱333,195,580**	₱297,840,724
Later than one year but not later than five years	**529,351,456**	784,742,042
Later than five years	**203,084,864**	662,998,147

Presented in the parent company statements of financial position as:

	2021	2020
Current	**₱566,831,238**	₱224,809,949
Non-Current	**1,136,964,820**	1,152,852,126
Total Lease Liabilities	**₱1,703,796,058**	₱1,377,662,075

Incremental borrowing rates underlying all obligations are fixed at respective contract dates ranging from 3.125% to 7.20% in 2021. Total finance costs for these leases amounting to ₱81,601,795 and ₱60,689,914 in 2021 and 2020, respectively, was included as part of finance costs presented in the parent company statements of comprehensive income.

Escalation clause ranges from 5% to 8% every two years. As at December 31, 2021 and 2020, total refundable security deposits recognized as part of other non-current assets amounted to P70,569,833 and P56,605,734 respectively, as disclosed in Note 15.

The total cash outflow for leases amounted to P356,948,945 and P266,596,252 in 2021 and 2020, respectively.

31. INCOME TAXES

	Note	2021	2020
Current income tax		**₱326,622,818**	₱767,889,973
Provision for deferred income tax	32	**143,826,129**	(288,003,568)
		₱470,488,947	₱479,886,405

A numerical reconciliation between tax expense and the product of accounting income multiplied by 25% is shown below:

	2021	2020
Accounting income	**₱5,204,675,344**	₱2,695,948,722
Net income before tax	**₱1,301,168,836**	₱808,784,617
Interest income subject to final tax	**(811,108)**	(9,618,933)
Other non-deductible expenses	**-**	9,655,658
Unallowable deduction	**16,339,997**	-
Dividend income exempted from tax	**(768,891,130)**	(328,934,937)
Income subject to income tax holiday	**(152,042,473)**	-
Others	**74,684,825**	-
	₱470,448,947	₱479,886,405

On March 26, 2021, the President signed into law the Republic Act (RA) 11534 also known as "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" Act which reduced the corporate income tax rates and rationalized the current fiscal incentives by making it time-bound, targeted and performance-based. CREATE Act introduces reforms in the areas of corporate income tax, value-added tax, and tax incentives, aside from providing COVID-19 related reliefs to taxpayers.

Effective July 1, 2020, domestic corporations with total assets not exceeding P100 million and net taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% tax income tax rate.

The significant estimated effects of the changes computed without regard to the specific date when specific sales, purchases and other transactions occur as provided for under Section 27(A) of the CREATE Act are as follows:

	As of December 31, 2020	Under the CREATE bill	Impact
Income tax expense	P767,889,974	P703,182,733	P64,707,241
Income tax payable	82,527,226	17,819,985	64,707,241
Prepaid income tax	685,362,748	685,362,748	-
Deferred tax assets	715,788,855	682,156,519	33,632,336

32. DEFERRED TAXES

Net deferred tax assets as at December 31, 2021 and 2020 comprise the following:

	2021	2020
Deferred tax assets	**P538,365,130**	P715,788,855
Deferred tax liabilities	**(5,786,782)**	–

Deferred Tax Assets

The components of the Group's net deferred tax assets are as follows:

	2021	2020
Deferred tax assets:		
Provision for inventory obsolescence	**P73,183,499**	P61,753,201
Allowance for doubtful accounts	**4,626,343**	8,778,917
Provisions	**305,927,767**	425,180,796
Lease liabilities – net	**23,714,579**	12,738,272
Retirement benefit obligation	**130,912,942**	165,541,296
Unrealized foreign exchange loss	**–**	14,119,497
Allowance for impairment of investment	**–**	27,676,876
	538,365,130	715,788,855
Deferred tax liabilities:		
Unrealized foreign exchange gain	**(3,759,620)**	–
Debt issuance cost	**(2,027,162)**	–
	(5,786,782)	–
Net deferred tax assets	**P532,578,347**	P715,788,855

33. EARNINGS PER SHARE

The Company computes its basic earnings per share by dividing profit for the years attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit for the years attributable to ordinary equity holders and the weighted average number of shares outstanding are adjusted for the effects of dilutive potential ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following data:

	2021	2020
Profit for the year	**₱4,734,226,397**	₱2,216,062,317
Weighted average number of shares: Issued and outstanding	**3,542,156,120**	3,542,156,120
Basic and diluted earnings per share	**₱1.34**	₱0.62

The calculation of weighted average number of shares is shown below:

	2021	2020
January 1, Balance:	**₱3,542,156,120**	₱3,542,156,120
Weighted average number of shares: Issued for the year	**-**	-
December 31, Balance	**₱3,542,156,120**	₱3,542,156,120

As at December 31, 2021 and 2020, the Company has no potential dilutive shares, accordingly, basic earnings per share of P1.34 and P0.63, respectively, are the same as diluted earnings per share.

34. CAPITAL COMMITMENTS AND CREDIT FACILITIES

Capital commitments

As at December 31, 2021 and 2020, the Company's total construction-in progress amounted to P200,994,382 and P164,584,126 respectively, as disclosed in Note 13. The remaining capital project cost of the construction-in progress is estimated at P290,895,082 as at December 31, 2021 and its expected project completion date is second quarter of 2022. The Company shall finance the remaining estimated cost from internally generated cash from operations.

On December 17, 2021, the Board authorized to purchase and acquire the operational assets of Ligo business.

Credit facilities

As at December 31, 2021 and 2020, the Company has committed and unsecured revolving credit facility agreements with various financial institutions for general corporate funding requirements totaling P10,551,000,000 of which P4,600,000,000 and P3,134,000,000 was already used in 2021 and 2020, respectively, as disclosed in Note 18.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Management considered that the carrying amounts of financial assets and liabilities recognized in the parent company financial statements approximate their fair values as shown below:

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P937,826,964**	**P937,826,964**	P810,004,353	P810,004,353
Trade and other receivables*	**5,462,904,011**	**5,462,904,011**	4,830,292,027	4,830,292,027
Due from related parties	**3,122,412,757**	**3,122,412,757**	1,752,419,935	1,752,419,935
Security deposits	**70,569,833**	**70,569,833**	56,605,734	56,605,734
Deposits on utilities	**8,201,377**	**8,201,377**	5,146,724	5,146,724
	P9,601,914,942	**P9,601,914,942**	P7,454,468,773	P7,454,468,773
Financial Liabilities				
Trade and other payables**	**P7,148,338,036**	**P7,148,338,036**	P7,049,755,329	P7,049,755,329
Borrowings	**4,591,891,353**	**4,591,891,353**	3,134,000,000	3,134,000,000
Due to related parties	**1,408,513,903**	**1,408,513,903**	2,770,444,373	2,770,444,373
	P13,148,743,292	**P13,148,743,292**	P12,954,199,702	P12,954,199,702

**The trade and other receivables exclude the advances to suppliers, advances to officers and employees, and other statutory receivables as disclosed in Note 8.*
***The trade and other payables are net of government liabilities as disclosed in Note 17.*

As at December 31, 2021 and 2020, the total statutory receivables amounted to P2,416,201 and P2,686,697 respectively, presented as part of others in Note 8.

As at December 31, 2021 and 2020, government liabilities that were excluded amounted to P3,899,285 and P196,471,027 respectively, presented as part of trade and other payables in Note 17.

Fair values were determined using the fair value hierarchy below:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 2021 and 2020, the fair values of cash and cash equivalents, trade and other receivables, due from related parties and financial liabilities were determined under level 2 criteria which were derived from inputs other than quoted prices included within level 1. Fair values of security deposit, and deposits on utilities were determined under level 3.

The Management considers that the carrying amounts of financial assets and liabilities recognized in the parent company financial statement approximate their fair values. Further, there has been no change to the valuation technique during the year.

36. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Company is exposed to financial risks such as market risk which includes foreign exchange risk and fair value interest rate risk, credit risk and liquidity risk.
The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's profit or the value of its holdings of financial instruments. The Company focuses on two market risk areas such as interest rate risk and foreign currency risk. The objective and management of these risks are discussed below.

Foreign currency exchange risk

Foreign currency exchange risk arises when an investment's value changing due to changes in currency exchange rate. The Company undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arose. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

The Company seeks to mitigate its foreign currency risk exposures by mitigating its costs at consistent levels, regardless of any upward or downward movements in the foreign currency exchange rates.

The net carrying amount of the Company's foreign currency (USD) denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	2021	2020
Cash and cash equivalents	**P244,630,615**	P 67,446,160
Trade and other receivables	**592,703,639**	676,547,835
Trade and other payables	**(259,176,900)**	(310,005,775)
	P578,157,354	P433,988,220

The following table details the Company's sensitivity to a 5.65% increase and decrease in the functional currency of the Company against the US dollar. The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 5.65% and it represents Management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 5.65% change in foreign currency rate.

The sensitivity analysis includes all of the Company's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit and other equity when the functional currency of the Company strengthens 5.65% against the relevant currency.

For a 5.65% weakening of the functional currency of the Company against the relevant currency, there would be an equal and opposite impact on the profit as shown below:

	2021 Effect in profit and loss	2020 Effect in profit and loss
Cash and cash equivalents	**(P13,821,630)**	(P 3,810,711)
Trade and other receivables	**(33,487,756)**	(38,224,952)
Trade and other payables	**14,643,495**	17,515,326
	(P32,665,891)	(P24,520,337)

Interest rate risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest.

The primary source of the Company's interest rate risk relates to cash and cash equivalents, advances to employees and borrowings. Interest rates are disclosed in Notes 7, 8, and 18, respectively. These balances are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on profit or loss of the Company.

The Company has no established policy for managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance. Further, Management assessed that the sensitivity analysis is not a representative of the interest rate risk.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company trades only with recognized, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and when appropriate, credit guarantee insurance cover is purchased. The remaining financial assets does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. There is no concentration of credit risk to any other counterparty at any time during the year.

The table below shows the Company's maximum exposure to credit risk:

	2021	2020
Cash in banks and cash equivalents	**P937,826,964**	P 810,004,353
Trade and other receivables	**5,462,904,011**	4,830,292,027
Due from related parties	**3,122,412,757**	1,752,419,935
Security deposits	**70,569,833**	56,605,734
Deposits on utilities	**8,201,377**	5,146,724
	P9,601,914,942	P7,454,468,773

2021	**Days past due**						
	Current	**<30 days**	**30-60 days**	**61-90 days**	**90-120 days**	**>121 days**	**Total**
Expected credit loss rate	**0.000%**	**0.002%**	**0.004%**	**0.006%**	**0.008%**	**20.849%**	
Estimated total gross carrying at default	**4,146,542,045**	**914,999,385**	**202,870,561**	**99,273,722**	**32,471,297**	**84,386,960**	**5,480,543,969**
Expected credit loss	**15,412**	**14,748**	**7,551**	**6,183**	**2,628**	**17,593,436**	**17,639,958**

2020	Days past due						
	Current	<30 days	30-60 days	61-90 days	90-120 days	>121 days	Total
Expected credit loss rate	0.000%	0.002%	0.004%	0.006%	0.008%	3.276%	
Estimated total gross carrying at default	2,196,450,360	1,151,443,261	355,505,342	75,551,950	79,691,122	207,818,559	4,786,460,594
Expected credit loss	10,889	18,560	13,233	4,706	6,449	20,324,932	20,378,767

Liquidity risk

Liquidity risk arises when the Company encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of these financial liabilities, based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	**Not past due**	**1-30 days past due**	**31-60 Days Past Due**	**61-90 Days Past Due**	**Over 90 Days Past Due**	**Total**
2021							
Trade and other payables	**0%**	**P6,038,321,263**	**P416,041,360**	**P54,770,192**	**P11,597,442**	**P627,607,778**	**P7,148,338,035**
Borrowings	**2.86%**	**4,591,891,353**	**-**	**-**	**-**	**-**	**4,591,891,353**
Due to related parties	**0%**	**854,784,202**	**7,419,276**	**89,787,609**	**1,411,806**	**455,111,009**	**1,408,513,902**
		P11,464,996,818	**P423,460,636**	**P144,557,801**	**P13,009,248**	**P1,082,718,787**	**P13,148,743,290**
2020							
Trade and other payables	0%	P6,803,474,995	P118,425,709	P1,275,898	P23,414,071	P103,164,656	P7,049,755,329
Borrowings	4.28%	3,148,464,867	-	-	-	-	3,148,464,867
Due to related parties	0%	1,104,717,766	131,692,672	29,523,314	231,105,872	1,273,404,749	2,770,444,373
		P11,056,657,628	P250,118,381	P30,799,212	P254,519,943	P1,376,569,405	P12,968,664,569

The difference between the carrying amount of trade and other payables disclosed in the parent company statements of financial position and the amount disclosed in this note pertains to government liabilities, due to employees and officers and other payables that are not considered financial liabilities.

37. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to increase the value of shareholder's investment and maintain high growth by applying free cash flows to selective investments that would further the Company's growth. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure. The Company's overall strategy remains unchanged.

The Board of Directors has overall responsibility for monitoring working capital in proportion to risk. Financial analytical reviews are made and reported in the

Company's financial reports for the Board of Directors' review on a regular basis. In case financial reviews indicate that the working capital sourced from the Company's own operations may not support future operations of projected capital investments, the Company obtains financial support from its related parties.

The Company's management aims to maintain certain financial ratios that it deems prudent such as debt-to-equity ratio (not to exceed 2.5:1) and current ratio (at least 1.0:1). The Company regularly reviews its financials to ensure the balance between equity and debt is monitored.

In addition, when the Company is able to meet its targeted capital ratios and has a healthy liquidity position, the Company aims to pay dividends to its shareholders of up to 30% of previous year's net income.

The Company's total liabilities and total equity as at December 31, 2021 and 2020 are as follows:

	2021	2020
Total liabilities	**P15,300,085,755**	P15,140,241,377
Total equity	**18,593,421,666**	15,115,686,188
Debt-to-equity ratio	**0.82:1**	1.00:1

38. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010

The following supplementary information are presented for purposes of filing with the BIR and are not required part of the basic parent company financial statements.

Output VAT

Details of the Company's output VAT declared during 2021 are as follows:

	Vatable	Zero-rated	VAT-exempt	Total
Vatable Sales-Private	P41,470,482,503	P2,636,409,253	P1,104,381,819	P45,211,273,575
Sales to Government	155,299,982			155,299,982
Revenue	41,625,782,485	2,636,409,253	1,104,381,819	45,366,573,557
VAT rate	12%	-	-	-
Output	P4,995,093,898	P-	P-	P4,995,093,898

The Company is entitled to zero-rated VAT on its sale of goods to customers outside of the Philippines.

Input VAT

Details of the Company's input VAT declared during 2021 are as follows:

Balance, January 1	P63,554,224
Add: Current year's domestic purchases/payments for:	
Input tax on imported goods	896,626,873
Goods for resale/manufacture or further processing/other accounts	1,568,835,004
Goods other than for resale or manufacture	1,254,491,184
Capital goods subject to amortization	10,274,629
Total available input VAT	3,793,781,914
Less: Claims for:	
Tax credit	3,759,701,065
Balance, December 31	P34,080,849

Taxes on importation of goods

Total landed cost of importation in 2021 amounted to P14,160,979,179 which custom duties and tariff fees are all paid during the year.

Documentary stamp tax

The documentary stamp tax charged to operating expenses, other expenses and cost of goods sold amounted to P10,460,950 which amount paid or accrued during the taxable year 2021.

Other taxes and licenses

Details of the Company's taxes and licenses and permit fees are charged to operating expenses, cost of goods sold and other expenses during 2021 are as follows:

Business tax	P118,235,869
Permit fees	2,065,606
Documentary stamp tax	15,522,393
Real estate tax	1,289,613
Vehicle registration fees	279,381
Others	2,033,551
	P139,426,413

Withholding taxes

Details of the Company's withholding taxes paid or accrued during 2021 are as follows:

Expanded withholding taxes	P412,535,798
Withholding tax on compensation and benefits	310,694,291
Final withholding taxes	72,708,254
Withholding tax on VAT and others	3,358,028
	P799,296,371

* * *

SGV
Building a better
working world

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULE**

The Board of Directors and the Stockholders
Century Pacific Food, Inc. and Subsidiaries
(A Subsidiary of Century Pacific Group, Inc.)
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the parent company financial statements of Century Pacific Food, Inc. (the Company) as at and for the year ended December 31, 2021 and have issued our report thereon dated April 11, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 105007-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8853500, January 3, 2022, Makati City

April 11, 2022

Annex A

Reconciliation of Retained Earnings
Available for Declaration
As at December 31, 2021

CENTURY PACIFIC FOOD, INC.
7th Floor Centerpoint Bldg., Julia Vargas St., Ortigas Center Pasig City

Items	Amount
Unappropriated Retained Earnings, beginning	P6,628,357,049
Adjustments:	
Allowance for Impairment Loss	-
Deferred tax assets	(562,349,565)
Remeasurement of retirement benefit obligation - net of tax	(358,025,010)
Appropriation of retained earnings	(1,074,460,909)
Unappropriated Retained Earnings, as adjusted, beginning	4,633,521,565
Net Income based on the face of AFS	4,734,226,397
Less: Non-actual losses	
Change in deferred tax assets	138,039,345
Net Income Actual/Realized	4,872,265,742
Adjustments:	
Dividend declarations during the year	(1,275,213,094)
Reversal of appropriations	1,074,460,909
Appropriation for the year	(1,700,000,000)
Unappropriated Retained Earnings, as adjusted, ending	**P7,605,035,122**

Vivian Tan-Zamora <vbtan@centurypacific.com.ph>

Fwd: Your BIR AFS eSubmission uploads were received

1 message

Marilou Hernandez <mhernandez@centurypacific.com.ph> Wed, Apr 13, 2022 at 8:57 PM
To: Vivian Tan-Zamora <vbtan@centurypacific.com.ph>, Jayravi Delgado <jdelgado@centurypacific.com.ph>, John Ver Villajin <jvillajin@centurypacific.com.ph>

---------- Forwarded message ---------
From: <eafs@bir.gov.ph>
Date: Wed, Apr 13, 2022 at 8:28 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <MHERNANDEZ@centurypacific.com.ph>
Cc: <MHERNANDEZ@centurypacific.com.ph>

Hi CENTURY PACIFIC FOOD INC,

Valid files

- EAFS008647589OTHTY122021.pdf
- EAFS008647589AFSTY122021.pdf
- EAFS008647589ITRTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-N4T1TW1Z087B699BANY3W43MQ0KL8AKGK**
Submission Date/Time: **Apr 13, 2022 08:12 PM**
Company TIN: **008-647-589**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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ANNEX D

CONSOLIDATED FINANCIAL STATEMENTS

CENTURY PACIFIC FOOD INC.

Centerpoint Building Julia Vargas Ave.,
Ortigas Center Pasig City, Metro Manila
Philippines
Tel : (632) 8633 8555
Fax : (632) 638 6336
website : www.centurypacific.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of CENTURY PACIFIC FOOD INC. and SUBSIDIARIES (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the years ended December 31, 2021 and 2020, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signature: Christopher T. Po
Chairman of the Board

Signature: Teodoro Alexander Po
Chief Executive Officer

Signature: Richard Kristoffer S. Manapat
Chief Financial Officer

Signed this APR 1 1 2022 day of ____, 2022.

DOC. NO. 211
PAGE NO. 44
BOOK NO. 105
SERIES OF 2022

ATTY. JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment #M-019 until 12/31/2023
PTR No. 8852510 - Jan. 3, 2022 Makati City
Roll No. 45790, IBP Lifetime #04897/7-3-03
MCLE No. VI-0016565/ Jan. 14 2019
G/F Fedman Suites, 199 Salcedo Street
Legaspi Village, Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	2	0	7	7	8

Company Name

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

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

7TH FLOOR CENTERPOINT BLDG., JULIA VARGAS ST., ORTIGAS CENTER, PASIG CITY, METRO MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N.A.

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N.A.	8633-8555	N.A.

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
32	6/30	12/31

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
MANUEL Z. GONZALES	manuel.gonzales@mvgslaw.com	8687-1195	0918-843-8888

Contact Person's Address

7TH FLOOR CENTERPOINT BLDG., JULIA VARGAS ST., ORTIGAS CENTER, PASIG CITY, METRO MANILA

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

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Century Pacific Food, Inc. and Subsidiaries
(A Subsidiary of Century Pacific Group, Inc.)
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

Opinion

We have audited the consolidated financial statements of Century Pacific Food, Inc (CNPF) and Subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year-ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Impairment assessment of goodwill and trademarks

Under PFRSs, the Group is required to annually test the amount of goodwill and trademarks with indefinite useful lives for impairment. As of December 31, 2021, the Group's goodwill attributable to the acquisition of Century Pacific Agricultural Ventures, Inc. (CPAVI) amounted to ₱2,938.3 million and trademarks with indefinite useful lives amounted to ₱516.9 million, which are considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate.

The Group's disclosures about goodwill and trademarks are included in Note 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the value-in-use of the cash generating unit related to its CPAVI coco business. We compared the key assumptions used, such as revenue growth rate, operating expenses and gross margin against the historical performance of the CGU, and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of goodwill and trademarks such as forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate.

Accounting for the acquisition of Pacific Meat Corporation, Inc. (PMCI)

On April 1, 2021, CNPF acquired 100% ownership of PMCI for a total consideration of ₱24.0 million. As permitted by PFRS 3, *Business Combinations*, the Group determined the purchase price allocation (PPA) on a provisional basis. This transaction is a key audit matter as the amounts involved are material to the consolidated financial statements. In addition, management judgment was required to determine that the acquisition has met the requirements of a business. The transaction also involves significant judgments and estimates such as the identification and determination of the fair values of the assets and liabilities acquired, key inputs, such as revenue growth and discount rates related to the valuation of the trademark and the allocation of the purchase price to these assets and liabilities.

The Group disclosed the details of the acquisition of the business in Note 38 to the consolidated financial statements.

Audit Response

We obtained and reviewed the related documents, including any arrangements entered into in connection with the transaction. We reviewed management's analysis and assessment of the transaction. We reviewed the provisional purchase price allocation prepared by the Group. We also involved our internal specialists in reviewing the valuation methodology and key inputs, such as revenue growth and discount rates related to the valuation of the trademark. We compared the revenue growth to the historical performance of PMCI and industry data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the disclosures in the notes to the consolidated financial statements.

Other Matter

The consolidated financial statements of the Group as at December 31, 2020 and for the years ended December 31, 2020 and 2019 were audited by another auditor who expressed an unmodified opinion on those statements on April 14, 2021.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon which we obtained prior to the date of the Auditor's Report, and the SEC Form 20 - IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2021, which are expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 105007-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8853500, January 3, 2022, Makati City

April 11, 2022

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
(A Subsidiary of Century Pacific Group, Inc.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Comparative Figures as at December 31, 2020)

		December 31	
	Notes	**2021**	2020
ASSETS			
Current Assets			
Cash and cash equivalents	8	**₱1,728,308,358**	₱1,229,381,273
Trade and other receivables	9	**7,905,701,602**	6,913,305,061
Due from related parties	27	**119,485,746**	280,788,885
Inventories	10	**14,112,400,431**	12,972,572,720
Biological assets	14	**–**	65,726,630
Other current assets	11	**2,619,774,907**	2,511,700,094
Total Current Assets		**26,485,671,044**	23,973,474,663
Noncurrent Assets			
Property, plant and equipment	15	**8,574,285,847**	7,290,756,893
Intangible assets and royalties	12	**3,850,025,258**	3,448,276,612
Right-of-use assets	13	**1,298,679,221**	678,300,084
Deferred tax assets – net	34	**540,950,655**	752,107,229
Other noncurrent assets	16	**130,020,844**	133,450,145
Total Noncurrent Assets		**14,393,961,825**	12,302,890,963
TOTAL ASSETS		**₱40,879,632,869**	₱36,276,365,626

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	18	**₱9,104,641,236**	₱9,670,565,636
Short-term loans payable	17	**2,800,000,000**	1,949,466,680
Current portion of borrowings	17	**9,764,285**	1,584,000,000
Income tax payable		**89,626,028**	194,877,487
Due to related parties	27	**84,941,137**	75,894,675
Current portion of lease liabilities	32	**247,628,625**	271,207,134
Total Current Liabilities		**12,336,601,311**	13,746,011,612
Noncurrent Liabilities			
Borrowings - net of current portion	17	**1,982,127,068**	-
Retirement benefit obligation	19	**508,776,526**	618,902,329
Lease liabilities - net of noncurrent portion	32	**1,164,210,050**	465,842,247
Deferred tax liability	34	**-**	9,398,845
Total Noncurrent Liabilities		**3,655,113,644**	1,094,143,421
Total Liabilities		**15,991,714,955**	14,840,155,033
Equity			
Share capital		**3,542,258,595**	3,542,258,595
Share premium	20	**4,936,859,146**	4,936,859,146
Share-based compensation reserve	20	**8,211,398**	8,211,398
Other reserves	28	**30,628,942**	30,628,942
Currency translation adjustment		**23,886,813**	23,818,317
Retained earnings	20,29	**16,346,073,020**	12,894,434,195
Total Equity		**24,887,917,914**	21,436,210,593
TOTAL LIABILITIES AND EQUITY		**₱40,879,632,869**	₱36,276,365,626

See accompanying Notes to Consolidated Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
(A Subsidiary of Century Pacific Group, Inc.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for the Years Ended December 31, 2020 and 2019)

		Years Ended December 31		
	Notes	**2021**	2020	2019
REVENUE FROM CONTRACTS WITH CUSTOMERS	21	**₱54,710,155,254**	₱48,301,741,084	₱40,560,362,956
COST OF GOODS SOLD	22	**41,958,358,259**	36,374,034,421	30,836,294,070
GROSS POFIT		**12,751,796,995**	11,927,706,663	9,724,068,886
OPERATING EXPENSES	24	**(7,064,201,886)**	(6,350,811,842)	(5,332,626,089)
FINANCE COSTS	17,32	**(296,882,673)**	(261,151,374)	(369,427,817)
OTHER INCOME	23	**557,776,763**	615,688,399	536,291,593
OTHER EXPENSES	25	**(380,575,165)**	(803,600,697)	(519,677,568)
INCOME BEFORE INCOME TAX		**5,567,914,034**	5,127,831,149	4,038,629,005
PROVISION FOR INCOME TAX	33	**894,897,620**	1,248,387,296	890,031,995
NET INCOME		**4,673,016,414**	3,879,443,853	3,148,597,010
OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
Remeasurement gain (loss) on pension – net of tax	19	**53,835,505**	(320,715,746)	(64,171,850)
Translation adjustments		**68,496**	(1,622,167)	(17,072,597)
OTHER COMPREHENSIVE INCOME (LOSS)		**53,904,001**	(322,337,913)	(81,244,447)
TOTAL COMPREHENSIVE INCOME		**₱4,726,920,415**	₱3,557,105,940	₱3,067,352,563
Basic and Diluted Earnings Per Share	30	**₱1.3192**	₱1.0952	₱0.8889

See accompanying Notes to Consolidated Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
(A Subsidiary of Century Pacific Group, Inc.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures as at December 31, 2020 and 2019)

	Share Capital (Note 20)	**Share Premium** (Note 20)	**Share-based Compensation Reserve** (Note 28)	**Other Reserves**	**Currency Translation Adjustment**	**Unappropriated Retained** (Note 29)	**Appropriated Retained Earnings** (Note 20)	**Total**
Balances at December 31, 2018	₱3,542,258,595	₱4,936,859,146	₱8,211,398	₱30,628,942	₱42,513,081	₱6,564,800,569	₱1,599,300,000	₱16,724,571,731
Profit for the year	–	–	–	–	–	3,148,597,010	–	3,148,597,010
Other comprehensive income:	–	–	–	–	–	–	–	
Currency translation adjustment	–	–	–	–	(17,072,597)	–	–	(17,072,597)
Remeasurement of retirement benefit obligation - net of tax	–	–	–	–	–	(64,171,850)	–	(64,171,850)
Total Comprehensive Income	–	–	–	–	(17,072,597)	3,084,425,160	–	3,067,352,563
Cash dividends	–	–	–	–	–	(637,606,547)	–	(637,606,547)
Appropriation of retained earnings	–	–	–	–	–	240,784,514	(240,784,514)	–
Balance, December 31, 2019	**3,542,258,595**	**4,936,859,146**	**8,211,398**	**30,628,942**	**25,440,484**	**9,252,403,696**	**1,358,515,486**	**19,154,317,747**
Profit for the year	–	–	–	–	–	3,879,443,853	–	3,879,443,853
Other comprehensive income:								
Currency translation adjustment	–	–	–	–	(1,622,167)	–	–	(1,622,167)
Remeasurement of retirement benefit obligation - net of tax	–	–	–	–	–	(320,715,746)	–	(320,715,746)
Total Comprehensive Income	–	–	–	–	(1,622,167)	3,558,728,107	–	3,557,105,940
Cash dividends	–	–	–	–	–	(1,275,213,094)	–	(1,275,213,094)
Appropriation of retained earnings	–	–	–	–	–	(2,253,635,800)	2,253,635,800	–
Balance, December 31, 2020	**3,542,258,595**	**4,936,859,146**	**8,211,398**	**30,628,942**	**23,818,317**	**9,282,282,909**	**3,612,151,286**	**21,436,210,593**
Profit for the year	–	–	–	–	–	4,673,016,414	–	4,673,016,414
Other comprehensive income:								
Currency translation adjustment	–	–	–	–	68,496		–	68,496
Remeasurement of retirement benefit obligation - net of tax	–	–	–	–		53,835,505	–	53,835,505
Total Comprehensive Income	–	–	–	–	68,496	4,726,851,919	–	4,726,920,415
Cash dividends	–	–	–	–	–	(1,275,213,094)	–	(1,275,213,094)
Appropriation of retained earnings	–	–	–	–	–	580,551,579	(580,551,579)	–
Balance, December 31, 2021	**₱3,542,258,595**	**₱4,936,859,146**	**₱8,211,398**	**₱30,628,942**	**₱23,886,813**	**₱13,314,473,313**	**₱3,031,599,707**	**₱24,887,917,914**

See accompanying Notes to Consolidated Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
(A Subsidiary of Century Pacific Group, Inc.)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for the Years Ended December 31, 2020 and 2019)

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱5,567,914,034**	₱5,127,831,149	₱4,038,629,005
Adjustments for:				
Depreciation and amortization	12,13,15	**1,271,558,587**	1,106,149,015	932,365,731
Loss on decline in value of inventories	10	**220,130,994**	391,036,678	185,817,650
Finance costs	17,32	**296,882,673**	261,151,374	369,427,817
Retirement benefit expense	19	**142,139,375**	70,397,959	38,685,892
Reversal of allowance for inventory	10	**(126,276,220)**	(373,327,170)	(192,375,933)
Gain from sale of scrap – net	23	**(79,394,940)**	(107,664,525)	(15,150,463)
Reversal of accruals	18	**(107,629,495)**	(107,184,824)	(125,718,029)
Unrealized foreign exchange loss (gain) – net		**(43,227,178)**	41,100,997	(31,083,986)
Gain on bargain purchase	38	**(41,071,822)**	–	–
Loss on impairment of input VAT	11	**31,047,893**	9,316,412	5,538,547
Reversal of allowance for expected credit losses	9	**(21,522,800)**	(3,446,268)	(48,887,970)
Interest income	23	**(6,347,815)**	(35,206,519)	(8,082,061)
Loss (gain) on disposal of property, plant and equipment – net	15	**(4,166,459)**	(2,503,626)	31,630,206
Provision for expected credit losses	9	**–**	9,270,257	5,794,328
Provisions on inventory obsolescence	10	**–**	83,254,371	72,394,430
Impairment loss on trademark		**–**	34,700,000	–
Operating cash flows before working capital changes		**7,100,036,827**	6,504,875,280	5,258,985,164
Decrease (Increase) in:				
Trade and other receivables		**(761,871,850)**	(605,209,508)	119,292,471
Due from related parties		**181,188,954**	(19,199,975)	(138,741,763)
Inventories		**(845,465,502)**	(2,524,528,199)	(176,845,510)
Biological assets		**65,726,630**	(32,346,274)	9,473,395
Other current assets		**(100,364,196)**	335,800,702	(347,649,729)
Other non-current assets		**3,687,727**	(43,657,035)	2,683,773
Increase (Decrease) in:				
Trade and other payables		**(608,579,869)**	2,955,682,590	(23,410,693)
Due to related parties		**(1,151,548,802)**	88,515,508	9,125,107
Exchange differences on translating operating assets and liabilities		**-**	-	(17,072,597)
Cash generated from operations		**3,882,809,919**	6,659,933,089	4,695,839,618
Contribution to the retirement fund	19	**(177,559,032)**	(48,612,624)	(48,612,624)
Income tax paid		**(834,178,324)**	(1,468,959,658)	(974,189,582)
Interest received		**6,347,815**	35,136,003	7,731,582
Net cash from operating activities		**2,877,420,378**	5,177,496,810	3,680,768,994
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property, plant and equipment	15	**(2,139,292,490)**	(1,736,384,126)	(1,774,163,199)
Subsidiary (net of cash acquired)		**247,032,463**	–	–
Proceeds from sale of property, plant and equipment		**4,166,460**	2,503,626	4,250,055
Net cash used in investing activities		**(1,888,093,567)**	(1,733,880,500)	(1,769,913,144)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings and short-term loans payable	17	**7,791,891,353**	5,551,000,000	4,986,000,000
Repayments of borrowings and short-term loans payable	17	**(6,533,466,680)**	(7,537,541,907)	(5,778,491,413)
Dividends paid	29	**(1,275,213,094)**	(1,275,213,094)	(637,606,547)
Finance costs paid		**(149,285,666)**	(264,635,783)	(363,634,829)
Payment of lease liabilities	32	**(324,325,639)**	(295,688,307)	(185,753,933)
Net cash used in financing activities		**(490,399,726)**	(3,822,079,091)	(1,979,486,722)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**498,927,085**	(378,462,781)	(68,630,872)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,229,381,273**	1,607,844,054	1,676,474,926
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)		**₱1,728,308,358**	₱1,229,381,273	₱1,607,844,054

See accompanying Notes to Consolidated Financial Statements.

1. GENERAL INFORMATION

Corporate Information

Century Pacific Food, Inc. (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 25, 2013. The Parent Company is primarily engaged in the business of buying and selling, processing, canning and packaging and manufacturing all kinds of food and food products, such as, but not limited to fish, seafood and other marine products, cattle, hog and other animals and animal products, fruits, vegetables and other agricultural crops and produce of land, including by-products thereof.

The Parent Company's shares of stocks were listed in the Philippines Stock Exchange (PSE) on May 6, 2014 through initial public offering (IPO) and listing of 229.65 million shares in the PSE at a total value of P3.5 billion, as discussed in Note 20.

The Parent Company is a 68.72% and 68.71%-owned subsidiary of Century Pacific Group, Inc. (CPGI) the ultimate parent, as at December 31, 2021 and 2020, respectively. CPGI is a corporation registered with SEC and is domiciled in the Philippines.

The Parent Company's registered office and principal place of business is located at 7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center, Pasig City.

Approval and Authorization for Issuance of Consolidated Financial Statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on April 11, 2022.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Parent Company and its subsidiaries (the "Group") have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Preparation and Presentation

The consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated. The consolidated financial statements are presented in Philippine peso, the Group's functional currency.

3. COMPOSITION OF THE GROUP

Details of the Parent Company's subsidiaries as at December 31, 2021 and 2020 are as follows:

	Ownership Interest	
Name of Subsidiary	**2021**	2020
General Tuna Corporation (GTC)	**100%**	100%
Snow Mountain Dairy Corporation (SMDC)	**100%**	100%
Allforward Warehousing Inc. (AWI)	**100%**	100%
Century Pacific Agricultural Ventures, Inc. (CPAVI)	**100%**	100%
Century Pacific Seacrest Inc. (CPSI)	**100%**	100%
Centennial Global Corporation (CGC)	**100%**	100%
Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	**100%**	100%
General Odyssey Inc (GOI)	**100%**	100%

Name of Subsidiary	Ownership Interest **2021**	2020
Millenium General Power Corporation	**100%**	100%
The Pacific Meat Inc	**100%**	-
Century International (China) Co. Ltd. (CIC)	**100%**	100%
Century (Shanghai) Trading Co. Ltd. (CST)	**100%**	100%
Cindena Resources Limited (CRL)	**100%**	100%
Century Pacific North America Enterprise Inc. (CPNA)	**100%**	100%

The significant financial information on the financial statements of wholly owned subsidiaries of the Parent Company are shown below. The summarized financial information represents amounts before intragroup eliminations.

GTC

GTC was incorporated in the Philippines and was registered with the SEC on March 10, 1997. GTC is presently engaged in manufacturing and exporting private label canned, pouched and frozen tuna products. Its processing plant is located at Purok Lansong, Brgy. Tambler, General Santos City, Philippines.

The significant information on the audited statements of financial position of GTC as at December 31, 2021 and 2020 and the results of its operations in 2021, 2020 and 2019 as translated to the Group's presentation currency, are as follows:

	2021	2020
Financial Position		
Current assets	**₱3,630,912,402**	₱4,315,675,831
Non-current assets	**1,388,725,651**	1,265,275,471
Total Assets	**5,019,638,053**	5,580,951,302
Current liabilities	**2,315,033,347**	2,760,934,265
Non-current liabilities	**65,914,281**	97,152,491
Total Liabilities	**2,380,947,628**	2,858,086,756
Equity	**₱2,638,690,425**	₱2,722,864,546

	2021	2020	2019
Results of Operations			
Revenue	**₱7,815,247,676**	₱6,007,349,439	₱6,393,918,056
Cost and expenses	**7,415,547,400**	5,865,074,075	5,968,133,955
Profit for the year	**₱399,700,276**	₱142,275,364	₱425,784,101

SMDC

SMDC was incorporated in the Philippines and was registered with the SEC on February 14, 2001. SMDC is engaged in producing, canning, freezing, preserving, refining, packing, buying and selling at wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparations and by-products. Its principal place of business is located at 32 Arturo Drive, Bagumbayan, Taguig City, Philippines.

The significant information on the audited statements of financial position of SMDC as at December 31, 2021 and 2020 and the results of its operations in 2021, 2020 and 2019 are as follows:

	2021	2020
Financial Position		
Current assets	**₱530,176,493**	₱2,042,747,471
Non-current assets	**600,991,637**	652,236,210
Total Assets	**1,131,168,130**	2,694,983,681
Current liabilities	**172,608,389**	505,108,396
Non-current liabilities	**40,343,429**	49,980,675
Total Liabilities	**212,951,818**	555,089,071
Equity	**₱918,216,312**	₱2,139,894,610

	2021	2020	2019
Results of Operations			
Revenue	**₱120,567,899**	₱9,898,001,543	₱8,725,013,878
Cost and expenses	**142,246,197**	9,357,992,454	8,508,463,882
Profit (loss) for the year	**(₱21,678,298)**	₱540,009,089	₱216,549,996

AWI

AWI was incorporated in the Philippines and was registered with the SEC on October 3, 2014. AWI is engaged in the business of operating cold storage facilities, handling, leasing, maintaining, buying, selling, warehouse and storage facilities, including its equipment, forklift, conveyors, pallet towers and other related machineries, tools and equipment necessary in warehousing, and storage operation. Its principal place of business is located at Purok Lansong, Barangay Calumpang, General Santos City, Philippines.

Significant financial information on the audited statements of financial position of AWI as at December 31, 2021 and 2020 and the results of its operations in 2021, 2020 and 2019 are as follows:

	2021	2020
Financial Position		
Current assets	**₱185,009,310**	₱128,239,608
Non-current assets	**581,589,009**	559,208,676
Total Assets	**766,598,319**	687,448,284
Current liabilities	**77,960,874**	18,081,486
Non-current liabilities	**16,928,795**	16,626,603
Total Liabilities	**94,889,669**	34,708,089
Equity	**₱671,708,650**	₱652,740,195

	2021	2020	2019
Results of Operations			
Revenue	**₱185,110,345**	₱196,083,925	₱195,253,134
Cost and expenses	**98,141,890**	109,613,467	81,524,716
Profit for the year	**₱86,968,455**	₱86,470,458	₱113,728,418

CPAVI

CPAVI was incorporated in the Philippines and was registered with the SEC on August 29, 2012. CPAVI is engaged in the business of manufacturing and distributing all kinds of food and beverage products and other foodstuffs derived from fruits and other agricultural products. Its principal place of business is located at Purok Lansong, Barangay Tambler, General Santos City, Philippines.

Significant information on the audited statements of financial position of CPAVI as at December 31, 2021 and 2020 and the results of its operations in 2021, 2020 and 2019 are as follows:

		2021	2020
Financial Position			
Current assets		**₱1,957,098,530**	₱1,706,298,146
Non-current assets		**2,748,329,040**	2,147,422,899
Total Assets		**4,705,427,570**	3,853,721,045
Current liabilities		**1,394,056,640**	516,740,257
Non-current liabilities		**38,899,257**	48,992,378
Total Liabilities		**1,432,955,897**	565,732,635
Equity		**₱3,272,471,673**	₱3,287,988,410
	2021	2020	2019
Results of Operations			
Revenue	**₱4,968,089,823**	₱3,616,037,666	₱3,003,799,935
Cost and expenses	**4,491,144,021**	3,321,063,136	2,531,668,005
Profit for the year	**₱476,945,802**	₱294,974,530	₱472,131,930

CPSI

CPSI was incorporated in the Philippines and was registered with the SEC on November 13, 2015. CPSI is engaged in the business of developing and designing, acquiring, selling, transferring, exchanging, managing, licensing, franchising and generally in exercising all rights, powers and privileges of ownership or granting any right or privilege of ownership or any interest to label marks, devices, brands, trademark rights and all other forms of intellectual property, including the right to receive, collect and dispose of any and all payments, dividends, interests and income derived therefrom.

The significant information on the audited statements of financial position of CPSI as at December 31, 2021 and 2020 and the results of its operations in 2021, 2020 and 2019 are as follows:

	2021	2020
Financial Position		
Current assets	**₱367,337,710**	₱110,932,793
Non-current assets	**116,774,788**	111,474,788
Total Assets	**484,112,498**	222,407,581
Total Liabilities	**402,001,638**	124,672,701
Equity	**P82,110,860**	P97,734,880

	2021	2020	2019
Results of Operations			
Revenue	**₱1,784,409,073**	₱1,392,036,077	₱1,096,328,236
Cost and expenses	**272,468,413**	272,129,985	216,327,886
Profit for the year	**₱1,511,940,660**	₱1,119,906,092	₱880,000,350

CGC

CGC was incorporated in the British Virgin Islands (BVI) on November 13, 2006. CGC is a company limited by shares.

The significant information on the unaudited statements of financial position of CGC as at December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Total assets	**₱50,004,438**	₱50,004,438
Equity	**₱50,004,438**	₱50,004,438

CGC has no operations and has no revenue and expenses recognized or incurred in 2021, 2020 and 2019.

CPFPVI

CPFPVI was incorporated in the Philippines and registered with Philippine SEC on June 29, 2016. CPFPVI is engaged in the business of manufacturing, processing, buying, selling, importing, exporting and dealing in all kinds of packaging products. Its registered place of business is located at Purok Lansong, Barangay Calumpang, General Santos City.

The significant information on the audited statements of financial position of CPFPVI as at December 31, 2021 and 2020, and the results of its operations in 2021, 2020 and 2019 are as follows:

	2021	2020
Financial Position		
Current assets	**₱1,638,019,395**	₱1,405,686,988
Non-current assets	**936,534,919**	802,117,723
Total Assets	**2,574,554,314**	2,207,804,711
Current liabilities	**1,532,763,298**	620,069,260
Non-current liabilities	**-**	2,563,384
Total liabilities	**1,532,763,298**	622,632,644
Equity	**₱1,041,791,016**	₱1,585,172,067

	2021	2020	2019
Results of Operations			
Revenue	**₱2,561,985,633**	₱2,211,214,721	₱1,444,549,922
Cost and expenses	**2,005,305,310**	1,673,235,122	1,150,079,587
Profit for the year	**₱556,680,323**	₱537,979,599	₱294,470,335

GOI

GOI was incorporated in the Philippines and was registered with SEC on July 27, 2020. GOI is engaged in the business to buy and sell, process, can, pack, manufacture, market, produce, distribute, import and export, and deal in all kinds of feeds.

The significant information on the audited statements of financial position of GOI as at December 31, 2021 and 2020 and the results of its operations for years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱29,154,231**	₱1,000,000
Non-current assets	**1,950,832**	37,562
Total assets	**31,105,063**	1,037,562
Current liabilities	**47,402,975**	125,207
Equity (Capital deficiency)	**(₱16,297,912)**	₱912,355

	2021	2020
Results of Operations		
Revenue	**P9,819,612**	P-
Cost and expenses	**27,029,878**	87,645
Loss for the year	**(₱17,210,266)**	(₱87,645)

MGPC

Millenium General Power Corp formerly Century Pacific Solar Inc. was incorporated in the Philippines and was registered with SEC on August 10, 2020. CP Solar is engaged in the business of exploration, development, and utilization of renewable energy sources, including the generation and distribution of power.

The significant information on the audited statements of financial position of CP Solar as at December 31, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Current assets	**₱113,832,041**	₱2,012,021
Non-current assets	**154,665,006**	246,535
Total assets	**268,497,047**	2,258,556
Current liabilities	**267,039,485**	439,732
Equity	**P1,457,562**	P1,818,824

	2021	2020
Results of Operations		
Revenue	**₱69,693,513**	₱–
Cost and expenses	**70,054,776**	181,175
Loss for the year	**(₱361,263)**	(₱181,175)

PMCI

On April 1, 2021, the Parent Company and CPGI entered into a share purchase agreement (the "Agreement"), wherein CPGI, the Seller, has agreed to sell, assign and convey to CPFI, the buyer, all its rights, title and interest in and to the common shares of PMCI for a total consideration of P24 million.

PMCI was incorporated in the Philippines and was registered on December 9, 1997 to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting, buying, selling or otherwise dealing in at wholesale and retail, all kinds of food and foods products, fruits, vegetables and other goods of same nature, and any all equipment, materials, and supplies used or employed in, or related to the manufacture of such finished product.

The significant information on the audited statement of financial position of PMCI as at December 31, 2021 and the results of its operations for the period from April 1, 2021 to December 31, 2021 are as follows:

	Amount
Financial Position	
Current assets	₱957,393,408
Noncurrent assets	544,336,859
Total assets	1,501,730,267
Current liabilities	1,495,894,084
Noncurrent liabilities	9,500,602
Total liabilities	1,505,394,686

Capital deficiency	(₱3,664,419)

	Amount
Results of Operations	
Revenue	₱994,287,454
Cost and expenses	(1,013,311,188)
Loss for the year	(₱19,023,734)

CIC

CIC was incorporated in China and was registered on June 9, 2003. CIC is engaged in the selling of hardware and electrical apparatus, auto spare parts, building decoration materials and products, telecommunication equipment, stationery commodities, mechanical equipment, pre-package food; wholesales of beverage; development and sale of computer software and hardware; and consulting services. Its registered address is Room A3011, No. 70 Licheng Road, Pudong New Area, Shanghai, China.

The significant information on the audited statements of financial position of CIC as at December 31, 2021 and 2020, and the results of its operations in 2021, 2020 and 2019, as translated to the Group's presentation currency are as follows:

	2021	2020
Financial Position		
Current assets	**₱101,356,502**	₱121,854,056
Non-current assets	**932,936**	623,603
Total Assets	**102,289,438**	122,477,659
Total Liabilities	**189,495,060**	168,399,493
Capital deficiency	**(₱87,205,622)**	(₱45,921,834)

	2021	2020	2019
Results of Operations			
Revenue	**₱195,342,843**	₱223,272,368	₱219,351,897
Cost and expenses	**231,828,542**	219,534,165	212,650,224
Profit (loss) for the year	**(₱36,485,699)**	₱3,738,203	₱6,701,673

CST

CST was incorporated in China and was registered on August 24, 2005. CST is engaged in the wholesale, import and export of food, provision of ancillary services, relevant business consulting services subject to administrative approval and relevant authority. Its registered address is at Room 520A, No. 335 Changli Road, Pudong New District, Shanghai, China.

The significant information on the audited statements of financial position of CST as at December 31, 2021 and 2020, and the results of its operations in 2021, 2020 and 2019, as translated to the Group's presentation currency are as follows:

	2021	2020
Financial Position		
Current assets	**₱32,795,077**	₱35,770,934
Total Liabilities	**674,376**	693,294
Equity	**₱32,120,701**	₱35,077,640

	2021	2020	2019
Results of Operations			
Revenue	**₱1,695,716**	₱–	₱11,190,545
Cost and expenses	**7,175,458**	6,969,778	61,607,663
Loss for the year	**(₱5,479,742)**	(₱6,969,778)	(₱50,417,118)

CRL

CRL was originally incorporated in the BVI under The International Business Companies Act (CAP.291) on March 27, 2002. CRL is engaged in the purchase or otherwise acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm or company, to import, export, buy, sell, exchange, barter, let on hire, distribute, and otherwise deal in and turn to account goods, materials, commodities, produce and merchandise generally in their prepared, manufactured, semi-manufactured and raw state, to enter into, carry on and participate in financial transactions and operations of all kinds and to manufacture, construct, assemble, design, repair, refine, develop, alter, convert, process, and otherwise produce materials, fuels, chemicals, substance and industrial, commercial and consumer products of all kinds. The Company was re-registered under the BVI Business Companies Act (No. 16 of 2004) on January 1, 2009 upon the compulsory implementation of the new Act. CRL's registered office is at P.O. Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands and its registered agent is Offshore Incorporations Limited.

The significant information on the unaudited statements of financial position of CRL as at December 31, 2021 and 2020 are as follows:

	2021	2020
Financial Position		
Total Noncurrent Asset	**₱100**	₱100
Equity	**₱100**	₱100

CPNA

CPNA was incorporated in the United States and was registered with the Secretary of State of California on April 20, 2017 as a domestic stock Company type. CPNA is engaged in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust Company business or the practice of a profession permitted to be incorporated by the California Corporation Code. The agent for service process in this state is Vcorp Services CA, Inc. The registered address of CPNA is at 350 N. Glendale Avenue Ste B348, Glendale, California 91206. Its principal place of business is at 7th Floor, Centerpoint Building, J. Vargas Avenue Corner Garnet Road, Ortigas Center, Pasig City, Philippines.

The significant information on the unaudited statements of financial position of CPNA as at December 31, 2021 and 2020 and the results of its operations in 2021, 2020 and 2019, as translated are as follows:

	2021	2020
Financial Position		
Current assets	**₱442,102,090**	₱401,080,534
Non-current assets	**5,522,686**	6,727,204
Total assets	**447,624,776**	407,807,738
Total liabilities	**382,090,605**	362,947,525
Equity	**₱65,534,171**	₱44,860,213

	2021	2020	2019
Results of Operations			
Revenue	**₱325,645,204**	₱304,084,639	₱202,394,126
Cost and expenses	**307,315,029**	280,657,728	202,216,992
Profit for the year	**₱18,330,175**	₱23,426,911	₱177,134

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

New Standards, Interpretations and Amendments Issued and Effective for December 31, 2021 year-end

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

  - Relief from discontinuing hedging relationships

  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and

- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The Group adopted the amendments beginning January 1, 2021

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

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

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

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

5. SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control: a) has power over the investee; b) exposure or rights, to variable returns from its involvement with the investee; or the ability to use its power to affect its returns.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Parent Company's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Parent Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PFRS 9.

Business Combination

Acquisition method

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12, *Income Taxes* and PAS 19, *Employee Benefits*, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, *Share-based Payment,* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current assets Held for Sale and Discontinued Operations,* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any) is recognized immediately in profit or loss as bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PFRS 9, *Financial Instruments: Recognition and Measurement*, or PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because the fair values to be assigned to the acquiree's identifiable assets and liabilities can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to those provisional values as a result of completing the initial accounting shall be made within twelve (12) months from the acquisition date.

The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

Goodwill is not amortized but is reviewed for impairment at least annually. For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.
Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Pooling of interest method

Common control business combinations which do not have commercial substances are accounted for using the "pooling of interests method".

The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies;
- No 'new' goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity 'acquired' is reflected within equity;
- The consolidated statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place; and
- Comparatives are presented as if the entities had always been combined.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve (12) months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

Deferred tax assets are classified as noncurrent assets.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve (12) months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax liabilities are classified as noncurrent liabilities.

Fair Value of Measurement

The Group discloses the fair values of financial instruments measured at amortized cost.

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

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

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

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

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Financial Instruments

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

a. Financial assets

- *Initial recognition and measurement.* Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVPL.

  The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15.

  In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

  The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

  Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market-place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

  The Group has no financial assets at FVOCI with or with no recycling of cumulative gains and losses (debt and equity instruments) and financial assets at FVPL as at December 31, 2021 and 2020.

- *Subsequent measurement.* For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortized cost (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), and FVPL.

  Financial assets at amortized cost (debt instruments) is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

  Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the asset is derecognized, modified or impaired.

  This category includes cash and cash equivalents, trade and other receivables, due from related parties, security deposits and deposits on utilities as at December 31, 2021 and 2020.

  The Group has no financial assets at FVOCI with or with no recycling of cumulative gains and losses (debt and equity instruments) and financial assets at FVPL as at December 31, 2021 and 2020.

- *Impairment.* The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

  ECLs are recognized in two stages, as follows:

  a. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL).
  b. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

  For receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

  The Group considers a financial asset in default when contractual payments are over 120 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 cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash and cash equivalents, due from related parties, security deposits and deposits on utilities, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash in banks to calculate the ECL.

- *Derecognition.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

  - The rights to receive cash flows from the asset have expired; or

  - The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

  When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b. Financial Liabilities

- *Initial Recognition and Measurement.* Financial liabilities are classified at initial recognition as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

  All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

  The Group's financial liabilities as at December 31, 2021 and 2020 are categorized under loans and borrowings. This category includes the Group's trade and other payables, borrowings, due to related parties and lease liabilities.

  The Group has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments as at December 31, 2021 and 2020.

- *Subsequent Measurement.* After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs such as debt issues costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the consolidated statements of comprehensive income.

- *Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of all the counterparties.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated using the first-in, first-out method. The costs of inventories are calculated as follows:

Raw materials	Moving average
Work-in-process	Weighted average
Finished goods	Weighted average

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation. Inventories and its related provision for impairment are written off when the Group has determined that the related inventory is already obsolete and damaged.

Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited in the consolidated statements of comprehensive income based on the result of Management's current statement, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

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.

Spare parts with useful lives of one year or less are classified as inventories and recognized as expense as they are consumed.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments 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 with the passage of time.

Advances to Suppliers

Advances to suppliers represent advance payments made to suppliers for the purchase of raw materials. These are reclassified to inventories upon purchase.

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 Group and the cost of the assets can be measured reliably.

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.

Biological assets are recognized as expense when consumed.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Major spare parts qualify as property, plant and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of property, plant and equipment measured are carried at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property, plant 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.

Depreciation is computed on the straight-line method, other than construction in progress, based on the estimated useful lives of the assets as follows:

Land improvements	5-15 years
Buildings	15 - 20 years
Building improvements	5-15 years
Plant machinery and equipment	2 - 20 years
Office furniture, fixtures and equipment	2 - 5 years
Laboratory tools and equipment	1 - 15 years
Transportation and delivery equipment	3 - 10 years

Properties in the course of construction for production, rental, administrative purposes or for purposes not yet determined, are carried at cost less any recognized impairment loss. Depreciation commences at the time the assets are ready for their intended use.

Leasehold improvements which include the land improvements, buildings and building improvements are depreciated over shorter of the lease term and estimated useful lives of the assets, whichever is shorter.

Spare parts and properties in the course of construction for production or for purposes not yet determined are carried at cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 the profit or loss.

Intangible Assets

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets, such as trademarks, with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of Long-lived Nonfinancial Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible and intangible assets 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, such as trademarks, and intangible assets not yet available for use are 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 CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

A reversal of an impairment loss is recognized as income in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation, either 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 is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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, the 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 the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Contingencies

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

Share-based Payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

At end of each reporting period, the Group revises its estimate of the number of equity instruments expected to be exercised. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. The valuation of the share based compensation reserve is determined by the number of share options exercised multiplied by the intrinsic value which is the difference between fair value of the shares at grant date and the exercise price.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Employee Benefits

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 that are expected to be settled wholly before 12 months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Retirement benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of retirement benefit costs in profit or loss.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Share capital

Share capital are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

Share premium

Share premium represents the excess over the par-value received on subscriptions for the Group's shares which is represented in equity. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the share premium.

Direct costs incurred related to equity issuance are chargeable to share premium account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Currency translation adjustment

Currency translation adjustment represents the exchange differences resulting from translating the financial position and results of operations of GTC, CPNA, CIC, CRL and CST, whose functional currencies differ from the functional currency of the Group.

Retained earnings

Retained earnings represent accumulated profits and losses attributable to equity holders of the Group after deducting dividends declared. Retained earnings may also include the effect of changes in accounting policy as may be required by the standard's transitional p*rovisions.*

Dividends on Capital Stock

Cash dividends on common shares are recognized as liability and deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the shareholders.

The Group may declare dividends only out of its unrestricted retained earnings.

Other Components of Equity. Other components of equity comprise items of income and expense, including reclassification adjustments and actuarial gains and losses on pensions and translation adjustments on foreign operations that are not recognized in net income in the consolidated statement of comprehensive income as required or permitted by other PFRS.

Revenue from Contracts from Customers

The Group recognizes revenue from the sale of its manufactured goods.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product to a customer. The Group recognizes revenue when it transfers control of a product to a customer.

<u>Sale of goods</u>

The Group contracts to sells goods to the wholesale market and retailers. It identifies each party's rights and payment terms regarding goods to be transferred.

For sales of goods to the wholesale market and retailers, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the wholesalers' and retailers' specific location. Following delivery, the wholesaler and retailer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the wholesaler and retailer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Transaction price

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The transaction price is also adjusted for any consideration payable to the customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer (or to other parties that purchase the Group's goods from the customer). Consideration payable to a customer also includes credit or other items that can be applied against amounts owed to the Group (or to other parties that purchase the Group's goods or services from the customer).

Variable consideration

The amount of consideration can vary because of discounts, rebates, refunds, credits, incentives, penalties or other similar items. The Group estimated the amount of consideration to which it will be entitled to in exchange for transferring the promised goods to a customer.

The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group estimated the value of the variable consideration by obtaining the most likely amount in a range of possible consideration amounts.

The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- The amount of consideration is highly susceptible to factors outside the Group's influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions and a high risk of obsolescence of the promised goods;
- The uncertainty about the amount of consideration is not expected to be resolved for a long period of time;
- The Group's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value;
- The Group has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances; or
- The contract has a large number and broad range of possible consideration amounts.

<u>Service income</u>

Service income is recognized over time in which the services are rendered. The service income pertains to the management fees.

<u>Other income</u>

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

Revenue outside the scope of PFRS 15

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Costs and expenses in the consolidated statements of comprehensive income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes raw materials used, direct labor and manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Leases

The Group as lessee

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

Right-of-use assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term between 5 to 20 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below P250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign Currency

<u>Foreign currency transactions</u>

Transactions in currencies other than functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities when the gains and losses of such non-monetary items are recognized directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustments to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

<u>Foreign operations</u>

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Philippine Peso using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising from that transaction are recognized in other comprehensive income.

Translation to foreign currency

The separate financial statements of GTC, CPNA, CIC, CRL and CST whose functional currencies differ from the functional currency of the Group are translated to Philippine peso using the prevailing current exchange rate for the statements of the financial position accounts, except those which are translated at historical costs, and average rate during the period for the statements of comprehensive income accounts. Any resulting difference from the translation is charged to currency translation adjustments in OCI.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Group and a related party.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Group and the key management personnel of the Group are also considered to be related parties.

Upon consolidation, significant intra-group balances are eliminated to reflect the Group's consolidated financial position and performance as a single entity.

Taxation

Income tax expense represents the sum of current tax expense and deferred tax.

Current tax

The current tax expense is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher. CPSI and CPFPVI use Optional Standard Deduction (OSD), while other subsidiaries use itemized deductions in the computation of their respective taxable income.

AWI registered its Cold Storage Facilities (Panda 1 and 2) with Board of Investments (BOI) for Income Tax Holiday (ITH) provided under Article 39(a) of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended by R.A 7918. AWI operations under Panda 1 and 2 are entitled for ITH up to February 28, 2020 and June 30, 2023, respectively. Other income that arises outside from the registered activities of the AWI and local services in excess of 30% is subject to the statutory rate of 30%.

CPAVI is entitled to corporate income tax holiday (ITH) for four years, which can be extended for another year subject to condition that the Group shall undertake CSR activities and must be completed on the actual availment of the bonus year. The Group's liability for current tax is calculated using a 0% tax rate for BOI registered activities including sale to domestic market as authorized by BOI and 30% tax rate for non-registered activities.

Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 and assets 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.

Current and deferred tax for the year

Current and deferred taxes 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 other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized outside profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of sales tax except:

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

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Deferred Input VAT

In accordance with the Revenue Regulations No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of input VAT) in each of the calendar months exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods whichever is shorter.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Earnings per Share

The Group computes its basic earnings per share by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit for the period attributable to ordinary equity holders of the Parent Company and the weighted average number of shares outstanding are adjusted for the effects of dilutive potential ordinary shares.

Events after the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue.
The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- 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

- 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.

For Management purposes, the Group is currently organized into seven business segments namely: Canned and Processed Fish, Canned and Frozen Meat, Milk, Tuna Export, Coco Water, Packaging and Corporate. These divisions are the basis on which the Group reports its primary segment information.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial information on segment reporting is presented in Note 7.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, 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 the 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.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Acquisition of investments qualified as a business combination

In applying the requirements of PFRS 3, *Business Combinations*, an entity or an asset being acquired has to be assessed whether it constitutes a business. The assessment requires identification of inputs and processes applied to these inputs to generate outputs or economic benefits. As discussed in Note 38, the acquisition of PMCI was considered a business since it has commercial substance and was accounted for as a business combination.

The fair values of the identifiable net assets acquired related to the PMCI amounted to ₱65.1 million. The acquisition of PMCI resulted in the recognition of bargain purchase option amounting to ₱41.1 million (see Notes 23 and 38).

Determination of functional and presentation currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be Philippine Peso.

The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency of that mainly influences the Group in determining the costs and the selling price of its inventories. It is the currency in which the Group measures its performance and reports its results.

The results of operations and financial position of GTC and CPNA, which are measured using US Dollar, and financial position of CIC, CST and CRL, which are measured using Chinese Yuan, were translated into Philippine Peso using the accounting policies in Note 5.

Determination of Lease Term of Contracts with Renewal option – Group as a Lessee

The Group has lease contracts that includes extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group included the renewal period as part of the lease term for leases of land and buildings. The Group typically exercises its option to renew for these leases because of significant improvements on the leased assets and these assets including the underlying assets are critical to the business of the Group. As such, there will be a significant negative effect on production if a replacement asset is not readily available. The Group has determined that the lease term of these lease contracts ranges from 10 to 20 years.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Recoverability of Goodwill and Trademarks with Indefinite Life. The Group performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and trademarks with indefinite lives. Goodwill acquired through business combination has been allocated to one CGU which is also the operating entity acquired through business combination and to which the goodwill relates. Recoverability testing requires an estimation of the value in use or fair value less cost of disposal of the CGU to which goodwill and trademarks with indefinite life are allocated. Estimating the recoverable amount of the CGU involves significant assumptions about the future results of the business such as long-term revenue growth rate, operating expenses, gross margin and discount rate which were applied to cash flow forecasts. In addition, the assumptions are also subjected to a higher level of estimation uncertainty due to the current economic conditions which have been impacted by the COVID-19 pandemic. The cash flow forecasts were based on financial budgets approved by the BOD covering a five-year period.

The impairment on goodwill and trademark is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

The key assumptions used in the impairment test of goodwill and trademarks with indefinite life are as follows:

1. Gross Revenue

On the average, gross revenue of the CGU over the next five years were projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, the business growth had a direct correlation with economic growth. A 1% perpetuity growth rate was assumed at the end of the five-year forecast period.

2. Operating Expenses

On the average, operating expenses were projected to increase in relation to revenue growth.

3. Gross Margins

Increased efficiencies over the next five years are expected to result in margin improvements.

4. Discount Rate

The discount rate used to arrive at the present value of future cash flows was the Group's Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity. The discount rates applied to the cash flow projections range from 9.7% to 12.7% in 2021 and 2020.

The carrying amount of goodwill and trademarks with indefinite life are as follows:

	Notes	**2021**	2020
Goodwill	12	**₱2,915,325,199**	₱2,915,325,199
Trademarks	12	**490,039,366**	66,774,880
		₱3,405,364,565	₱2,982,100,079

The recoverable amount of the CGUs to which the goodwill and trademarks with indefinite lives are allocated is greater than its carrying amount. No impairment loss was recognized on goodwill and trademarks for the years ended December 31, 2021 and 2019.

In 2020, impairment loss on the Group's trademark amounting to P34,700,000 was recognized since its value in use is lesser than the recorded amount of the trademark.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

As at December 31, 2021 and 2020, the Group's lease liabilities amounted to ₱1,411,838,675 and ₱737,049,381, respectively (see Note 32).

Determination of Fair Value of Financial Instruments

Where the fair value of financial assets and liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and liabilities are disclosed in Note 35.

Impairment of Financial Assets at Amortized Costs

The Group applied the following judgements and estimates that significantly affect the computation of ECL under PFRS 9.

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*. The borrower is more than 120 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

  a. The borrower is experiencing financial difficulty or is insolvent;
  b. The borrower is in breach of financial covenant(s);
  c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
  d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

  The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes, unless otherwise stated. The default definition has been applied consistently to model the probability of default, loss given default and expected actual default throughout the Group's ECL calculation.

- *General Approach for Cash and cash equivalents, other receivables, due from related parties, security deposits and deposits on utilities.* Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or Lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. The Group has leveraged on available market data for cash in banks to calculate the ECL.

- *Simplified Approach for Trade Receivables.* The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

- *Grouping of instruments for losses measured on collective basis.* For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristic used to determine groupings is based on the type of customer.

- *Macro-economic Forecasts and Forward-looking Information*. Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

  The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

  Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Other than the considerations on the impact of COVID-19 on macroeconomic factors used as inputs to the ECL calculation, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Total trade receivables recognized in the Group's consolidated statements of financial position amounted to ₱7,905,701,602 and ₱6,913,305,061 as at December 31, 2021 and 2020, respectively, which is net of the related allowance for expected credit losses amounting to ₱18,581,661 and ₱33,558,388 as at December 31, 2021 and 2020, respectively, as shown in Note 9. No provision for ECL was recognized in 2021 while in 2020 and 2019, provision for ECL amounted ₱9,270,257 and ₱5,794,328, respectively. Recovery of allowance for ECL amounted to ₱14,976,727 in 2021 (see Note 9).

No provision for ECL was recognized in 2021, 2020 and 2019 on cash and cash equivalents, due from related parties, security deposits and deposits on utilities.

The carrying value of the Group's financial assets are as follows:

	Notes	**2021**	2020
Cash and cash equivalents	8	**₱1,728,308,358**	₱1,229,381,273
Due from related parties	27	**119,485,746**	280,788,885
Security deposits	16	**71,438,731**	87,345,066
Deposits on utilities	16	**8,346,166**	5,211,224
		₱1,927,579,001	₱1,602,726,448

Evaluation of Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in prices level or other causes such as the impact of COVID-19 pandemic. The lower of cost and net realizable value of inventories is reviewed at each reporting date. Inventory items identified to be obsolete and unusable are also written off and charged as expense in net income in the consolidated statement of comprehensive income.

Provision for inventory obsolescence in 2021, 2020 and 2019 amounted to ₱220,130,994, ₱391,036,678 and ₱185,817,650, respectively. The carrying values of inventories amounted to ₱14,112,400,431 and ₱12,972,572,720, net of allowance for inventory obsolescence of ₱377,997,039 and ₱284,142,265 as at December 31, 2021 and 2020, respectively (see Note 10).

Estimation of Useful Lives of Long-Lived Nonfinancial Assets. The useful lives of long-lived nonfinancial assets are estimated based on the economic lives of the assets and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the long-lived nonfinancial assets are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the long-lived nonfinancial assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimation of useful lives of property, plant and equipment, intangible assets with definite useful life and right-of-use assets in 2021 and 2020. The carrying values of these assets are as follows:

		2021	2020
Property, plant and equipment	**15**	**₱8,574,285,847**	₱7,290,756,893
Intangible assets with definite useful life	**12**	**444,660,693**	466,176,533
Right-of-use assets	**13**	**1,298,679,221**	678,300,084
		₱10,317,625,761	₱8,435,233,510

Determination of Impairment of Nonfinancial Assets. Impairment review is performed when certain impairment indicators are present. Management considered the impact of COVID-19 in its impairment assessment on the Group's property, plant and equipment, intangible assets with definite useful life, right-of-use assets and input VAT.

Determining the value in use of the nonfinancial assets, which requires 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 consolidated financial statements.

The carrying values of the Group's nonfinancial assets are as follows:

		2021	2020
Property, plant and equipment	15	**₱8,574,285,847**	₱7,290,756,893
Intangible assets with definite useful life	12	**444,660,693**	P466,176,533
Right-of-use assets	13	**1,298,679,221**	678,300,084
Input VAT	11	**369,455,345**	329,590,317
		₱10,687,081,106	₱8,764,823,827

Based on the assessment of management, except for input VAT, the Group's nonfinancial assets do not have any indication of impairment as at December 31, 2021 and 2020. No impairment loss was recognized in 2021, 2020 and 2019.

Moreover, impairment loss on input VAT amounting to ₱31,047,893, ₱9,316,412 and ₱5,538,547 were recognized in 2021, 2020 and 2019, respectively, as disclosed in Note 11.

Determination of Pension Costs. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Retirement benefit obligation amounted to ₱508,776,526 and ₱618,902,329 as at December 31, 2021 and 2020, respectively (see Note 19).

The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary and pension increases are based on expected future inflation rates in the Philippines.

Further details about the assumptions used are provided in Note 19.

Recoverability of Deferred Tax Assets. The Group performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Group's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions. The Group computes for deferred tax using the 25% and 30% corporate tax rate in 2021 and 2020, respectively.

Deferred tax assets recognized amounted to ₱571,329,813 and ₱752,107,229 as at December 31, 2021 and 2020, respectively (see Note 34).

Purchase Price Allocation in Business Combinations. The Group accounts for the acquired business using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated statement of financial position (or subsumed in the investment for acquisition of an associate), or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance. The Group applied provisional accounting in the determination of the purchase price allocation.

Total consideration for the acquisition amounted to ₱24,000,000 and the fair values of the identifiable net assets acquired from PMCI amounted to ₱65,071,822. The Group's acquisition resulted in the recognition of bargain purchase option amounting to ₱41,071,822 (see Note 38).

7. SEGMENT INFORMATION

Business segments

For Management purposes, the Group is organized into seven major business segments: Canned and Processed Fish, Canned Meat, Milk, Tuna Export, Coco Water, Packaging and Corporate.

These divisions are the basis on which the Group reports its primary segment information to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The principal products and services of each of these divisions are as follows:

Canned and processed fish	2.	Tuna
	4.	Sardines
	6.	Other seafood-based products
Canned and frozen meat	8.	Corned beef
	10.	Meatloaf
	12.	Other meat-based products
Milk	14.	Canned milk
	16.	Powdered milk
	18.	Other dairy products
Tuna export	20.	Private label canned, pouched and frozen tuna
	22.	Other tuna products
Coco water	24.	Coconut beverages
	26.	Coconut oil
	28.	Coconut shells
	30.	Other coconut products
Packaging	32.	Packaging products
	34.	Shared services
Corporate		Warehousing

The segments' results of operations of the reportable segments in 2021, 2020 and 2019 are as follows:

	Segment Revenue	Segment Profit Before Tax
2021		
Canned and processed fish	**₱16,550,746,889**	**₱989,674,081**
Canned and frozen meat	**15,819,756,290**	**1,596,396,115**
Milk	**10,655,423,578**	**(195,032,621)**
Tuna export	**7,815,247,676**	**456,849,411**
Coco water	**5,061,477,665**	**522,454,817**
Packaging	**2,561,985,633**	**644,899,484**
Corporate	**2,613,036,207**	**4,568,507,588**
Segment total	**61,077,673,938**	**8,583,748,875**
Eliminations	**(6,367,518,684)**	**(3,015,834,841)**
	₱54,710,155,254	**₱5,567,914,034**
2020		
Canned and Processed Fish	₱15,935,223,188	₱838,377,406
Canned Meat	12,383,595,068	1,549,909,501
Milk	10,548,290,713	308,406,055
Tuna Export	6,007,349,439	248,249,295
Coco Water	3,704,633,600	338,313,104
Packaging	2,211,214,721	662,020,085
Corporate	12,017,090,258	2,260,715,806
Segment total	62,807,396,987	6,205,991,252
Eliminations	(14,505,655,903)	(1,078,160,103)
	₱48,301,741,084	₱5,127,831,149

2019		
Canned and processed fish	₱12,408,081,553	₱679,694,886
Canned meat	9,712,536,529	713,128,541
Milk	9,140,400,873	339,667,029
Tuna export	6,393,918,051	606,898,449
Coco water	3,092,758,690	480,406,148
Packaging	1,444,549,922	374,809,249
Corporate	10,453,402,210	2,078,534,131
Segment total	52,645,647,828	5,273,138,433
Eliminations	(12,085,284,872)	(1,234,509,428)
	₱40,560,362,956	₱4,038,629,005

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 5. Segment profit represents the profit before tax by each segment without allocation of central administration costs and directors' salaries, other gains and losses, as well as finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The segment assets and liabilities as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	Assets	**Liabilities**	Assets	Liabilities
Canned and processed Fish	**₱5,048,615,688**	**₱2,660,756,353**	₱8,098,476,229	₱2,926,208,852
Canned and frozen meat	**5,426,966,633**	**4,190,239,239**	4,957,919,512	3,090,820,687
Milk	**5,605,441,476**	**2,722,756,131**	9,774,875,950	4,947,957,317
Tuna export	**5,019,638,053**	**2,380,947,628**	5,580,951,302	2,858,086,756
Coco water	**4,712,898,154**	**1,461,817,578**	3,921,750,774	618,105,962
Packaging	**2,574,554,315**	**1,532,763,298**	2,207,804,711	622,632,644
Corporate	**23,025,690,301**	**9,207,026,667**	11,580,875,162	5,370,008,788
Segment total	**51,413,804,620**	**24,156,306,894**	46,122,653,640	20,433,821,006
Eliminations	**(10,534,171,751)**	**(8,164,591,939)**	(9,846,288,014)	(5,593,665,973)
	₱40,879,632,869	**₱15,991,714,955**	₱36,276,365,626	₱14,840,155,033

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments, other than other financial assets, and current and deferred tax assets, which are booked under Corporate segment. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.
- All liabilities are allocated to reportable segments, other than loans, other financial liabilities, current and deferred tax liabilities, which are booked under Corporate segment. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.
- Eliminations include transactions among the segments of the Parent Company.

	2021			
	Additions to Property, Plant, and Equipment	**Depreciation and Amortization**	**Interest Income**	**Finance Costs**
2021				
Canned and processed fish	**₱457,903,103**	**₱215,403,466**	**₱135,366**	**₱7,506,963**
Packaging	**166,161,000**	**57,281,930**	**46,434**	**6,271,561**
Canned and frozen meat	**348,450,436**	**217,998,493**	**676,613**	**46,839,896**
Milk	**53,062,657**	**126,317,307**	**87,914**	**18,402,241**
Tuna export	**319,414,401**	**246,958,966**	**697,925**	**27,217,218**
Coco water	**761,391,370**	**263,509,312**	**246,128**	**20,971,792**
Corporate	**196,160,968**	**144,089,113**	**4,457,435**	**169,672,902**
	₱2,302,543,935	**₱1,271,558,587**	**₱6,347,815**	**₱296,882,573**

		2020		
Canned and processed fish	₱763,410,756	₱144,789,997	₱120,786	₱3,497,508
Packaging	2,277,424	56,662,694	95,404	340,966
Canned meat	75,219,858	187,904,259	59,266	10,699,028
Milk	162,283,921	105,625,292	256,105	42,036,672
Tuna export	447,873,678	194,515,141	1,757,672	24,133,190
Coco water	198,206,867	255,086,619	304,302	4,846,176
Corporate	87,111,622	161,565,013	32,612,984	175,597,834
	₱1,736,384,126	₱1,106,149,015	₱35,206,519	₱261,151,374
		2019		
Canned and processed fish	₱498,517,833	₱99,218,297	₱142,294	₱723,706
Packaging	223,292,178	48,560,395	65,738	375,338
Canned meat	119,462,001	165,301,202	64,556	9,469,571
Milk	239,628,836	62,239,000	213,431	45,287,647
Tuna export	308,516,334	146,137,279	900,580	25,964,423
Coco water	190,499,834	252,155,358	946,006	6,187,068
Corporate	194,246,183	158,754,200	5,749,456	281,420,064
	₱1,774,163,199	₱932,365,731	₱8,082,061	₱369,427,817

Geographical Information

The Group operates in three principal geographical areas: Philippines, United States of America and China.

The Group's revenue from continuing operations from external customers by location of operation and information about its non-current assets by location of assets are detailed below

	Revenue from external customers For the year ended December 31			Noncurrent assets December 31	
	2021	2020	2019	**2021**	2020
Philippines	**₱54,187,471,491**	₱47,774,384,077	₱40,127,426,388	**₱14,387,506,103**	₱12,295,540,155
USA	**325,645,204**	304,084,639	202,394,126	**5,522,786**	6,727,204
China	**197,038,559**	223,272,368	230,542,442	**932,936**	623,604
	₱54,710,155,254	₱48,301,741,084	₱40,560,362,956	**₱14,393,961,825**	₱12,302,890,963

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period, as shown in the consolidated statements of cash flows, can be reconciled to the related items in the consolidated statements of financial position as follows:

	2021	2020
Cash on hand	**₱239,772,151**	₱27,242,934
Cash in banks	**1,161,654,396**	1,054,018,005
Cash equivalents	**326,881,811**	148,120,334
	₱1,728,308,358	₱1,229,381,273

Cash on hand includes petty cash fund and undeposited collections.

Cash in banks earned average interest rate ranging from 0.10% to 0.125% and from 0.10% to 0.35% and per annum in 2021 and 2020, respectively, and is unrestricted and immediately available for use in the current operations of the Group.

Cash equivalents represent short-term fund placements and investments in unit-trust funds (UITFs) with local banks. Short-term fund placements will mature in three months or less from the date of acquisition with annual interest rates ranging from 1.32% to 2.25% in 2021 and from 1.01% to 5.0% in 2020. These placements are from excess cash and can be withdrawn anytime.

Interest income earned from bank deposits and placements amounted to ₱6,110,073, ₱33,939,292 and ₱6,781,847, in 2021, 2020 and 2019 respectively, as disclosed in Note 23.

9. TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables consist of:

	2021	2020
Trade receivables from third parties	**₱7,376,001,134**	₱6,243,691,205
Allowance for expected credit losses	**(18,581,661)**	(33,558,388)
Allowance for sales return	**(8,566,867)**	(15,112,940)
	7,348,852,606	6,195,019,877
Advances to officers and employees	**50,926,519**	49,196,728
Others	**505,922,477**	669,088,456
	₱7,905,701,602	₱6,913,305,061

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 30 to 90 days term or less. No interest is charged on trade receivables.

Advances to officers and employees are non-interest bearing and are liquidated within one month. Advances to officers include salary loans which earned average interest rate of 8% per annum. Interest income earned from salary loans amounted to ₱1,376,753 in 2021, ₱1,267,227 in 2020 and ₱1,386,641 in 2019 as disclosed in Note 23.

Other receivables, which consist mainly of statutory receivables and receivables from various parties for transactions other than sale of goods, are non-interest bearing and generally have terms of 30 to 45 days.

Movements in the allowance for expected credit losses and allowance for sales returns as at December 31 are as follows:

	Notes	Expected Credit Losses	Allowance for Sales Return	2021
Balance, January		**₱33,558,388**	**₱15,112,940**	**₱48,671,328**
Reversal		**(14,976,727)**	**(6,546,073)**	**(21,522,800)**
Balance, December		**₱18,581,661**	**₱8,566,867**	**₱27,148,528**
				2020
Balance, January		₱24,288,131	₱18,559,208	₱42,847,339
Expected Credit Loss	24	9,270,257	–	9,270,257
Reversal		–	(3,446,268)	(3,446,268)
Balance, December		₱33,558,388	₱15,112,940	₱48,671,328

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Management believes that there is no further allowance for estimated credit losses required in excess of those that were already provided.

10. INVENTORIES

Details of the Group's inventories are as follows:

	2021	2020
Finished goods	**₱6,312,035,712**	₱6,338,087,442
Work in process	**183,294,145**	162,276,236
Raw materials	**7,325,777,774**	6,334,841,746
Spare parts and supplies	**669,289,839**	421,509,561
	14,490,397,470	13,256,714,985
Allowance for obsolescence	**(377,997,039)**	(284,142,265)
	₱14,112,400,431	₱12,972,572,720

The Group's inventories are recorded at their respective costs.

Cost of inventories recognized in the consolidated statements of comprehensive income in 2021, 2020 and 2019 amounted to ₱41,958,358,259, ₱36,374,034,421 and ₱30,836,294,070 respectively.

Allowance for inventory obsolescence relates to 100% provision of inventories that are no longer resaleable. Movements in the allowance for obsolescence of inventories are as follows:

	Notes	**2021**	2020	2019
Balance, January 1		**₱284,142,265**	₱183,178,386	₱117,342,239
Provision on slow moving inventories	22, 24	**–**	83,254,371	72,394,430
Provision on write-down	25	**220,130,994**	391,036,678	185,817,650
Reversal		**(126,276,220)**	(373,327,170)	(192,375,933)
Balance, December 31		**₱377,997,039**	₱284,142,265	₱183,178,386

11. OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below:

	2021	2020
Input value-added tax (VAT)	**₱384,290,330**	₱336,577,746
Prepaid taxes	**249,390,397**	79,198,545
Prepaid insurance	**10,670,666**	9,557,430
Prepaid rent	**6,451,772**	3,438,969
Advances to suppliers	**1,903,333,201**	2,027,207,275
Others	**80,473,526**	62,707,558
	2,634,609,892	2,518,687,523
Allowance for VAT claims	**(14,834,985)**	(6,987,429)
	₱2,619,774,907	₱2,511,700,094

Prepaid taxes include creditable withholding taxes withheld by the Group's customers and tax credit certificates (TCC) issued by the Bureau of Customs (BOC) to GTC and SMDC. TCCs from BOC are granted to Board of Investment (BOI) registered companies and are given for taxes and duties paid on raw materials used for the manufacture of their export products. GTC can apply its TCC against tax liabilities other than withholding tax or can be refunded as cash.

The Group recognized provision for impairment on input VAT amounting to

₱31,047,893, P9,316,412 and P5,538,547 in 2021, 2020 and 2019, respectively, as disclosed in Note 25.

Others pertain to advance payments related to maintenance on software and system used by the Group.

Movement in the allowance for VAT claims are as follows:

	Note	2021	2020	2019
Balance, January 1		**₱6,987,429**	₱12,003,841	₱6,465,294
Provision	25	**31,047,893**	9,316,412	5,538,547
Write off		**(23,200,337)**	(14,332,824)	–
Balance, December 31		**₱14,834,985**	₱6,987,429	₱12,003,841

Advances to suppliers pertain to advance payments for the purchase of raw materials are generally applied against future billings within next year.

In 2021, the management reassessed the proper presentation of certain accounts. As a result, advance payments made to suppliers amounting to ₱2,027,207,275 as at December 31, 2020 were reclassified from trade and other receivables and inventories accounts to prepaid and other current assets account to align with the 2021 presentation.

12. INTANGIBLE ASSETS AND ROYALTIES

The details of the Group's intangible assets are as follows:

	2021	2020
Goodwill	**₱2,915,325,199**	₱2,915,325,199
Licensing agreement	**444,660,693**	466,176,533
Trademarks	**490,039,366**	66,774,880
	₱3,850,025,258	₱3,448,276,612

Goodwill

The goodwill is associated with the excess of the investment cost over the fair value of the net assets of CPAVI, CIC and CST at the time of acquisitions.

Goodwill recognized from the acquisitions of the businesses are as follows:

	2021	2020
CPAVI	**₱2,915,325,199**	₱2,915,325,199

In 2018, the Group assessed that the goodwill arising from the acquisition of CIC and CST was fully impaired. It was determined that the carrying amount of the CGU exceeded its recoverable amount considering the value in use of the CGU. Based on management's assessment, the projected revenue growth in the coming years is not sufficient to sustain its operations in the future. Accordingly, an impairment loss equal to the amount recognized as goodwill amounting to ₱36,957,396 was recognized in 2018.

Based on Management review of recoverable amount, goodwill arising from the acquisition of CPAVI is not impaired as at December 31, 2020 and 2019. CPAVI's primary purpose is to engage in the business of converting and processing input raw materials derived from fruits, vegetables and other agricultural products, such as drilled, deshelled and pared coconuts, into finished products and distributing, and exporting the same.

The Group performs an impairment review on goodwill annually.

The structure of the impairment review is at CGU level.

Licensing Agreement

In 2017, CPFI has acquired the Philippine license for the Hunt's brand from Hunt-Universal Robina Corporation ("HURC"). HURC is a joint venture corporation of Universal Robina Corporation ("URC") and ConAgra Grocery Products Company, LLC for the purpose of the manufacture, sell and distribute of Hunt's licensed products. HURC entered into various agreements with URC to act as HURC's exclusive partner for the manufacture, sale and distribution of the licensed products. The acquisition supported the growth of the Parent Company's branded businesses, as well as expand its presence into adjacent shelf-stable categories.

Trademark licensing agreement

CPFI entered into a trademark licensing agreement with ConAgra Foods RDM, Inc. ("ConAgra"). The trademark license will entitle the CPFI an exclusive revocable right and license to manufacture and sell in the Philippines and other licensed territories the licensed products in accordance with the formulas and specifications furnished by ConAgra and to affix to the products the licensed marks after the grant date and during the term of the agreement. The licensing agreement shall have an initial term of 25 years subject to renewal of 3 years thereafter subject to the terms of the licensing agreement. On the same date, CPFI paid a one-time upfront fee of P214,230,000.

On each contract year, CPFI shall pay ConAgra the following:

- Guaranteed royalty to be paid quarterly and serves as a non-refundable advance towards the earned royalty for the licensed products; and
- Earned royalty is non-refundable and to be paid based on an agreed percentage of net sales per contract year.

Further, under the licensing agreement, CPFI purchased from the plant machinery and equipment (the "assets") that can be used to manufacture the licensed products.

In 2021, the remaining useful life of the intangible asset acquired is 20.33 years.

Movements in carrying amounts of the Group's intangible assets arising from the licensing agreement are as follows:

	Note	
Cost		
Balance, January 1, 2020		₱537,896,000
Addition		–
Balance, December 31, 2021 and 2020		537,896,000
Accumulated Depreciation		
Balance, January 1, 2020		50,203,627
Amortization	24	21,515,840
Balance, December 31, 2020		71,719,467
Amortization	24	21,515,840
Balance, December 31, 2021		93,235,307
Carrying Amount, December 31, 2021		**₱444,660,693**
Carrying Amount, December 31, 2020		₱466,176,533

As at December 31, 2021, 2020 and 2019, royalty fee expense to ConAgra amounted to ₱21,430,068, ₱21,639,909 and ₱18,044,879, as disclosed in Note 24.

Management believes that there are no impairment indicators on its intangible assets in 2021 and 2020.

Trademarks

In July 2008, the Group purchased Kaffe de Oro and Home Pride trademarks amounting to ₱40,000,000 from General Milling Corporation (GMC) owned and registered with the Intellectual Property Office.

In 2016, the Group acquired the "KAMAYAN" trademark from Concentrated Foodline Corporation for a total purchase price of USD1,307,700 or ₱61,474,888. The deed of assignment for the said trademark was dated August 17, 2016 and the purchase price was paid in full in the same year.

In April 2021, the Group acquired the "Swift" trademark as a result of the acquisition of PMCI (see Note 3).

The Group has recognized nil, ₱34,700,000 and nil impairment loss on trademarks in 2021, 2020 and 2019 respectively as disclosed in Note 25.

The Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the asset.

Royalties

The Group has royalty agreement with All Market Singapore Inc., with royalty fee of ₱7,630,540, ₱8,530,041 and ₱10,099,129 in 2021, 2020 and 2019, respectively. Furthermore, the Group has also trademark licensing agreement with Shakey's Pizza Asia Ventures, Inc., with royalty fees of ₱1,476,848 in 2021, as disclosed in Note 24.

13. RIGHT OF USE ASSETS

Movements in the carrying amounts of the Group's Right of Use Assets are as follows:

	Warehouse	Office Space	Equipment	Plant	Total
Cost					
Balance January 1, 2020	₱603,941,010	₱45,989,964	₱225,368,570	₱146,112,024	₱1,021,411,568
Additions	103,155,224	3,286,325	72,787,024	50,483,138	229,711,711
Termination	(6,306,881)	(1,059,134)	(15,795,176)	(19,125,784)	(42,286,975)
Balance, December 31, 2020	700,789,353	48,217,155	282,360,418	177,469,378	1,208,836,304
Additions	470,578,869	23,291,723	224,562,149	139,900,732	858,333,473
Termination	(129,788,074)	-	(84,606,878)	(9,487,642)	(223,882,594)
Balance, December 31, 2021	**1,041,580,148**	**71,508,878**	**422,315,689**	**307,882,468**	**1,843,287,183**
Accumulated Depreciation					
Balance January 1, 2020	127,695,488	8,659,987	133,155,203	46,462,997	315,973,675
Depreciation	160,642,466	9,883,980	51,046,997	35,216,835	256,790,278
Termination	(6,306,881)	(1,059,134)	(29,039,299)	(5,822,419)	(42,227,733)
Balance December 31, 2020	282,031,073	17,484,833	155,162,901	75,857,413	530,536,220
Depreciation	140,923,980	10,205,708	58,579,763	25,484,774	235,194,225
Termination	(129,245,989)	-	(82,338,783)	(9,537,711)	(221,122,483)
Balance, December 31, 2021	**293,709,064**	**27,690,541**	**131,403,881**	**91,804,476**	**544,607,962**
Carrying Amount December 31, 2021	**₱747,871,084**	**₱43,818,337**	**₱290,911,747**	**₱216,078,053**	**₱1,298,679,221**
Carrying Amount December 31, 2020	₱418,758,280	₱30,732,322	₱127,197,517	₱101,611,965	₱678,300,084

The management believes that there are no impairment indicators on its right-of-use assets as at December 31, 2021 and 2020.

Amounts recognized in profit or loss

Amortization charged to cost of goods sold under factory overhead and operating expenses in relation to right of use assets are as follows:

	2021	2020
Cost of goods sold	**₱ 147,389,023**	₱150,770,805
Operating expenses	**78,474,137**	98,609,155
Other expenses	**9,331,065**	7,410,318
Total Amortization of Right of Use Assets	**₱235,194,225**	₱256,790,278

14. BIOLOGICAL ASSETS

Biological assets of the Group comprise fingerlings and mature milk fish. Movements of the carrying amounts of the biological assets are shown below.

	2021	2020
Balance, January 1	**₱65,726,630**	₱33,380,356
Purchased fingerlings	**44,736,192**	147,706,093
Consumed feeds	**(150,000)**	33,629,983
Direct labor	**(1,802,394)**	375,429
Overhead	**(2,041,504)**	3,137,020
Total cost	**106,468,924**	218,228,881
Decreases due to harvest	**(106,468,924)**	(152,502,251)
Balance, December 31	**₱–**	₱65,726,630

15. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amounts of the Group's property, plant and equipment are as follows:

	Land Improvements	Building and Building Improvement	Plant Machinery and Equipment	Office Furniture, Fixtures and Equipment	Laboratory, Tools and Equipment	Transportation and Delivery Equipment	Construction in Progress	Total
Cost								
Balance, January 1, 2020	₱56,892,461	₱2,741,600,682	₱5,783,416,262	₱70,526,749	₱507,290,795	₱129,110,569	₱684,082,953	₱9,972,920,471
Additions	452,008	26,727,570	295,066,903	5,735,656	44,285,575	4,347,038	1,359,769,376	1,736,384,126
Reclassifications	960,000	530,166,188	1,016,368,240	3,400,471	12,022,099	621,541	(1,563,538,539)	–
Disposals	(158,464)	(1,612,481)	(29,643,690)	(58,903)	(366,578)	(3,393,929)	(17,613,612)	(52,847,657)
Balance, December 31, 2020	58,146,005	3,296,881,959	7,065,207,715	79,603,973	563,231,891	130,685,219	462,700,178	11,656,456,940
Additions	–	59,366,992	678,234,714	7,812,179	62,622,764	43,359,981	1,451,147,305	2,302,543,935
Reclassifications	–	387,279,600	846,919,816	7,858,967	12,569,835	80,977	(1,254,709,195)	–
Disposals		(13,600,881)	(33,842,935)	(711,950)	(10,195,053)	(7,722,443)	–	(66,073,262)
Balance, December 31, 2021	**58,146,005**	**3,729,927,670**	**8,556,519,310**	**94,563,169**	**628,229,437**	**166,403,734**	**659,138,288**	**13,892,927,613**
Accumulated Depreciation and Impairment Losses								
Balance, January 1, 2020	48,424,825	738,848,379	2,303,300,345	53,104,008	342,851,919	71,847,652	–	3,558,377,128
Depreciation	1,932,437	164,145,225	567,749,634	8,844,397	65,465,755	19,705,448	–	827,842,896
Reclassification	–	–	635,160	-	(635,160)	–	–	-
Disposal	(144,495)	(1,474,964)	(14,812,731)	(15,722)	(624753)	(3,447,312)	–	(20,519,977)
Balance, December 31, 2020	50,212,767	901,518,640	2,856,872,408	61,932,683	407,057,761	88,105,788	–	4,365,700,047
Depreciation	1,997,706	196,519,391	714,357,336	11,381,748	69,853,858	20,738,483	–	1,014,848,522
Reclassifications	–	16,781,394	(17,001,257)	-	219,863	–	–	-
Disposal	–	(13,374,028)	(31,228,007)	(661,511)	(9,258,480)	(7,384,777)	–	(61,906,803)
Balance, December 31, 2021	**52,210,473**	**1,101,445,397**	**3,523,000,480**	**72,652,920**	**467,873,002**	**101,459,494**	**–**	**5,318,641,766**
Carrying Amounts As at December 31, 2021	**₱5,935,532**	**₱2,628,482,273**	**₱5,033,518,830**	**₱21,910,249**	**₱160,356,435**	**₱64,944,240**	**₱659,138,288**	**₱8,574,285,847**
Carrying Amounts As at December 31, 2020	₱7,933,238	₱2,395,363,319	₱4,208,335,307	₱17,671,290	₱156,174,130	₱42,579,431	₱462,700,178	₱7,290,756,893

Details of depreciation charged to profit or loss are disclosed below:

	Notes	2021	2020	2019
Cost of goods sold	22	**₱927,408,467**	₱770,227,299	₱638,174,865
Operating expenses	24	**60,061,937**	57,608,710	62,924,774
Reimbursable expenses		**27,378,118**	6,887	17,653
		₱1,014,848,522	₱827,842,896	₱701,117,292

Construction in progress pertains to accumulated costs incurred on the ongoing construction of the Group's new production plant and administration building as part of the Group's expansion program.

The Group recognized gain on sale of certain equipment amounting to P4,166,459, P2,503,626, and loss of P31,630,206 in 2021, 2020 and 2019, respectively, as disclosed in Note 23.

Management believes that there are no impairment indicators on its property, plant and equipment as at December 31, 2020 and 2021.

16. OTHER NON-CURRENT ASSETS

The Group's other non-current assets consist of:

	Note	2021	2020
Security deposits	32	**₱71,438,731**	₱87,345,066
Deposits for containers		**32,352,573**	35,743,734
Deposits on utilities		**8,346,166**	5,211,224
Others		**17,883,374**	5,150,120
		₱130,020,844	₱133,450,144

Security deposits pertain to deposits required under the terms of the lease agreements of the Group with certain lessors.

Deposits for containers pertain to deposits for borrowed containers from shipping lines. the delivery of goods/raw materials.

Others pertain to claims from suppliers not yet settled as at December 31, 2021 and 2020.

17. SHORT-TERM LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	2021	2020
Short-term loans payable	**₱2,800,000,000**	₱1,949,466,680
Long-term		
Current portion	**9,764,285**	1,584,000,000
Noncurrent portion	**1,982,127,068**	-
	₱4,791,891,353	₱3,533,466,680

The Group acquired several short-term loans amounting to ₱5,800,000,000 and ₱3,880,000 as at December 31, 2021 and 2020, respectively, with interest ranging from 1.95% to 3.0% annum in 2021 and 3.125% to 7.0% per annum in 2020.

Interest expense pertaining to short-term loans amounting to ₱65,018,125, ₱93,325,579 and ₱159,735,963 was recognized in 2021, 2020 and 2019 respectively.

Long-term facility

CNPF has entered into a ₱2.0-billion, ten-year term loan facility with Banco de Oro (BDO) in April 2021. The proceeds were used to refinance the existing long-term borrowings.

The carrying value of this long-term borrowing as at December 31, 2021 is as follows:

	Amount
Principal	₱2,000,000,000
Less unamortized debt issue costs	8,108,647
	1,991,891,353
Less current portion of loan payable	9,764,285
Noncurrent portion	₱1,982,127,068

Shown below are the details of this long-term borrowing:

	Loan 1	Loan 2
Principal	₱1,000.0 million	₱1,000.0 million
Date	April 5, 2021	May 5, 2021
Interest rate	a. Fixed pricing for the initial five-year period ("5Y initial interest rate"): The higher of (i) 5-year BVAL on the relevant interest settling date plus a spread of 0.80% p.a. and (ii) 3.90% p.a. b. Subject to the repricing at the end of the 5th year, at the higher of (i) 5Y interest rate; and (ii) 5-year BVAL rate at the repricing date plus a spread of 0.80% p.a.	a. Fixed pricing for the initial five-year period ("5Y initial interest rate"): 4.04% p.a. b. Subject to the repricing at the end of the 5th year, at the higher of (i) 5Y interest rate; and (ii) 5-year BVAL at the repricing date plus a spread of 0.80% p.a.
Prepayment penalty	The Borrower may, subject to the penalty of 3% for Peso Borrowing and 1% for Foreign Borrowing, prepay the Term Loan in part or full together with accrued interest thereof to prepayment date.	
Principal payment	Semi-annual	Semi-annual

Management has assessed that the interest rate floor on the loans is an embedded derivative which is not for bifurcation since the market rate approximates the floor rate at the transaction date. On the other hand, the prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

Until termination of the Facility and payment in full of the Loan and all other amounts due hereunder, the Group is required to comply with certain covenants, unless the Lender shall otherwise give its prior consent in writing. These include preservation of rights, privileges and franchises, maintenance of adequate books, accounts and records, compliance of all laws, statutes, rules and regulations and promptly provide written notice to the bank of any dispute or unresolved case.

In addition, the Group must not make changes in the character of its business, in its ownership or control or capital stock, not permit any indebtedness to be secured by any lien, not declare dividends upon occurrence of and Event of Default, not sell, lease or transfer substantially all of its assets with any other person, not extend loan to any corporation owned by the Borrower or to any of its directors, not act as guarantor or surety and will not undertake any capital expenditure outside ordinary course of business.

The Group is also required to maintain a maximum of Debt-to-Equity ratio which shall be at 3:1 and minimum Debt Service Coverage (DSC) ratio of 1.05x. DSC of the Group in 2021 is 23.26x.

As at December 31, 2021 and 2020, the Group is in compliance with the aforementioned covenants.

In 2020, the Parent Company has long term loans amounting to ₱1,150,000,000 with interest rate of 4.52% and P500,000,000 with interest rate of 4.47% which matured and paid on May 5, 2021 and April 21, 2021, respectively.

Interest expense pertaining to long-term loans amounting to ₱88,322,978, ₱122,319,631 and ₱165,742,439 were recognized in 2021, 2020 and 2019, respectively.

Total finance costs incurred on these loans amounted to ₱153,341,103, ₱215,645,210 and ₱325,478,402 in 2021, 2020 and 2019, respectively, as presented in the consolidated statements of comprehensive income.

Total accrued interest on these loans amounted to P18,952,943 and P14,897,506 as at December 31, 2021 and 2020, respectively, as part of accrued expenses, as disclosed in Note 18.

18. TRADE AND OTHER PAYABLES

The Group's trade and other payables consist of:

	2021	2020
Trade payables to third parties	**₱3,934,653,873**	₱4,375,180,898
Accrued expenses	**4,674,999,725**	4,851,881,944
Withholding taxes payable	**202,318,588**	235,126,519
Non-trade payables	**240,154,473**	193,732,982
Others	**52,514,577**	14,643,293
	₱9,104,641,236	₱9,670,565,636

The credit period on purchases of certain goods from suppliers ranges from 30 to 120 days. No interest is charged on trade payables. Accrued expenses are non-interest bearing and are normally settled within one year. The Group has financial risk management policies in place to ensure that all payables are paid within the credit period.

Non-trade payables pertain to payables to government and reimbursements to employees which are payable on demand and no interest is charged.

Other payables include liabilities related to utilities, various agencies and regulatory bodies.

Details of accrued expenses are shown below:

		2021	2020
Product-related cost		**2,130,438,524**	₱2,980,123,845
Advertising and promotion		**2,095,657,177**	1,426,031,754
Professional fees		**265,557,558**	287,276,511
Employee benefits		**88,881,437**	72,019,929
Rent		**35,483,892**	45,278,337
Interest	17	**18,952,943**	14,897,506
Utilities		**4,971,792**	6,967,336
Others		**35,056,402**	19,286,726
		₱4,674,999,725	₱4,851,881,944

Others pertain to accruals for insurance expenses.

19. RETIREMENT BENEFIT OBLIGATION

The Group has set up the Century Pacific Group of Companies Multiemployer Retirement Plan which is a funded, non- contributory and of the defined benefit type which provides a retirement benefit ranging from 100% to 130% of plan salary for every credited service. Benefits are paid in a lump sum upon retirement or separation in accordance with terms of the plan.

Under the existing regulatory framework, Republic Act (RA) No. 7641, requires a provision for retirement pay 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 not require minimum funding of the fund.

The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed by the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the retirement plan and the management of the retirement plan.

As at December 31, 2021, 2020 and 2019, the Group's retirement fund has investments in various shares of stocks under the stewardship of a reputable bank. All of the Fund's investing decisions are made by the Board of Trustees which is composed of certain officers of the Group. The power to exercise the voting rights rests with the Board of Trustees.

The plan typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan's investments are in the form of debt instruments of government security bonds, equity instruments and fixed income instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in government security bonds.

Interest rate risk

A decrease in the government security bond interest rate will increase the retirement benefit plan obligation. However, this will be partially off-set by an increase in return in on the plan's debt investment.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the retirement benefit obligation.

Salary risk

The present value of the defined benefit plan obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the retirement benefit obligation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary for the year ended December 31, 2021.

The present value of the defined benefit obligation and the related current service cost was measured using the Projected Unit Credit Method.

The principal assumptions used for the purpose of the actuarial valuation as at December 31, 2021, 2020 and 2019 were as follows:

	2021	2020	2019

	Discount Rate	**Expected Rate of Salary Increase**	Discount Rate	Expected Rate of Salary Increase	Discount Rate	Expected Rate of Salary Increase
CPFI	**3.95%**	**6.00%**	5.24%	4.00%	7.52%	4.00%
GTC	**3.95%**	**6.00%**	5.24%	4.00%	7.52%	4.00%
SMDC	**-**	**-**	5.24%	4.00%	7.52%	4.00%
CPAVI	**3.95%**	**6.00%**	5.24%	4.00%	7.52%	4.00%
PMCI	-	**-**	-	-	-	-

The mortality rate used for the above subsidiaries is based on The 2001 CSO Table – Generational (Scale AA, Society of Actuaries).

The discount rate and expected rate of salary increase as at December 31, 2021 are as follows:

	Discount Rate	Expected Rate of Salary Increase
CPFI	5.06%	6.00%
GTC	5.09%	6.00%
SMDC	-	-
CPAVI	5.08%	6.00%
PMCI	5.09%	6.00%

Amounts recognized in the consolidated statements of comprehensive income in respect of this retirement benefit plan are as follows:

	2021	2020	2019
Service costs:			
Current service cost	**₱120,557,846**	₱62,800,854	₱34,308,653
Net interest expense	**21,581,529**	7,287,037	4,377,239
Components of defined benefit costs recognized in profit or loss	**142,139,375**	70,087,891	38,685,892
Remeasurement on the net defined benefit asset:			
(Gain)/Loss on plan assets (excluding amounts included in net interest expense)	**42,346,379**	15,795,087	(20,695,314)
Effect of asset ceiling	**–**	6,148,440	(64,632)
Actuarial (gains) losses:			
from changes in financial assumption	**(147,661,400)**	305,713,517	100,112,888
from changes in experience adjustment	**9,895,495**	109,744,993	12,321,121
Components of defined benefit costs recognized in other comprehensive income	**(95,419,526)**	437,402,037	91,674,063
	₱46,719,849	₱507,489,928	₱130,359,955

The amounts included in the consolidated statements of financial position arising from the Group's retirement benefit plans are as follows:

	2021	2020
Present value of retirement benefit obligation	**₱976,188,800**	₱947,256,761
Fair value of plan assets	**(467,412,274)**	(334,502,872)
Effect of the asset ceiling – SMDC	**–**	6,148,440
Retirement benefit obligation	**₱508,776,526**	₱618,902,329

The Asset Ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the Plan. The present value of the reduction in future contributions is determined using the discount rate applied to measure the year-end defined benefit obligation.

Movements in the present value of retirement benefit obligations are as follows:

	2021	2020
Balance, January 1	**₱947,256,761**	₱452,006,056
PMCI acquisition	**20,370,554**	–
Current service cost	**120,557,846**	62,800,854
Interest cost	**40,741,357**	23,685,117
Benefits paid	**(14,971,813)**	(6,693,776)
Remeasurement loss / (gain):		
from changes in financial assumption	**(147,661,400)**	305,713,517
from changes in experience adjustment	**9,895,495**	109,744,993
Balance, December 31	**₱976,188,800**	₱947,256,761

Movements in the fair value of plan assets are as follows:

	2021	2020
Balance, January 1	**₱334,502,872**	₱291,981,031
Increase due to PMCI acquisition	**5,090,987**	–
Contributions paid into the plan	**177,559,032**	48,612,624
Interest income	**7,190,145**	16,398,080
Benefits paid	**(14,971,813)**	(6,693,776)
Return on plan assets (excluding amounts included in net interest expense/income)	**(41,958,949)**	(15,795,087)
Balance, December 31	**₱467,412,274**	₱334,502,872

The following is the composition of plan assets as at the December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	**₱2,943,618**	₱6,455,905
Debt instruments - government bonds	**334,824,908**	216,389,908
Debt instruments - other bonds	**9,251,372**	7,827,367
Unit investment trust funds	**108,913,879**	82,321,157
Others (market gains or losses, accrued receivables, etc.)	**11,478,497**	21,508,535
	₱467,412,274	₱334,502,872

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the Retirement Plan Trustee may make changes at any time.

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Management is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Management's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Fund.

Actual return on plan assets as at December 31, 2021 and 2020 are as follows:

	2021	2020
Interest income	**₱7,190,145**	₱16,398,080
Remeasurement loss	**(41,958,949)**	(15,795,087)
Actual return	**(₱34,768,804)**	₱602,993

Movements in the OCI relating to retirement obligation for 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Accumulated OCI, beginning	**₱593,363,150**	₱155,960,213	₱64,286,150
Actuarial losses on DBO	**(137,765,905)**	415,458,510	112,434,009
Remeasurement losses on plan assets	**41,958,949**	15,795,987	(20,695,314)
Effect of asset ceiling	**–**	6,148,440	(64,632)
	(95,806,956)	437,402,937	91,674,063
Accumulated OCI, end	**₱497,556,194**	₱593,363,150	₱155,960,213

Amounts of OCI, net of tax recognized in the consolidated statements of comprehensive income for 2021, 2020 and 2019 are computed below:

	2021	2020	2019
Actuarial (gain) / losses on DBO	**(₱137,765,905)**	₱415,458,510	₱112,434,009
Remeasurement losses on plan assets	**41,958,949**	15,795,087	(20,695,314)
Effect of asset ceiling	**–**	6,148,440	(64,632)
	(95,806,956)	437,402,037	91,674,063
Effect of CREATE law	**23,399,092**	–	–
Deferred tax	**18,572,359**	(116,686,291)	(27,502,213)
OCI, net of tax	**₱53,835,505**	₱320,715,746	₱64,171,850

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Details on the expected contribution to the defined benefit pension plan in 2022 and the weighted average duration of the defined benefit obligation at the end of the reporting period of the Group are as follows:

	Expected contribution	**Duration of the plan (in years)**
CPFI	**₱142,384,368**	**11.2**
PMCI	**5,712,336**	**18**
GTC	**16,171,860**	**15.1**
CPAVI	**13,290,468**	**19**

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at December 31, 2021 and 2020:

	Impact on post-employment defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2021			
CPFI			
Discount rate	+/- 1%	**(₱84,803,159)**	**₱101,402,687**
Salary increase rate	+/- 1%	**99,393,660**	**(84,847,517)**
PMCI			
Discount rate	+/- 1%	**(1,856,335)**	**2,349,378**
Salary increase rate	+/- 1%	**2,302,280**	**(1,857,752)**
(Forward)			
GTC			
Discount rate	+/- 1%	**(₱11,279,819)**	**₱13,767,854**
Salary increase rate	+/- 1%	**13,496,674**	**(11,288,591)**
CPAVI			
Discount rate	+/- 1%	**(8,445,650)**	**10,764,141**
Salary increase rate	+/- 1%	**10,546,604**	**(8,451,350)**
2020			
CPFI			
Discount rate	+/- 1%	(₱92,393,487)	₱111,933,094
Salary increase rate	+/- 1%	108,428,294	(91,552,406)
SMDC			
Discount rate	+/- 1%	(16,314)	22,978
Salary increase rate	+/- 1%	22,206	(16,176)
GTC			
Discount rate	+/- 1%	(12,326,400)	15,177,686
Salary increase rate	+/- 1%	14,698,859	(12,215,139)
CPAVI			
Discount rate	+/- 1%	(8,226,839)	10,591,838
Salary increase rate	+/- 1%	10,250,663	(8,154,247)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

20. SHARE CAPITAL

	2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized:				
At P1 par value	**6,000,000,000**	**₱6,000,000,000**	6,000,000,000	₱6,000,000,000
Issued, fully-paid and outstanding:				
Balance, January 1	**3,542,258,595**	**₱3,542,258,595**	3,542,258,595	₱3,542,258,595
Issuance	–	–	–	–
Balance, December 31	**3,542,258,595**	**₱3,542,258,595**	3,542,258,595	₱3,542,258,595

The Parent Company has one class of common shares which carry one vote per share and carry a right to dividends.

Share premium as at December 31, 2021 and 2020 amounted to ₱4,936,859,146 and ₱4,936,859,146, respectively, which pertains to the excess proceeds from issuance of share capital over the par value, net of issuance cost.

The history of the share issuances from the initial public offering IPO of the Parent Company is as follows:

Transaction	Subscriber	Registration	Number of Shares Issued
Issuance at incorporation	Various	2013	1,500,000,000
IPO	Various	2014	229,650,000
Issuance subsequent to IPO	Various	2014	500,004,404
Equity settled share-based compensation	Various	2014	1,367,200
Issuance	Various	2015	128,205,129
Equity-settled share-based compensation	Various	2015	1,059,200
Stock grants	Various	2015	400,000
Stock dividends	Various	2016	1,180,342,962
Equity-settled share-based compensation	Various	2017	1,229,700
			3,542,258,595

On December 17, 2021, the BOD authorized to appropriate retained earnings for capital expenditures, which is expected to be completed in 2022, specifically for the construction of a new tuna plant, corporate projects, and other projects in connection with the canned meat, sardines, and mixed business of the Parent Company and its subsidiaries. Appropriations as at December 31, 2021 and 2020 are as follows:

	2021	2020
CPFI	**₱1,700,000,000**	₱1,074,460,909
CPAVI	**285,762,849**	725,807,409
CPFPVI	**266,813,500**	712,356,109
GTC	**479,023,358**	643,661,859
SMDC	**–**	400,000,000
AWI	**300,000,000**	55,865,000
Balance, December 31	**₱3,031,599,707**	₱3,612,151,286

Appropriations in 2020 was reversed upon completion of the project in 2021.

21. NET SALES

	2021	2020	2019
Sales	**₱61,593,444,681**	₱54,962,504,209	₱45,976,906,330
Sales discount	**(3,532,113,523)**	(3,150,546,558)	(2,736,739,619)
Variable considerations	**(1,362,905,020)**	(1,144,916,550)	(785,179,059)
Considerations payable to a customer	**(1,988,270,884)**	(2,365,300,017)	(1,894,624,696)
	₱54,710,155,254	₱48,301,741,084	₱40,560,362,956

Details of the variable considerations and considerations payable to a customer are shown below:

	2021	2020	2019
Variable Considerations:			
Sales returns	**₱740,198,406**	₱538,232,250	₱418,546,344
Contractual trade terms	**409,709,929**	425,849,701	251,665,398
Price adjustments	**121,086,657**	60,530,573	12,638,731
Prompt payment discount	**91,910,028**	120,304,026	102,328,586
	₱1,362,905,020	₱1,144,916,550	₱785,179,059

Considerations Payable to a Customer:			
Trade promotions	**₱1,735,434,869**	₱2,120,921,527	₱1,660,455,343
Display allowance	**122,906,442**	88,470,922	84,698,257
Distribution program	**59,170,603**	46,987,541	62,032,552
Other trade promotions	**70,758,970**	108,920,027	87,438,544
	₱1,988,270,884	₱2,365,300,017	₱1,894,624,696

22. COST OF GOODS SOLD

The Group's cost of goods sold consists of:

	Note	2021	2020	2019
Raw materials used		**₱35,095,974,527**	₱34,940,027,618	₱26,675,416,000
Direct labor		**1,828,041,256**	2,078,533,942	1,450,063,783
Factory overhead				
Depreciation		**1,074,797,490**	920,998,104	762,349,367
Supplies		**1,070,027,368**	978,687,602	872,009,889
Outside manpower services		**697,640,273**	528,396,099	368,289,172
Utilities		**535,815,072**	504,252,162	438,458,920
Compensation		**465,360,335**	413,783,823	317,643,660
Rental and storage fee		**411,520,725**	321,690,086	276,511,700
Repairs and maintenance		**115,506,372**	88,418,402	104,088,008
Toll packing fees		**92,326,997**	57,354,697	66,328,231
Insurance		**91,435,125**	88,693,141	34,585,770
Freight trucking		**31,979,216**	26,305,725	12,116,891
Professional fees		**26,480,866**	34,051,318	34,252,163
Travel		**23,086,055**	34,200,981	31,631,976
Taxes and licenses		**13,574,333**	11,655,051	7,879,660
Miscellaneous		**196,659,635**	13,276,907	22,326,823
Provisions for slow moving inventories	10	**–**	74,267,890	9,737,244
Total manufacturing cost		**41,770,225,645**	41,114,593,548	31,483,689,257
Changes in finished goods and work in-process		**188,132,614**	(4,740,559,127)	(647,395,187)
		₱41,958,358,259	₱36,374,034,421	₱30,836,294,070

23. OTHER INCOME

The Group's other income consists of:

	Notes	2021	2020	2019
Reversal of allowance for inventory obsolescence	10	**₱126,276,220**	₱236,896,318	₱192,375,933
Foreign currency gain -net		**118,867,076**	–	–
Co-packing fee		**27,960,019**	24,779,436	62,682,715
Gain from sale of scrap		**79,394,940**	107,664,525	15,150,463
Reversal of accruals		**107,629,495**	107,184,824	125,718,029
Gain on bargain purchase	38	**41,071,822**	–	–
Service income	27	**14,827,894**	43,433,358	57,645,388
Interest income	7,8 ,9	**6,347,815**	35,206,519	8,082,061
Gain on sale of property, plant and equipment	15	**4,166,459**	2,773,474	2,980,501
Shared services fee	27	**4,119,686**	13,800,000	14,200,000
Reversal of impairment loss	6	–	–	5,184,818
Others		**27,115,337**	43,949,945	52,271,685
		₱557,776,763	₱615,688,399	₱536,291,593

Others pertain to net amount collectible from supplier and other payment adjustments.

24. OPERATING EXPENSES

The Group's operating expenses consist of:

	Notes	2021	2020	2019
Advertising and trade promotion		**₱2,073,734,006**	₱1,918,652,901	₱1,610,234,923
Freight and handling		**1,970,418,570**	1,685,152,882	1,427,537,717
Salaries and employee benefits	26	**1,623,403,959**	1,422,494,782	993,298,422
Taxes and licenses		**228,223,739**	139,911,379	148,879,518
Legal and professional fees		**213,065,207**	181,958,235	145,454,938
Outside services		**166,568,705**	149,216,711	163,631,296
Travel and entertainment		**129,021,492**	110,237,103	179,539,042
Rent	32	**122,411,520**	105,042,504	98,877,716
Repairs and maintenance		**121,466,767**	110,952,789	101,856,212
Depreciation and amortization	12,13, 15	**196,761,097**	177,733,705	166,915,584
Supplies		**66,171,978**	64,300,244	66,135,483
Royalties	12	**30,537,456**	30,169,950	28,144,008
Utilities		**28,356,286**	89,805,547	53,595,287
Fees and dues		**38,490,203**	10,956,722	-
Insurance		**21,593,081**	16,979,298	18,931,345
Expected credit losses	9	–	9,270,257	5,794,328
Provisions for slow moving inventories	10	–	8,986,481	62,657,186
Others		**33,977,820**	118,990,352	61,143,084
		₱7,064,201,886	₱6,350,811,842	₱5,332,626,089

25. OTHER EXPENSES

The Group's other expenses consist of:

	Notes	2021	2020	2019
Loss on inventory write-down	10	**₱220,130,994**	₱391,036,678	₱185,817,650
Provision on impairment of input tax	11	**31,047,893**	9,316,412	5,538,547
Reimbursables		**29,183,078**	52,837,945	58,387,557
Documentary stamp tax		**24,002,187**	30,784,527	20,783,462
Penalties and other taxes		**18,065,268**	50,531,194	14,758,875
Bank charges		**8,605,373**	5,835,534	4,225,504
Input tax for government sales		**7,936,764**	10,441,225	26,287,790
Foreign currency loss - net		**-**	174,174,228	131,988,441
Loss on impairment of trademark	12	**-**	34,700,000	-
Loss on disposal of property, plant and equipment	15	**-**	269,848	34,610,707
Others		**41,603,608**	43,673,106	37,279,035
		₱380,575,165	₱803,600,697	₱519,677,568

26. EMPLOYEE BENEFITS

Aggregate employee benefits expense comprised of:

	Notes	2021	2020	2019
Cost of goods sold:				
Short-term benefits		**₱443,415,447**	₱393,977,584	₱308,896,697
Post-employment benefits	19	**21,944,888**	19,806,239	8,746,963
		465,360,335	413,783,823	317,643,660
Operating expenses:				
Short-term benefits		**₱1,503,209,482**	₱1,372,213,130	₱963,359,513
Post-employment benefits	19	**120,194,477**	50,281,652	29,938,929
	24	**1,623,403,959**	1,422,494,782	993,298,442
		₱2,088,764,294	₱1,836,278,605	₱1,310,942,102

27. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) enterprises or individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

In the normal course of business, the Group transacts with companies which are considered related parties under PAS 24, *Related Party Transactions*, as summarized below.

	Relationship
Century Pacific Group, Inc.	Ultimate Parent Company
The Pacific Meat Company, Inc.	Fellow subsidiary
Columbus Seafoods Corporation	Fellow subsidiary
Yoshinoya Century Pacific, Inc.	Fellow subsidiary
Century Pacific Vietnam Co. Ltd.	Fellow subsidiary
Century Pacific Vietnam Co., Ltd. (CPVL)	Fellow Subsidiary
RSPO Foundation, Inc.	Fellow subsidiary
Rian Realty Corporation (RRC)	Fellow subsidiary
Pacifica Agro Industrial Corp. (PAIC)	Fellow subsidiary
Millennium Land Development Corporation (MLDC)	Fellow subsidiary
Shining Ray Limited (SRL)	Fellow subsidiary
Pacific Pabahay Homes, Inc. (PPHI)	Fellow subsidiary
Century Sino-Beverage Company Limited (CSBCL)	Fellow subsidiary
Centrobless Corp. (CBC)	Fellow subsidiary
Shakey's Asia Foods, Holding Inc. (SAFHI)	Fellow subsidiary
DBE Project Inc.	Fellow subsidiary
Shakey's Pizza Asia Ventures, Inc. (SPAVI)	Fellow subsidiary

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. Provision for impairment of trade receivables from related parties amounted to nil in 2021 and 2020. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The summary of the Group’s transactions and outstanding balances with related parties as at and for the years ended December 31, 2021 and 2020 are as follows:

		Amount of Transactions During the Year			Outstanding Receivable (Payable)	
Related Party Category	**Notes**	**2021**	2020	2019	**2021**	2020
Ultimate Parent Company						
Interest		**₱1,250,000**	₱–	₱–	**₱–**	₱–
Service fee	c	**160,416**	107,746	–	**47,379**	–
Sale of fixed assets	f	–	–	–	–	–
Cost reimbursements	c	**18,015,364**	–	585,955	**(19,816,900)**	10,066,123
Rental expense	e	**68,954,185**	68,106,971	45,145,379	**(23,161,004)**	(33,735,104)
Dividends	29	**803,304,000**	803,304,000	438,092,637		
Miscellaneous deposit	h	–	–	–	**18,324,508**	10,148,520
Cash advance	g	**300,000,000**	–	–	–	–
Fellow Subsidiaries						
Shared services fee	d	**4,119,686**	13,800,000	14,200,000	–	–
Sale of inventories	a	**245,506,197**	341,424,585	305,193,172	**93,977,223**	259,725,092
Purchase of inventories	b	**32,623,226**	80,036,909	125,958,838	**(20,060,772)**	(42,159,571)
Service fee	c	**14,667,478**	43,325,612	57,059,433	**6,287,486**	–
Cost reimbursements	c	**67,850,087**	27,205,209	29,886,276	**(21,612,599)**	–
Rental expense	e	**3,250,787**	3,133,623	3,095,988	**(289,862)**	–
Miscellaneous deposit	h	–	–	–	**849,150**	849,150
Sale of property, plant and equipment	f	**5,255,487**	774,719	19,976	–	–
Due from Related Parties					**₱119,485,746**	₱280,788,885
Due to Related Parties					**(₱84,941,137)**	(₱75,894,675)

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. As at December 31, 2021 and 2020, no related party has recognized any impairment losses of receivables relating to amounts advanced to another related party. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

a. The Parent Company enters into sale transactions with its ultimate parent company and fellow subsidiaries for the distribution of products to certain areas where Management deems it necessary to establish customers.

b. The Parent Company purchases goods from its related parties. These purchase transactions are pass through transactions, hence, they were made without mark-up.

c. The Parent Company shares cost with its related parties relating to repairs and maintenance, supplies, fees and dues, utilities and other operating expenses. Service income from related parties amounted to ₱14,827,894, ₱43,433,358 and ₱57,059,433 in 2021, 2020 and 2019, respectively, as disclosed in Note 23. Shared cost reimbursement from related parties amounted to ₱85,865,452, ₱27,205,209 and ₱30,472,231 in 2021, 2020 and 2019, respectively.

d. The Parent Company entered into a Master Service Agreement (MSA) with related parties to provide corporate office services. In accordance with the terms of the MSA, the Parent Company provides management service for manpower, training and development. For and in consideration thereof, the Parent Company shall charge the related parties their share of the costs on a monthly basis for the services rendered.

   The MSA shall be in effect from date of execution and shall automatically renew on a month-to-month basis, unless terminated by either party through the issuance of a written advice to that effect at least 30 days prior to the intended date of termination.

   Shared services fee amounted to ₱4,119,686, ₱13,800,000 and ₱14,200,000 in 2021, 2020 and 2019, respectively, which is included in other income account in the consolidated statements of comprehensive income shown in Note 23.

e. The Group entered into sale of property, plant and equipment in 2021 to RSPO for ₱172,000, MLDC for ₱5,052,533 and PMCI for ₱30,594 and in 2020 to PMCI for ₱774,719 and PPHI for ₱19,976 in 2019. All property, plant and equipment are sold at carrying value.

f. The Group, in the normal course of business, borrowed from its Ultimate Parent Company funds for working capital requirements. These advances are non-interest bearing and short-term in nature.

g. In 2021 and 2020, the Group has a lease agreement with CPGI and RRC for the use of land, warehouses and office space as a lessee (see Notes 13 and 32).

Total amount of receivables to the Ultimate Parent and Fellow Subsidiaries as at December 31, 2021 and 2020 amounted to ₱119,485,746 and ₱280,788,885 respectively. Total amount of intercompany payables to Ultimate Parent and Fellow Subsidiaries as at December 31, 2021 and 2020 amounted to ₱84,941,137 and ₱75,894,675, respectively.

Remuneration of Key Management Personnel

The remuneration of the Directors and other members of key management personnel of the Group are set out below in aggregate for each of the categories specified in PAS 24, *Related Party Disclosures*:

	2021	2020	2019
Short-term employee benefits	**₱719,414,468**	₱851,844,534	₱522,809,016
Post-employment benefit	**17,433,729**	26,293,802	15,972,818
	₱736,848,197	₱878,138,336	₱538,781,834

The short-term employee benefits of the key management personnel are included as part of compensation and other benefits in the consolidated statements of comprehensive income.

The Group has provided share-based payments to its key management employees for the years ended December 31, 2021 and 2020, as disclosed in Note 28.

28. SHARE-BASED PAYMENTS

Employee Stock Purchase Plan (ESPP)

The ESPP gives benefit-eligible employees an opportunity to purchase the common shares of the Parent Company at a price lower than the fair market value of the stock at grant date. The benefit-eligible employee must be a regular employee of the Parent Company who possesses a strong performance record. The benefit-eligible employee shall be given the option to subscribe or purchase up to a specified number of shares at a specified option price set forth in which they have the option to participate or not. There are designated ESPP purchase periods and an employee may elect to contribute an allowable percentage of the base pay through salary deduction.

The plan took effect upon the shareholder's approval on September 26, 2014 and was approved by the SEC on December 19, 2014.

On June 3, 2015, the Parent Company's BOD authorized to amend the existing ESPP to increase the underlying shares from 3,269,245 shares to 8,269,245 shares and was approved by the SEC on May 31, 2016.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee.

As at December 31, 2021 and 2020, the aggregate number of shares that may be granted to any single individual during the term of the ESPP in the form of stock purchase plans shall be determined in the following capping of shares as follows:

Level	Maximum Shares Allocated
Vice-President or Board members	40,000
Assistant Vice-Presidents	18,333
Managers	6,000
Supervisor	2,500
Rank and File	1,250
	68,083

Details of the share options outstanding during the year are as follows.

	2021	2020

	Number of share options	Weighted Average exercise price in PHP	Number of share options	Weighted Average exercise price in PHP
Outstanding at beginning and end of year	**4,213,145**	**14.41**	4,213,145	14.41
Exercisable at the end of the year	**4,213,145**		4,213,145	

Of the total shares available under the ESPP, employees subscribed to 1,229,700 shares at ₱14.10 per share, 400,000 at ₱16.54 per share, 1,059,200 shares at ₱14.82 per share and 1,367,200 shares at ₱13.75 per share for a total of ₱17,338,770, ₱6,616,000, ₱15,694,380 and ₱18,779,000 in 2017, 2016, 2015 and 2014. There were no share options offered for purchase or subscription from the management in 2021, 2020, and 2019. Accordingly, the share options have no expiry if the employee is eligible and will exercise the right to purchase or subscribe specified number of shares at a specified option price once offer is available.

29. DIVIDENDS

The Parent Company declared the following cash dividends to its equity shareholders:

Year	Date of Declaration	Date of Record	Date of Payment	Dividends Per Share	Total Dividends
2021	**April 6, 2021**	**April 12, 2021**	**May 6, 2021**	**₱0.36**	**₱1,275,213,094**
2020	June 30, 2020	July 30, 2020	August 14, 2020	₱0.36	₱1,275,213,094
2019	July 1, 2019	July 31, 2019	August 16, 2019	₱0.18	₱637,606,547

Of the total cash dividend declared, the dividends paid to CPGI and public in 2021 and 2020 amounted to ₱803,304,000 and P471,909,094 respectively.

30. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2021	2020	2019
Profit for the year	**₱4,673,016,414**	₱3,879,443,853	₱3,148,597,010
Weighted average number of common shares	**3,542,258,595**	3,542,258,595	3,542,258,595
Basic and diluted earnings per share	**P1.3192**	P1.0952	P0.8890

As at December 31, 2021, 2020, and 2019, the Parent Company has no potential dilutive shares, accordingly, basic earnings per share of ₱1.32, ₱1.10 and ₱0.89 in 2021, 2020, and 2019, respectively, are the same as diluted earnings per share.

31. COMMITMENTS AND CONTINGENCIES

Credit Facilities

The credit facilities of the Group with several major banks are basically short-term omnibus lines intended for working capital use. Included in these omnibus bank line are revolving promissory note line, import letters of credit and trust receipts line, export packing credit line, domestic and foreign bills purchase line, and foreign exchange line.

The credit facilities extended to the Group as at December 31, 2013 included a surety provision where loans obtained by the Group and its related parties, CPGI and PMCI, are covered by cross-corporate guarantees. As at December 31, 2021, the total credit line facility amounted to P10,551,000,000 of which P4,800,000,000 is already used, as disclosed in Note 17.

Capital Commitments

As at December 31, 2021 and 2020, the Group has construction-in progress relating to its ongoing civil works and installation of new machinery and equipment as part of the plant expansion and upgrade of the Group. ....The construction is expected to be completed in 2021 and has remaining estimated costs to complete as follows:

	2021	2020
CPAVI	**₱484,718,428**	₱484,718,428
CPFI	**290,895,082**	415,190,615
GTC	**298,071,275**	287,134,010
	₱1,073,684,785	₱1,187,043,053

The Group shall finance the remaining estimated costs from internally generated cash from operations.

Acquisition of LIGO Brand

On December 17, 2021, the Board of Directors of the Group approved and authorized to purchase and acquire the operational assets of A. TUNG CHINGCO MANUFACTURING COPRORATION, DRAGON LAND HOLDINGS CORP., GOLD STAR SEAFOODS, GREGORY G. TUNG, JR., CATHERINE TUNG LI, and other related parties (collectively "ATCMC Group"). The Group will purchase the assets and intellectual property related to the manufacturing of 'Ligo's' product lineup, which is composed of shelf-stable marine products, from the Tung family. With the planned acquisition, the Group expects synergies in selling and distribution, supply chain, and marketing.

Others

As at April 11, 2022, there are legal claims against the Group which have not yet been resolved. In the opinion of management and the Group's outside legal counsel, the ultimate resolution of these claims will not have a material effect on the Group's financial position and financial performance.

32. LEASE AGREEMENTS

The Group as a Lessee

The Group leased land, building, warehouses, office spaces, plant and equipment with an average lease term of 1 to 10 years. The Group has options to purchase the equipment for a nominal amount at the end of the lease terms.

Rental expenses charged to cost of goods sold under factory overhead and operating expenses in relation to short-term and low value leases are recognized as follows:

	2021	2020	2019
Cost of goods sold – rental expense	**₱172,920,475**	₱321,690,086	₱268,267,060
Operating expenses – rental expense	**122,411,520**	105,042,504	98,877,716
Other expenses – rental expense	**12,072,389**	2,810,543	2,833,201
Total Rental Expense	**₱307,404,384**	₱429,543,133	₱369,977,977

The lease liabilities of the Group in relation to the right of use assets recorded in accordance to PFRS 16 based on undiscounted cash flows fall due as follows:

	2021	2020
Within one year	**₱382,939,799**	₱382,939,799
More than 1 year to 2 years	**387,118,841**	387,118,841
More than 2 years to 3 years	**346,672,949**	184,071,688
More than 3 years to 4 years	**331,746,901**	167,738,763
More than 4 years to 5 years	**367,526,808**	201,842,999
More than 5 years	**1,371,753,418**	668,650,068

Presented in the consolidated statements of financial position as:

	2021	2020
Current	**₱247,628,625**	₱271,207,134
Non-current	**1,164,210,050**	465,842,247
	₱1,411,838,675	₱737,049,381

The rollforward analysis of lease liabilities follows:

	2021	2020
Balance at beginning of year	**₱737,049,381**	₱753,185,184
Additions	**855,573,363**	234,046,340
Interest expense	**143,541,570**	45,506,164
Payments	**(324,325,639)**	(295,688,307)
Balance at end of year	**₱1,411,838,675**	₱737,049,381

Interest rates underlying all obligations are fixed at respective contract dates ranging from 3.16% to 7.32% and 5.35% to 7.29% in 2021 and 2020, respectively. Total finance cost for these leases was included as part of finance costs presented in the consolidated statements of comprehensive income.

As at December 31, 2021 and 2020, total security deposits recognized in the consolidated statements of financial position as part of non-current assets amounted to ₱71,438,731 and ₱87,345,066, respectively, as disclosed in Note 16.

33. INCOME TAXES

Components of income tax expense charged to profit or loss are as follows:

	Note	2021	2020	2019
Current tax expense		**₱745,476,750**	₱1,515,088,355	₱1,002,756,220
Deferred tax benefit	34	**149,420,870**	(266,701,059)	(112,724,225)
		₱894,897,620	₱1,248,387,296	₱890,031,995

The reconciliation of the provision for income tax computed by applying the statutory tax rate with the provision for income tax as shown in the consolidated statements of comprehensive income follows:

	2021	2020	2019
Accounting profit	**₱5,567,914,034**	₱5,127,831,156	₱4,038,629,005
Tax on pretax income at statutory tax rate	**₱1,391,978,509**	₱1,538,349,347	₱1,211,588,702
Adjustment for income subjected to lower and higher income tax rate	–	–	(1,088,802)
Tax effects of:			
Income under income tax holiday	**(254,421,316)**	(77,803,837)	(27,962,843)
Effects of using OSD instead of itemized deductions	**(235,080,123)**	(235,108,756)	(157,952,993)
Income subject to lower tax rates	**(226,263,007)**	–	–
Adjustment on the effect of CREATE	**(11,968,920)**	–	–
Effects of previously unrecognized deferred tax asset	**43,193,910**	(111,316)	(10,964,392)
Non-deductible expenses	**192,848,077**	39,319,548	939,809
Nontaxable income	**(4,445,209)**	(5,371)	(965,298)
Interest income subject to final tax	**(944,301)**	(10,193,718)	(2,065,913)
Income exempted from income tax	–	(6,058,601)	(121,496,275)
	₱894,897,620	₱1,248,387,296	₱890,031,995

34. DEFERRED TAXES

Net deferred tax assets as at December 31, 2021 and 2020 comprise the following:

	2021	2020
Deferred tax assets	**₱566,545,242**	₱752,107,229
Deferred tax liabilities	**(25,594,587)**	(9,398,845)
	₱540,950,655	₱742,708,384

Deferred Tax Assets

The components of the Group's net deferred tax assets (liabilities) are as follows:

	2021	2020
Deferred tax assets:		
Provisions of expenses	**₱309,599,097**	₱452,515,488
Post-employment benefit obligation	**142,539,882**	156,052,258
Allowance for write-down of inventory	**74,464,209**	72,010,737
Lease liabilities - net	**26,215,951**	12,738,272
MCIT	**5,602,786**	–
Allowance for doubtful accounts	**4,673,429**	16,734,361
NOLCO	**1,820,567**	115,206
Allowance for impairment	**₱1,629,321**	₱12,270,246
Unrealized foreign currency loss	**–**	29,670,661
	566,545,242	752,107,229
Deferred tax liabilities:		
Gain in change in FV	**(17,041,918)**	–

	2021	2020
Unrealized foreign exchange gain	**(6,525,507)**	(9,398,845)
Debt issuance cost	**(2,027,162)**	–
	(25,594,587)	(9,398,845)
	₱540,950,655	₱742,708,384

NOLCO that can be applied against future taxable income is as follows:

Year Incurred	Expiration	Amount	Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2020	2025	₱310,584	₱–	₱–	₱–	₱310,584
2020	2025	150,248	–	–	–	150,248
2021	2026	6,954,944	–	–	–	6,954,944
		₱7,415,776	₱–	₱–	₱–	₱7,415,776

The MCIT that can be applied against future RCIT is as follows:

Year Incurred	Expiration	Amount	Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2021	2024	₱2,288,495	₱–	₱–	₱–	₱2,288,495
2021	2024	329,902	–	–	–	329,902
2020	2023	1,093,964	–	–	–	1,093,964
2019	2022	1,890,425	–	–	–	1,890,425
		₱5,602,786	₱–	₱–	₱–	₱5,602,786

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liability for which fair value is disclosed-				
Borrowings	**₱4,791,891,353**	**₱4,670,417,509**	₱3,533,466,680	₱3,533,466,680

The fair value of borrowings was obtained by discounting the instrument's expected cash flows using prevailing market rates ranging from 1.91% to 5.92% as at December 31, 2021. Fair value category is Level 2, significant observable inputs.

There have been no transfers between Level 1 and Level 2 during the period.

The carrying values of the Group's financial assets and other liabilities as at December 31, 2021 and 2020 and borrowings as at December 31, 2020 approximate their fair values due to the short-term nature of the financial instruments.

36. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk (which include foreign currency exchange risk and interest rates risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

Market risk

Market risk happens when the changes in market prices, such as foreign exchange rates and interest rates will affect the Group's profit or the value of its holdings of financial instruments. The objective and management of this risk are discussed below.

Foreign currency exchange risk

Foreign currency exchange risk arises when an investment's value changes due to movements in currency exchange rate. Foreign exchange risk also arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Group's functional currency.

The Group undertakes certain transactions denominated in US Dollar (USD) and Chinese Yuan (CNY), hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in such currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The net carrying amounts of the Group's foreign currency denominated monetary assets and financial liabilities at the end of each reporting period are as follows:

	2021	2020
Cash and cash equivalents	**₱510,223,950**	₱213,324,440
Trade and other receivables	**2,168,568,350**	2,124,814,306
Trade and other payables	**(259,176,990)**	(446,103,390)
	₱2,419,615,310	₱1,892,035,356

Breakdown of Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	2021		2020	
	USD	**CNY**	USD	CNY
Cash and cash equivalents	**456,720,716**	**53,503,235**	162,249,308	51,075,132
Trade and other receivables	**2,132,754,887**	**35,813,463**	2,089,072,715	35,741,591
Trade and other payables	**(240,849,684)**	**(18,327,306)**	(276,958,119)	(169,145,271)
	2,348,625,919	**70,989,392**	1,974,363,904	(82,328,548)

The following table demonstrates the sensitivity to a reasonably possible change, based on prior year percentage change in exchange rates in Philippine peso (PHP) rate to USD with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of financial assets and liabilities).

	Change in currency	Effect on income/equity
December 31, 2021		
Philippine Peso	+/-5.65%	**₱**132,697,364
December 31, 2020		
Philippine Peso	+/-5.65%	₱106,899,998

The following table details the Group's sensitivity to a 5.65% and 5.65% increase and decrease in the functional currency of the Group against the US Dollar. The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 5.65% and 5.65% and it represents Management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 5.65% and 5.65% change in foreign currency rate.

The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit when the functional currency of the Group strengthens 5.65% and 5.65% against the relevant currency.

For a 5.65% and 5.65% decline of the functional currency of the Group against the relevant currency, there would be an equal and opposite impact on the profit as shown below:

	2021 Effect in profit and loss	2020 Effect in profit and loss
Cash and cash equivalents	**(₱28,827,653)**	(₱12,052,831)
Trade and other receivables	**(122,524,112)**	(120,052,008)
Trade and other payables	**14,643,500**	25,204,842
	₱136,708,265	₱106,899,997

Further, the Management assessed that the sensitivity analysis is not a representative of the currency exchange risk.

Interest rate risk

Interest rate risk refers to the possibility that the value of a financial instrument will fluctuate due to change in the market interest rates.

Presently, the Group's short-term and long-term bank loans are market-determined, with the long-term loan interest rates based on BVAL plus a certain mark-up. The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Group's profit before tax for the years ended December 31, 2021 and 2020 follows:

Change in Interest Rates (in Basis Points)	**2021**	2020
300bp rise	**(₱143,756,740)**	(₱106,004,000)
225bp rise	**(119,797,283)**	(88,336,667)
300bp fall	**143,756,740**	106,004,000
225bp fall	**119,797,283**	88,336,667

1 basis point is equivalent to 0.01%.

There is no other impact on the Group's equity other than those affecting the profit or loss.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is confirmed to independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group trades only with recognized, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group does not grant credit terms without the specific approval of the credit departments.

Trade receivables consist of a large number of customers, spread across geographical areas. The remaining financial assets does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. There is no concentration of credit risk to any other counterparty at any time during the year.

The table below shows the Group's maximum exposure to credit risk:

	2021	2020
Cash in banks and cash equivalents	**₱1,728,308,358**	₱1,229,381,273
Trade receivables	**7,348,852,606**	6,195,019,877
Due from related parties	**119,485,746**	280,788,885
Security deposits	**71,438,731**	87,345,066
Deposits on utilities	**8,346,166**	5,211,224
	₱9,276,431,607	₱6,797,746,325

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The aging analysis of financial assets are as follows:

2021			**Days past due**				
	Current	**<30 days**	**30-60 days**	**61-90 days**	**90-120 days**	**>121 days**	**Total**
Expected credit loss rate	**0.00%**	**0.00%**	**0.00%**	**0.01%**	**0.01%**	**9.83%**	
Estimated total gross carrying at default	**₱4,791,194,312**	**₱1,492,313,217**	**₱583,908,587**	**₱213,735,551**	**₱79,669,775**	**₱206,612,825**	**₱7,367,434,267**
Expected credit loss	**₱19,440**	**₱24,054**	**₱21,734**	**₱13,312**	**₱6,447**	**₱18,496,678**	**₱18,581,665**

2020			Days past due				
	Current	<30 days	30-60 days	61-90 days	90-120 days	>121 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.01%	0.01%	10.47%	
Estimated total gross carrying at default	₱3,189,528,449	₱1,686,752,179	₱618,242,808	₱250,723,307	₱130,137,902	₱353,193,619	₱6,228,578,265
Expected credit loss	₱14,201	₱27,188	₱23,012	₱15,616	₱10,531	₱33,467,840	₱33,558,388

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount (i)	Loss allowance	Net carrying amount
2021						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	**₱7,367,434,267**	**₱18,581,661**	**₱7,348,852,606**
Due from related parties	27	Performing	12m ECL	**119,485,746**	**–**	**119,485,746**
Security deposits	16	Performing	12m ECL	**71,438,731**	**-**	**71,438,731**
Deposits on utilities	16	Performing	12m ECL	**8,346,166**	**-**	**8,346,166**
				₱7,566,704,910	**₱18,581,661**	**₱7,548,123,249**
2020						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	₱6,228,578,265	₱33,558,388	₱6,195,019,877
Due from related parties	27	Performing	12m ECL	280,788,885	–	280,788,885
Security deposits	16	Performing	12m ECL	87,345,066	–	87,345,066
Deposits on utilities	16	Performing	12m ECL	5,211,224	–	5,211,224
				₱6,601,923,440	₱33,558,388	₱6,568,365,052

(i) For trade receivables, the Group has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows, inclusive of principal and interest, of financial liabilities, based on the earliest date on which the Group can be required to pay.

	Weighted Average Rate	Within One Year	More Than 1 Year to 5 Years	More Than 5 to 10 Years	Total
2021					
Trade and other payables	n/a	**₱8,662,168,175**	**₱–**	**₱–**	**₱8,662,168,175**
Borrowings	3.75%	**2,902,140,015**	**417,650,023**	**2,319,381,596**	**5,639,171,634**
Due to related parties	n/a	**84,941,137**	**–**	**–**	**84,941,137**
		₱11,649,249,327	**₱417,650,023**	**₱2,319,381,596**	**₱14,386,280,946**
2020					
Trade and other payables	n/a	₱9,397,595,932	₱–	₱–	₱9,397,595,932
Borrowings	4.79%	3,548,364,186	–	–	3,548,364,186
Due to related partie	ns/a	75,894,675	–	–	75,894,675
		₱13,021,854,793	₱–	₱–	₱13,021,854,793

Government payables, which are not considered as financial liabilities, are excluded in the carrying amount of trade and other payables for the purpose of presenting the liquidity risk.

37. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to increase the value of shareholder's investment and maintain high growth by applying free cash flows to selective investments that would further the Group's growth. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure. There have been no changes for the Group's overall strategy.

The BOD has overall responsibility for monitoring working capital in proportion to risk. Financial analytical reviews are made and reported in the Group's financial reports for the BOD's review on a regular basis. In case financial reviews indicate that the working capital sourced from the Group's own operations may not support future operations of projected capital investments, the Group obtains financial support from its related parties.

The Group's management aims to maintain certain financial ratios that it deems prudent such as debt-to-equity ratio (not to exceed 2.5:1) and current ratio (at least 1.0:1). The Group regularly reviews its financials to ensure the balance between equity and debt is monitored.

In addition, when the Group is able to meet its targeted capital ratios and has a healthy liquidity position, the Group aims to pay dividends to its shareholders of up to 30% of previous year's net income.

The Group's debt-to-equity and current ratios as at December 31, 2021 and 2020 are as follows:

	2021	2020
Total liabilities	**₱15,991,714,955**	₱14,840,155,033
Total equity	**24,887,917,914**	21,436,210,593
Debt-to-equity ratio	**0.64:1**	0.69:1
Total current assets	**₱26,485,671,044**	₱23,973,474,666
Total current liabilities	**12,336,601,311**	13,746,011,612
Current ratio	**2.15:1**	1.74:1

Pursuant to the PSE's rules in minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public.
As at December 31, 2021 and 2020, the public ownership is 31.22% and 31.21% respectively.

37. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to increase the value of shareholder's investment

38. BUSINESS COMBINATION

On April 1, 2021, the Parent Company and CPGI entered into a share purchase agreement (the "Agreement"), wherein CPGI, the Seller, has agreed to sell, assign and convey to CPFI, the buyer, all its rights, title and interest in and to the common shares of PMCI for a total consideration of ₱24 million.

PMCI is an emerging player in the large-refrigerated food category. It comes equipped with its own manufacturing facilities, cold chain distribution, and a robust innovation pipeline of refrigerated better-for-you products.

Total consideration for the acquisition of PMCI amounted to P24 million.

As allowed by PFRS 3, provisional accounting has been applied by the Group. The intangible asset, particularly the trademark, recognized in the December 31, 2021 financial statements was based on a provisional assessment of its fair value, the valuation of which had not been completed by the date the 2021 financial statements were approved for issue by the Board of Directors.

The transaction has been accounted for as an acquisition since it has commercial substance. The purchase price consideration has been allocated based on relative fair values at date of acquisition using the provisional accounting as follows:

	Carrying values	Fair values recognized
Current Assets:		
Cash and cash equivalents	₱271,032,463	₱271,032,463
Trade and other receivables	208,001,888	208,001,888
Inventories	308,822,043	308,822,043
Other current assets	58,644,327	58,644,327
Total Current Assets	846,500,721	846,500,721
Noncurrent Assets		
Property, plant & equipment	126,534,701	184,314,100
Intangible asset	400,000,000	423,264,486
Other noncurrent assets	4,563,029	4,563,029
Total Noncurrent Assets	531,097,730	612,141,615
Total Liabilities	1,393,570,514	1,393,570,514
Identifiable Net Assets Acquired	(P15,972,063)	P65,071,822
Identifiable Net Assets Acquired		₱65,071,822
Less: Purchased consideration transferred		24,000,000
Bargain purchase option		₱41,071,822
Cash flow from an investing activity:		
Cash payment		₱24,000,000
Net cash acquired from subsidiary		271,032,463
Net cash flow		(₱271,032,463)

The fair values of the identifiable net assets acquired from PMCI amounted to P65,071,822. The fair value of the property, plant and equipment amounting to P184,314,100 was measured using the replacement cost method while the fair value of the trademark amounting to P423,264,486 was measured using the relief from royalty method. The revenue growth and discount rates used to measure the fair value of trademark are 10.5% and 9.08%, respectively. The transaction resulted in the recognition of gain on bargain purchase of Php 41,071,822.

The revenue from contracts with customer and net loss included in the consolidated statement of comprehensive income since April 1, 2021, contributed by the acquisition of PMCI amounted to P994.3 million and P19.0 million, respectively.

Had the acquisition taken place on January 1, 2021, the consolidated statement of comprehensive income of the Group would have included revenue from contracts with customers of P1,265.2 million and net loss of P24.5 million.

39. NOTES TO THE CONSOLIDATED STATEMENTS CASH FLOWS

The following are the noncash activities in 2021:

a. Increase in other noncurrent assets and property, plant and equipment amounting to P4,563,029 and P184,314,100, respectively, arising from acquisition of PMCI.
b. Unamortized debt issuance cost on borrowings amounting to P8,108,647.

The changes in the Group's liabilities arising from financing activities are as follows:

	2021					
	January 1	**Additions**	**Availment**	**Payments**	**Others**	**December 31**
Lease liabilities	**₱737,049,381**	**₱855,573,363**	**₱-**	**(₱324,325,639)**	**₱143,541,570**	**₱1,411,838,675**
Borrowings	**3,533,466,680**	**–**	**7,791,891,353**	**(6,533,466,680)**	**–**	**4,791,891,353**
Accrued interest	**14,897,506**	**153,341,103**	**–**	**(149,285,666)**	**–**	**18,952,943**
Total liabilities from financing activities	**₱4,285,413,567**	**₱1,008,914,466**	**₱7,791,891,353**	**(₱7,007,077,985)**	**₱143,541,570**	**₱6,222,682,971**

	2020					
	January 1	Additions	Availment	Payments	Others	December 31
Lease liabilities	₱753,185,184	₱234,046,340	₱–	(₱295,688,307)	₱45,506,164	₱737,049,381
Borrowings	5,520,008,587	–	5,551,000,000	(7,537,541,907)	–	3,533,466,680
Accrued interest	68,734,154	210,799,135	–	(264,635,783)		14,897,506
›tal liabilities from financing activities	₱6,341,927,925	₱444,845,475	₱5,551,000,000	(₱8,097,865,997)	₱45,506,164	₱4,285,413,567

"Others" include interest expense pertaining to lease liability as at December 31, 2021 and 2020. The Group classifies interest paid as part of cash flows from financing activities.

* * *

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
Century Pacific Food, Inc. and Subsidiaries
(A Subsidiary of Century Pacific Group, Inc.)
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Pacific Food, Inc. and its subsidiaries (the Group) as at and for the year ended December 31, 2021 included in this Form 17-A and have issued our report thereon dated April 11, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 105007-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8853500, January 3, 2022, Makati City

April 11, 2022

CENTURY PACIFIC FOOD, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7

Consolidated Financial Statements

Supplementary Schedules

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Additional Requirements for Issuers of Securities to the Public
Required by the Securities and Exchange Commission
As at December 31, 2021

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2017032657172017SA

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule A - Financial Assets
As of December 31, 2021

HTM Investments	Name of Issuing Entity	Face Value	Amount Shown in Balance Sheet	Income Received and Accrued
Total			-	-

2017032657172017SA

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule B - Amounts Receivable from Employees
As of December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of Period
Employees	P49,196,727	P108,301,370	106,571,578	P -	P50,926,519	P -	P50,926,519

-

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CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
As of December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of Period
Subsidiaries:							
General Tuna Corporation	291,588,501		6,060,057	P -	P285,528,443	P -	P285,528,443
Snow Mountain Dairy Corporation	(1,613,222,115)		(1,219,129,926.00)	-	(394,092,189)	-	(394,092,189)
Allforward Warehousing, Inc.	(3,353,689)		(3,353,689)	-	-	-	-
Century Pacific Agri Ventures Inc	(208,073,945)		(94,456,551)	-	(113,617,394)	-	(113,617,394)
Century Pacific Seacrest Inc	(668,097)		(72,749,958.61)	-	72,081,862	-	72,081,862
Century Pacific Food Packaging Ventures Inc.	108,953,140		(250,386,670)	-	359,339,810	-	359,339,810
General Odyssey Inc.	(984,793)		611,041	-	(1,595,834)	-	(1,595,834)
Century Pacific Solar Inc.	(2,000,000)		(163,976,294)	-	161,976,294	-	161,976,294
The Pacific Meat Company Inc			(1,277,164,787)	-	1,277,164,787	-	1,277,164,787
Century Pacific North America Enterprise Inc.	98,264,558		(42,270,841.21)	-	140,535,399	-	140,535,399
Century International (China) Co., Ltd.	132,921,285		(16,802,103.14)	-	149,723,388	-	149,723,388
Centennial Global Corporation	(50,004,439)		-	-	(50,004,439)	-	(50,004,439)
Total	**(1,246,579,593)**	**-**	**(3,133,619,721)**	**-**	**P1,887,040,128**	**-**	**P1,887,040,128**

CENTURY PACIFIC FOOD INC. AND SUBSIDIARIES
Schedule E - Long Term Debt
As of December 31, 2021

Bank	Beginning Balance	Availment	Payment	Ending Balance	Current	Non Current
Security Bank	1,104,000,000		1,104,000,000	-		-
Metrobank	480,000,000		480,000,000	-		-
BDO	-	1,991,891,353		1,991,891,353	9,764,285	1,982,127,068
Total	1,584,000,000	**P1,991,891,353**	1,584,000,000.00	**P1,991,891,353**	**P9,764,285**	**P1,982,127,068**

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CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule H - Capital Stock
As of December 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Ordinary Shares	6,000,000,000	3,542,258,595	-	2,434,120,781	2,348,507	1,105,789,307

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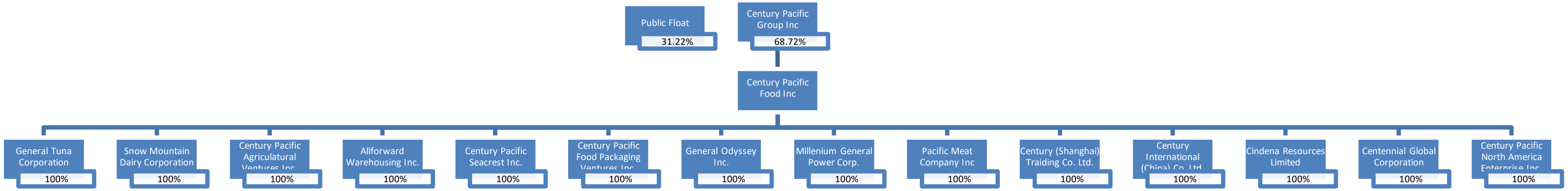
CENTURY PACIFIC FOOD, INC.
CONGLOMERATE MAP
AS OF DECEMBER 31, 2021



Annex A

Reconciliation of Retained Earnings
Available for Declaration
As at December 31, 2021

CENTURY PACIFIC FOOD, INC.
7th Floor Centerpoint Bldg., Julia Vargas St., Ortigas Center Pasig City

Items	Amount
Unappropriated Retained Earnings, beginning	P6,628,357,049
Adjustments:	
Allowance for Impairment Loss	-
Deferred tax assets	(562,349,565)
Remeasurement of retirement benefit obligation - net of tax	(358,025,010)
Appropriation of retained earnings	(1,074,460,909)
Unappropriated Retained Earnings, as adjusted, beginning	4,633,521,565
Net Income based on the face of AFS	4,734,226,397
Less: Non-actual losses	
Change in deferred tax assets	138,039,345
Net Income Actual/Realized	4,872,265,742
Adjustments:	
Dividend declarations during the year	(1,275,213,094)
Reversal of appropriations	1,074,460,909
Appropriation for the year	(1,700,000,000)
Unappropriated Retained Earnings, as adjusted, ending	**P7,605,035,122**

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
Century Pacific Food, Inc. and Subsidiaries
(A Subsidiary of Century Pacific Group, Inc.)
7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center
Pasig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Century Pacific Food, Inc. and its subsidiaries (the Group) as at and for the year ended December 31, 2021 and have issued our report thereon dated April 11, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at and for the December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Pilar B. Hernandez

Maria Pilar B. Hernandez
Partner
CPA Certificate No. 105007
Tax Identification No. 214-318-972
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 105007-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8853500, January 3, 2022, Makati City

April 11, 2022

FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2021

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
7TH Floor Centerpoint Bldg., Julia Vargas St., Ortigas Center, Pasig City

Ratio	Formula		Current Year	Prior Year
Current ratio	Total Current Assets divided by Total Current Liabilities		2.15x	1.74x
	Total Current Assets	26,485,671,044		
	Divide by: Total Current Liabilities	12,336,601,311		
	Current Ratio	2.15		
Quick/Acid test ratio	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.75x	0.61x
	Total Current Assets	26,485,671,044		
	Less: Inventories	(14,112,400,431)		
	Biological Assets	-		
	Prepayments and other Current Assets	(2,619,774,907)		
	Quick assets	9,753,495,706		
	Divide by: Total Current Liabilities	12,336,601,311		
	Quick/Acid test ratio	0.79		
Debt-to-equity ratio	Total Liabilities divided by Total Equity		0.64x	0.69x
	Total Liabilties	15,991,714,955		
	Divide by: Total Equity	24,887,917,914		
	Debt-to-equity ratio	0.64		
Asset-to-equity ratio	Total Assets divided by Total Equity		1.64x	1.69x
	Total Assets	40,879,632,869		
	Divide by: Total Equity	24,887,917,914		
	Asset-to-equity ratio	1.64		
Interest rate coverage ratio	Earnings before Interest and Taxes (EBIT) divided by Interest Expense		19.75x	20.64x
	EBIT	5,864,796,707		
	Divide by: Interest Expenses	296,882,673		
	Interest rate coverage ratio	19.75		
Working capital turnover	Net Sales divided by Working Capital (Current Assets less Current Liabilities)		3.87x	4.72x
	Net Sales	54,710,155,254		
	Divide by: Working capital			
	Current Assets	26,485,671,044		
	Less: Current Liabilities	(12,336,601,311)		
	Working Capital	14,149,069,733		
	Working Capital Turnover	3.87		
Return on equity	Profit before Taxes (PBT) divided by Total Equity		22.37%	23.92%
	PBT	5,567,914,034		
	Divide by: Total Equity	24,887,917,914		
	Return on equity	22.37%		
Return on assets	Profit from operations divided by Total Assets		11.43%	10.69%
	Profit from Operations	4,673,016,414		
	Divide by: Total Assets	40,879,632,869		
	Return on assets	11.43%		
Net profit margin	Profit before Taxes (PBT) divided by Net Sales		10.18%	10.62%
	PBT	5,567,914,034		
	Divide by: Net Sales	54,710,155,254		
	Net profit margin	10.18%		
Operating profit margin	Profit from Operations divided by Net Sales		8.54%	8.03%
	Profit from Operations	4,673,016,414		
	Divide by: Net Sales	54,710,155,254		
	Net profit margin	8.54%		

Vivian Tan-Zamora <vbtan@centurypacific.com.ph>

Fwd: Your BIR AFS eSubmission uploads were received

1 message

Marilou Hernandez <mhernandez@centurypacific.com.ph> Wed, Apr 13, 2022 at 8:57 PM
To: Vivian Tan-Zamora <vbtan@centurypacific.com.ph>, Jayravi Delgado <jdelgado@centurypacific.com.ph>, John Ver Villajin <jvillajin@centurypacific.com.ph>

---------- Forwarded message ---------
From: <eafs@bir.gov.ph>
Date: Wed, Apr 13, 2022 at 8:28 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <MHERNANDEZ@centurypacific.com.ph>
Cc: <MHERNANDEZ@centurypacific.com.ph>

Hi CENTURY PACIFIC FOOD INC,

Valid files

- EAFS008647589OTHTY122021.pdf
- EAFS008647589AFSTY122021.pdf
- EAFS008647589ITRTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-N4T1TW1Z087B699BANY3W43MQ0KL8AKGK**
Submission Date/Time: **Apr 13, 2022 08:12 PM**
Company TIN: **008-647-589**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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