ANNEX C

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, 2023 and 2022, 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 10th day of April, 2024.

SUBSCRIBED AND SWORN to before me this APR 1 0 2024, in Pasig City, affiant exhibiting to me his/her valid IDs as follows:

NAMES	IDENTIFICATION
Teodoro Alexander T. Po	105-633-470
Christopher T. Po	119-779-656
Richard Kristoffer S. Manapat	303-723-989

Doc. No. 072;
Page No. 16;
Book No. VI;
Series of 2024.

GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 46 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 1634506; 01.02.24; Pasig City
IBP OR No. 330350; 12.18.23; RSM
Admitted to the Bar in 2022

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	2	0	7	7	8

C O M P A N Y   N A M E

CENTURY PACIFIC FOOD, INC. AND
SUBSIDIARIES

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

7TH FLOOR CENTERPOINT BUILDING
JULIA VARGAS ST., ORTIGAS
CENTER, PASIG CITY

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

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

Company's Email Address	Company's Telephone Number	Mobile Number
N.A.	8863-8555	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 BUILDING., JULIA VARGAS ST., ORTIGAS CENTER, PASIG CITY

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.*

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Century Pacific Food, Inc.
7th Floor, Centerpoint Building
Julia Vargas St., Ortigas Center
Pasig City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Century Pacific Food, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Impairment assessment of goodwill and trademarks with indefinite useful life

Under PFRSs, the Group is required to annually test the amount of goodwill and trademarks with indefinite useful life for impairment. As of December 31, 2023, the Group's goodwill, attributable to coco and meat businesses, amounted to ₱2,915.3 million and trademarks with indefinite useful life, attributable to "Ligo" sardines, amounted to ₱2,209.7 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, specifically revenue growth rate, gross margin, operating margin, capital expenditures, discount rate and long-term revenue growth rate.

The Group's disclosures about goodwill and trademarks are included in Notes 5 and 11 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's assessment process for evaluating the impairment of goodwill and trademarks with indefinite useful life. We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as revenue growth rate against the historical performance of the cash generating units and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosure 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 amount of goodwill and trademarks.

Other Information

Management is responsible for the other information. The other information comprises the Philippine SEC Form 17-A for the year ended December 31, 2023 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 Philippine SEC Form 20 - IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Christine G. Vallejo.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10082028, January 6, 2024, Makati City

April 10, 2024

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group, Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱5,050,017,194**	₱2,149,448,030
Trade and other receivables - net (Note 8)	**9,386,654,691**	8,771,584,426
Inventories - net (Note 9)	**16,901,959,562**	17,728,873,867
Due from related parties (Note 25)	**258,634,411**	197,448,146
Prepayments and other current assets - net (Note 10)	**2,878,991,150**	2,802,218,295
Total Current Assets	**34,476,257,008**	31,649,572,764
Noncurrent Assets		
Property, plant and equipment - net (Note 13)	**8,980,273,509**	8,793,816,459
Goodwill and intangible assets - net (Note 11)	**5,526,648,873**	5,548,164,713
Right-of-use assets - net (Note 12)	**1,520,443,376**	1,391,652,591
Deferred tax assets - net (Note 32)	**878,291,362**	718,562,929
Retirement asset - net (Note 17)	**11,036,687**	7,128,419
Other noncurrent assets (Note 14)	**149,143,486**	224,893,319
Total Noncurrent Assets	**17,065,837,293**	16,684,218,430
	₱51,542,094,301	₱48,333,791,194
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payables (Note 15)	**₱2,870,000,000**	₱4,640,000,000
Trade and other payables (Note 16)	**10,452,242,572**	9,797,085,024
Current portion of borrowings (Note 15)	**7,360,791**	9,390,325
Income tax payable	**143,502,629**	102,714,783
Due to related parties (Note 25)	**30,545,975**	25,918,837
Lease liabilities - current portion (Note 30)	**297,536,128**	293,030,338
Total Current Liabilities	**13,801,188,095**	14,868,139,307
Noncurrent Liabilities		
Borrowings - net of current portion (Note 15)	**3,156,982,518**	3,164,823,670
Retirement benefit obligation - net (Note 17)	**330,438,483**	272,878,497
Lease liabilities - net of current portion (Note 30)	**1,402,955,848**	1,248,956,896
Total Noncurrent Liabilities	**4,890,376,849**	4,686,659,063
	18,691,564,944	19,554,798,370
Equity		
Share capital (Note 18)	**3,542,258,595**	3,542,258,595
Share premium (Note 18)	**4,936,859,146**	4,936,859,146
Share-based compensation reserve (Note 26)	**8,211,398**	8,211,398
Other reserves	**30,628,942**	30,628,942
Currency translation adjustment	**38,674,173**	29,397,439
Retained earnings (Notes 18 and 27):		
Appropriated	**17,000,000,000**	8,736,038,578
Unappropriated	**7,293,897,103**	11,495,598,726
	32,850,529,357	28,778,992,824
	₱51,542,094,301	₱48,333,791,194

See accompanying Notes to Consolidated Financial Statements.

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group, Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 19)	**₱67,124,343,619**	₱62,258,920,244	₱54,710,155,254
COST OF GOODS SOLD (Note 20)	**50,987,309,427**	47,885,162,632	41,958,358,259
GROSS PROFIT	**16,137,034,192**	14,373,757,612	12,751,796,995
OPERATING EXPENSES (Note 22)	**(9,238,580,052)**	(8,713,881,749)	(7,064,201,886)
OTHER INCOME (Note 21)	**487,580,077**	836,353,330	551,428,948
OTHER EXPENSES (Note 23)	**(454,033,632)**	(411,997,405)	(380,575,165)
INCOME FROM OPERATIONS	**6,932,000,585**	6,084,231,788	5,858,448,892
FINANCE COSTS (Notes 15 and 30)	**(483,876,139)**	(315,173,214)	(296,882,673)
INTEREST INCOME (Notes 7 and 8)	**78,306,590**	8,498,205	6,347,815
INCOME BEFORE TAX	**6,526,431,036**	5,777,556,779	5,567,914,034
INCOME TAX EXPENSE (Note 31)	**(947,271,477)**	(778,387,954)	(894,897,620)
NET INCOME	**5,579,159,559**	4,999,168,825	4,673,016,414
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on retirement benefit obligation - net of tax effect (Note 17)	**(99,996,323)**	161,608,553	53,835,505
Currency translation adjustment - net of tax effect (Note 4)	**9,276,734**	5,510,626	68,496
	(90,719,589)	167,119,179	53,904,001
TOTAL COMPREHENSIVE INCOME	**₱5,488,439,970**	₱5,166,288,004	₱4,726,920,415
EARNINGS PER SHARE (Note 28)			
Basic	**₱1.5750**	₱1.4113	₱1.3192
Diluted	**₱1.5732**	₱1.4096	₱1.3177

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Share Capital (Note 18)	Share Premium (Note 18)	Share-based Compensation Reserve (Note 26)	Other Reserves	Currency Translation Adjustment	Unappropriated Retained Earnings (Notes 18 and 27)	Appropriated Retained Earnings (Note 18)	Total
Balance, January 1, 2021	₱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
Net income	–	–	–	–	–	4,673,016,414	–	4,673,016,414
Currency translation adjustment	–	–	–	–	68,496	–	–	68,496
Remeasurement gain on retirement plans - net of tax (Note 17)	–	–	–	–	–	53,835,505	–	53,835,505
Total comprehensive income	–	–	–	–	68,496	4,726,851,919	–	4,726,920,415
Cash dividends (Note 27)	–	–	–	–	–	(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**
Net income	–	–	–	–	–	4,999,168,825	–	4,999,168,825
Currency translation adjustment	–	–	–	–	5,510,626	–	–	5,510,626
Remeasurement gain on retirement plans - net of tax (Note 17)	–	–	–	–	–	161,608,553	–	161,608,553
Total comprehensive income	–	–	–	–	5,510,626	5,160,777,378	–	5,166,288,004
Cash dividends (Note 27)	–	–	–	–	–	(1,275,213,094)	–	(1,275,213,094)
Reversal of appropriation						3,031,599,707	(3,031,599,707)	–
Appropriation of retained earnings	–	–	–	–	–	(8,736,038,578)	8,736,038,578	–
Balance, December 31, 2022	**3,542,258,595**	**4,936,859,146**	**8,211,398**	**30,628,942**	**29,397,439**	**11,495,598,726**	**8,736,038,578**	**28,778,992,824**
Net income	**–**	**–**	**–**	**–**	**–**	**5,579,159,559**	**–**	**5,579,159,559**
Currency translation adjustment	**–**	**–**	**–**	**–**	**9,276,734**	**–**	**–**	**9,276,734**
Remeasurement loss on retirement plans - net of tax (Note 17)	**–**	**–**	**–**	**–**	**–**	**(99,996,323)**	**–**	**(99,996,323)**
Total comprehensive income	**–**	**–**	**–**	**–**	**9,276,734**	**5,479,163,237**	**–**	**5,488,439,970**
Cash dividends (Note 27)	**–**	**–**	**–**	**–**	**–**	**(1,416,903,438)**	**–**	**(1,416,903,438)**
Reversal of appropriation	**–**	**–**	**–**	**–**	**–**	**4,236,038,578**	**(4,236,038,578)**	**–**
Appropriation of retained earnings	**–**	**–**	**–**	**–**	**–**	**(12,500,000,000)**	**12,500,000,000**	**–**
Balance, December 31, 2023	**₱3,542,258,595**	**₱4,936,859,146**	**₱8,211,398**	**₱30,628,942**	**₱38,674,173**	**₱7,293,897,103**	**₱17,000,000,000**	**₱32,850,529,357**

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	**₱6,526,431,037**	₱5,777,556,779	₱5,567,914,034
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 13, 20 and 22)	**1,700,210,495**	1,504,542,830	1,271,558,587
Finance costs (Notes 15 and 30)	**483,876,139**	315,173,214	296,882,673
Defined benefit cost - net (Note 17)	**104,917,748**	136,656,062	142,139,375
Interest income (Notes 7 and 8)	**(78,306,590)**	(8,498,205)	(6,347,815)
Gain on lease termination	**(19,344,166)**	–	–
Unrealized foreign exchange loss - net	**9,276,734**	5,510,626	68,496
Gain (loss) on disposal of property, plant and equipment - net (Note 13 and 21)	**(9,645,804)**	(746,662)	(4,166,459)
Recovery from insurance (Note 21)	**–**	(62,712,630)	–
Loss on impairment of input VAT (Notes 10 and 23)	**–**	–	31,047,893
Gain on bargain purchase (Note 21 and 36)	**–**	–	(41,071,822)
Operating income before working capital changes	**8,717,415,593**	7,667,482,014	7,258,024,962
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	**(615,070,265)**	(865,882,824)	(783,394,650)
Due from related parties	**(61,186,265)**	(77,962,400)	181,188,954
Inventories	**826,914,305**	(3,616,473,436)	(831,005,668)
Prepayments and other current assets	**(83,062,525)**	(182,443,388)	(34,637,566)
Increase (decrease) in:			
Trade and other payables	**660,271,128**	643,076,154	(752,613,685)
Due to related parties	**4,627,138**	(59,022,300)	(1,151,548,802)
Cash generated from operations	**9,449,909,109**	3,508,773,820	3,886,013,545
Income tax paid	**(1,039,915,385)**	(983,426,398)	(834,178,324)
Contributions to plan assets (Note 17)	**(177,559,032)**	(177,559,032)	(177,559,032)
Interest received	**78,306,590**	8,498,205	6,347,815
Insurance proceeds received	**–**	62,712,630	–
Net cash from operating activities	**8,310,741,282**	2,418,999,225	2,880,624,004
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 13)	**(1,516,430,323)**	(1,388,609,771)	(2,139,292,490)
Intangible assets (Note 11)	**–**	(1,719,655,295)	–
Proceeds from sale of property, plant and equipment (Notes 21 and 37)	**18,538,922**	3,060,076	4,166,460
Cash acquired from a business combination, net of acquisition costs (Note 36)	**–**	–	247,032,463
Collection (payment) of deposits	**75,749,833**	(94,872,475)	3,687,727
Net cash used in investing activities	**(1,422,141,568)**	(3,200,077,465)	(1,884,405,840)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Short-term borrowings (Note 15)	**₱5,140,000,000**	₱5,010,000,000	₱5,800,000,000
Long-term borrowings (Note 15)	**–**	1,200,000,000	2,000,000,000
Payments of:			
Short-term borrowings (Note 15)	**(6,910,000,000)**	(3,170,000,000)	(4,949,466,680)
Dividends (Note 27)	**(1,416,903,438)**	(1,275,213,094)	(1,275,213,094)
Lease liabilities (Note 30)	**(427,578,725)**	(367,136,901)	(324,325,639)
Finance costs (Note 30)	**(353,548,387)**	(166,432,093)	(149,285,666)
Long-term borrowings (Note 15)	**(20,000,000)**	(20,000,000)	(1,584,000,000)
Debt issuance costs (Note 15)	**–**	(9,000,000)	(15,000,000)
Net cash from (used in) financing activities	**(3,988,030,550)**	1,202,217,912	(497,291,079)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,900,569,164**	421,139,672	498,927,085
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**2,149,448,030**	1,728,308,358	1,229,381,273
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 7)	**₱5,050,017,194**	₱2,149,448,030	₱1,728,308,358

See accompanying Notes to Consolidated Financial Statements.

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, 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 Parent Company's shares of stocks were listed in the Philippine Stock Exchange (PSE) on May 6, 2014 through an initial public offering (IPO) and listing of 229.65 million shares in the PSE at a total value of ₱3.5 billion, as discussed in Note 18.

The Parent Company is a 65.5% and 68.72% owned subsidiary of Century Pacific Group, Inc. (CPGI, the ultimate parent), as at December 31, 2023 and 2022 respectively. CPGI is a corporation registered with the 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.

The Parent Company has the following subsidiaries as at December 31, 2023 and 2022:

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

** 100% as of December 31, 2022*

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.

SMDC was incorporated in the Philippines and registered with the SEC on February 14, 2001. In June 2020, SMDC discontinued its manufacturing operations and amended its primary business purpose to engage in leasing services.

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.

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 food products derived from fruits and other agricultural products. 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.

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.

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.

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 Parent Company acquired 100% interest in CPFPVI.

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.

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.

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.

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.

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.

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, commercial and consumer products of any kind. On December 28, 2023, the BOD approved the return of capital and execute deed of assignment to assign all right, title and interest over the "Ligo" trademark to CPFI.

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.

Approval and Authorization for Issuance of Consolidated Financial Statements
The consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 10, 2024.

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. **Adoption of New and Revised Accounting Standards**

Changes in Accounting Policies and Disclosures
The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1 and PFRS Practice Statement2, *Disclosure of Accounting Policies*

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

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

  The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements. The amendments have been considered under "Material Accounting and Financial Reporting Policies" in Note 4.

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

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

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

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

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

  The Group adopted and applied the exceptions introduced by PAS 12. The current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

  As at April 10, 2024, the Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

Standards Issued but not yet Effective
The adoption of future accounting standards is not expected to have a material impact on the Group's consolidated financial statements.

4. **Material 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 as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

The Parent Company's subsidiaries including its ownership interest for each entity is disclosed in Note 1.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss included under "Remeasurement gain (loss) arising from business combination."

Goodwill is initially measured at cost where cost is the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss and included under "other income (expenses)."

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Occasionally, an acquirer will make a bargain purchase, which is a business combination in which the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured exceeds the aggregate of the consideration transferred.

Before recognizing a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognize any additional assets or liabilities that are identified in that review. The acquirer shall then review the procedures used to measure the amounts to be recognized at the acquisition date for all of the following:

a. the identifiable assets acquired and liabilities assumed;
b. the noncontrolling interest in the acquiree, if any;
c. for a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree; and
d. the consideration transferred.

If that excess remains after applying the requirements above, the acquirer shall recognize the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Financial Assets
The Group's financial assets are classified as financial assets at amortized cost. The Group applies the simplified approach in measuring expected credit losses (ECL) for trade receivables which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix. The Group also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. Meanwhile, impairment of other financial assets is assessed based on potential liquidity of counterparties based on available financial information.

Financial Liabilities
The Group's financial liabilities are classified as loans and borrowings and payables. These are recognized initially at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost. A financial liability is derecognized when the obligation under the liability is discharged or canceled 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group's profit or loss.

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.

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

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and amortization and any impairment in value.

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.

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

Asset	Number of years
Land improvements	5-15
Buildings	5-15
Building improvements	5-15
Plant machinery and equipment	2-25
Office furniture, fixtures and equipment	2-5
Laboratory tools and equipment	2-14
Transportation and delivery equipment	2-7
Leasehold improvements	10 years average or term of the lease whichever is shorter

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of licensing agreements with definite useful lives, and any accumulated impairment losses.

Licensing agreements with definite useful lives is amortized over 25 years and assessed for impairment whenever there is an indication that the asset may be impaired.

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.

Goodwill and intangible assets with indefinite useful lives, such as trademarks, are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 Long-lived Nonfinancial Assets

The Group's investments in property, plant and equipment, right-of-use assets, intangible assets with definite useful lives and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Provisions

Provisions arising from present obligation are recognized in profit or loss when the timing and amount of settlement can be reliably measured.

Equity-settled share-based payments

Certain benefit-eligible employees of the Company receive 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.

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.

Employee 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.

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.

Service costs which include current service costs, past service costs, and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and return on plan assets (excluding net interest on defined benefit liability or asset) are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to unappropriated retained earnings through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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.

Revenue from Contracts from Customers

The Group's revenue from contracts with customers primarily consist of revenue from the sale of manufactured goods. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Sale of goods
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 at a point in time when control of the goods has transferred, either when the goods have been delivered to the wholesalers' and retailers' specific location or when the goods have been shipped out of the Company's warehouse.

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 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.

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.
- The contract has a large number and broad range of possible consideration amounts.

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

Service income
Service income pertains to management fees and is recognized over time as the services are rendered.

Other income
Other income is income generated outside the normal course of business and is recognized at a point in time when control of the goods and services have been transferred to the customer.

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.

Leases

The Group as lessee
Subsequent to initial recognition, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms which are from five (5) to 20 years.

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. 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.

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

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

CPSI and CPFPVI use Optional Standard Deduction (OSD), while other subsidiaries use itemized deductions in the computation of their respective taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

CPFI is registered with the Board of Investments (BOI), pursuant to Executive Order No. 226 or the Omnibus Investments Code of 1987, as amended by Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act entitled for income tax holiday for canned tuna and its by-product from January 1, 2021 to December 31, 2024 and frozen loins from June 16, 2022 to December 2024.

AWI registered its Cold Storage Facilities (Panda 1 and 2) with 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 25%.

CPAVI is registered with Philippine Economic Zone Authority (PEZA) on June 1, 2021 entitled for gross income tax (GIT) incentive and other PEZA incentives. Registered activity is limited to engage in the manufacturing, processing, including toll manufacturing of coconut products and by-products and the importation of raw materials, machinery, equipment, goods, or merchandise directly used in its registered operations at the MIEZ. CPAVI also have an existing ITH for coco milk and coco water expansion project from July 1, 2022 to June 30 2025 and will be entitled to GIT incentive after the expiration of ITH.

GTC is registered with PEZA on December 23, 2020 entitled for GIT incentive and other PEZA incentives. Registered activity shall be limited to engage in the manufacturing, processing, including toll manufacturing of canned tuna, tuna in pouch, frozen loin and by-products such as fishmeal and fish oil and the importation of raw materials, machinery, equipment, goods, or merchandise directly used in its registered operations at the Millennium Industrial Economic Zone.

Deferred income tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the financial reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or (2) in respect of taxable temporary differences associate with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is not probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused excess of minimum corporate income tax (“MCIT”) over regular corporate income tax (“RCIT”) and unused net operating loss carry-over (“NOLCO”) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT except:

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

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

5. **Significant 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.

Significant Judgments

The following are the significant 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.

Determination of functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the separate financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

The presentation currency of the Group is the Philippine Peso, which is the Parent Company's functional currency. The functional currency of each of the Group's subsidiaries to the consolidated financial statements, is determined based on the economic substance of the underlying circumstances relevant to each subsidiary.

The results of operations and financial position of GTC and CPNA, which are measured using US Dollar, and the results of operations 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 4.

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. To be capable of being conducted and managed for the purposes defined, an integrated set of activities and assets requires two essential elements - inputs and processes applied to those inputs, which together are or will be used to create outputs."

The acquisition of PMCI was considered a business since it has commercial substance and was accounted for as a business combination (see Note 36).

Acquisition of assets that does not constitute a business. PFRS 3 also provides that if an entity acquires an asset or a group of assets, including any liabilities assumed, that does not constitute a business, then the transaction is outside the scope of PFRS 3 because it does not meet the definition of a business combination. Such transactions are accounted for as asset acquisitions, in which case, the cost of acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date.

The acquisition of "Ligo" trademark leverages only on the input obtained from the acquisition transaction, which does not fall under the definition of a "business" under PFRS 3 (see Note 11).

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 5 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.

Impairment assessment of goodwill and trademarks with indefinite lives. 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 related to the Group's coco business which is also the operating entity acquired through business combination and to which the goodwill relates. Trademarks with indefinite lives have been allocated separately to the Group's CGU related to the Group's meat business and "Ligo" sardines. 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. 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 for goodwill and value in use computed using the five-year cash flow forecasts under the relief from royalty method for trademark.

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 3% and 1% perpetuity growth rate was assumed at the end of the five-year forecast period for the CGU on the Group's meat business and CGU on the Group's coco business and "Ligo" sardines, respectively.

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 pre-tax discount rates applied to the cash flow projections range from 11.3% to 15.6% and 11.3% to 14.7% in 2023 and 2022, respectively.

The significant unobservable inputs used in the computation of value in use for goodwill and trademarks, together with a quantitative sensitivity analysis as at December 31, 2023 and 2022 are shown below:

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to value in use**
Value in use for "Ligo" trademark	Relief from royalty method	Discount rate	2023: 14.4% to 15.6% (15.0%) 2022: 13.7% to 14.7% (14.2%)	0.6% (2022: 0.6%) increase (decrease) in the discount rate would result in a decrease (increase) in value in use by ₱1,139.5 million (2022: ₱680.2 million)
		Long-term growth rate for cash flows for subsequent years	2023: 1% 2022: 1%	1% (2022: 1%) increase (decrease) in the growth rate would result in an increase (decrease) in value in use by ₱3,551.5 million (2022: ₱3,060.7 million)
Value in use of the CGU of the Group's meat business	Relief from royalty method	Discount rate	2023: 13.6% to 14.8% (14.2%) 2022: 12.1% to 13.03% (12.57%)	0.5% (2022: 0.5%) increase (decrease) in the discount rate would result in a decrease (increase) in value in use by ₱25.5 million (2022: ₱31.1 million)
		Long-term growth rate for cash flows for subsequent years	2023: 3% 2022: 5%	2% (2022: 2%) increase (decrease) in the growth rate would result in an increase (decrease) in value in use by ₱94.3 million (2022: ₱81.2 million)
Value in use of the CGU of the Group's coco business	Discounted cash flow method	Discount rate	2023: 11.3% to 12.3% (11.8%) 2022: 13.3% to 14.3% (13.8%)	0.5% (2022: 0.5%) increase (decrease) in the discount rate would result in a decrease (increase) in value in use by ₱361.0 million (2022: ₱412.5 million)
		Long-term growth rate for cash flows for subsequent years	2023: 1% 2022: 1%	1% (2022: 1%) increase (decrease) in the growth rate would result in an increase (decrease) in value in use by ₱455.5 million (2022: ₱603.1 million)

The carrying amount of goodwill and trademarks with indefinite lives as of December 31, 2023 and 2022 are as follows:

Goodwill (see Note 11)	₱2,915,325,199
Trademarks (see Note 11)	2,209,694,668
	₱5,125,019,867

The recoverable amounts of the CGUs to which the goodwill and trademarks with indefinite lives are allocated are greater than their carrying amounts. No impairment loss was recognized on goodwill and trademarks for the years ended December 31, 2023, 2022 and 2021.

Any reasonable changes in the key assumptions will not cause the carrying amounts of the CGUs to exceed their recoverable amounts as at December 31, 2023 and 2022.

Determining method to estimate the variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled to in exchange for transferring the promised goods to customer.

The Group determined that the most likely amount method is appropriate to use in estimating the variable consideration for the incentives given to the customers based on evaluation of actual trade promotional activities. The most likely amount is the single 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.

Estimating the fair value of "Ligo" trademark. The Group acquired the "Ligo" trademark in March 2022. The fair value of asset was determined using multi-period excess earnings valuation method, which assumed expected future earnings stream attributable to the identified income-generating asset discounted using the rate of return commensurate to the asset. The Group estimated the cash flows based on average life of the identified assets. Estimating the fair value of "Ligo" trademark involve significant assumptions about the future results of the business such as revenue growth rate and discount rate which were applied to cash flow forecasts.

Further details on "Ligo" trademark is disclosed in Note 11.

Estimating the incremental borrowing rate on leases. 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, 2023 and 2022, the Group's lease liabilities amounted to ₱1,700.5 million, and ₱1,542.0 million, respectively (see Note 30).

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 33.

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. 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. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
  c. 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 three (3) years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

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

Total provision for ECL for trade and other receivables amounted to ₱205.2 million, ₱75.3 million, and nil in 2023, 2022, and 2021 respectively. Recovery of allowance for ECL amounted to ₱50.7 million, ₱1.4 million, and ₱15.0 million in 2023, 2022, and 2021, respectively (see Note 8). No provision for ECL was recognized in 2023, 2022 and 2021 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:

	2023	2022
Cash and cash equivalents (see Note 7)	**₱5,050,017,194**	₱2,149,448,030
Trade and other receivables - net (see Note 8)	**9,386,654,691**	8,771,584,426
Due from related parties (see Note 25)	**258,634,411**	197,448,146
Security deposits (see Note 14)	**67,113,179**	147,044,018
Deposits on utilities (see Note 14)	**33,159,084**	31,985,871
Revolving funds (see Note 14)	**22,938,791**	12,978,180
	₱14,818,517,350	₱11,310,488,671

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 or changes in prices level. 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.

The carrying values of inventories amounted to ₱16,902.0 million and ₱17,728.9 million, net of allowance for inventory obsolescence of ₱776.2 million and ₱623.4 million as at December 31, 2023 and 2022, respectively (see Note 9).

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 2023 and 2022. The carrying values of these assets, except non depreciable assets, are as follows:

	2023	2022
Property, plant and equipment (see Note 13)	**₱8,302,191,365**	₱8,317,986,438
Licensing agreement (see Note 11)	**401,629,006**	423,144,846
Right-of-use assets (see Note 12)	**1,520,443,376**	1,391,652,591
	₱10,224,263,747	₱10,132,783,875

Determination of impairment of nonfinancial assets. Impairment review is performed when certain impairment indicators are present.

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:

	2023	2022
Property, plant and equipment (see Note 13)	**₱8,302,191,365**	₱8,317,986,438
Intangible assets with definite useful life (see Note 11)	**401,629,006**	423,144,846
Right-of-use assets (see Note 12)	**1,520,443,376**	1,391,652,591
Input VAT (see Note 10)	**211,551,540**	290,365,616
	₱10,435,815,287	₱10,423,149,491

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, 2023, 2022 and 2021. No impairment loss was recognized in 2023, 2022 and 2021.

Moreover, impairment loss on input VAT amounting ₱31.0 million were recognized in 2021 and none for 2023 and 2022 (see Note 10). In 2023, 2022 and 2021, the Group has written-off input VAT amounting to nil, ₱6.6 million and ₱23.2 million, respectively (see Note 10).

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.

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 17.

Retirement benefit obligation amounted to ₱330.4 million and ₱272.9 million as at December 31, 2023 and 2022, respectively (see Note 17).

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 Group computes for deferred tax using the 25% corporate tax rate in 2023 and 2022, respectively.

Deferred tax assets recognized amounted to ₱1,314.9 million and ₱1,154.6 million as at December 31, 2023 and 2022, respectively (see Note 32).

6. Segment Information

Business segments

For management purposes, the Group is organized into four major business segments: Marine, Meat, Milk and emerging and Corporate and others. These divisions, that focuses on the types of goods or services delivered or provided, are the basis on which the Group reports its primary segment information to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segment performance.

The principal products and services of each of these divisions are as follows:

Business Segment	Products and Services
Marine	Tuna
	Sardines
	Other seafood-based products
Meat	Corned beef
	Meatloaf
	Refrigerated meat
	Other meat-based product

(Forward)

Business Segment	Products and Services
Milk and emerging	Distribution of other products
	Canned milk
	Powdered milk
	Coconut beverages
	Coconut milk
	Coconut oil
	Other emerging products
Corporate and others	Shared services
	Warehousing
	Packaging
	Other services

The segments' results of operations of the reportable segments in 2023, 2022 and 2021 are as follows:

	Segment Revenue	**Segment Income Before Tax**
2023		
Marine	**₱30,910,860,890**	**₱1,261,542,288**
Meat	**16,136,334,266**	**2,061,894,857**
Milk and emerging	**24,178,355,319**	**648,146,328**
Corporate and others	**6,873,970,312**	**4,354,637,953**
Segment total	**78,099,520,787**	**8,326,221,426**
Eliminations	**(10,975,177,168)**	**(1,799,790,390)**
	₱67,124,343,619	**₱6,526,431,036**

	Segment Revenue	Segment Income Before Tax
2022		
Marine	₱28,819,604,608	₱1,823,159,184
Meat	15,578,117,581	1,621,642,379
Milk and emerging	20,700,889,307	141,900,735
Corporate and others	6,351,288,633	5,644,457,026
Segment total	71,449,900,129	9,231,159,324
Eliminations	(9,190,979,885)	(3,453,602,545)
	₱62,258,920,244	₱5,777,556,779

	Segment Revenue	Segment Income Before Tax
2021		
Marine	₱24,356,174,953	₱1,465,999,486
Meat	14,338,798,777	1,614,461,210
Milk and emerging	17,328,246,267	290,408,099
Corporate and others	5,054,453,941	5,212,880,079
Segment total	61,077,673,938	8,583,748,874
Eliminations	(6,367,518,684)	(3,015,834,840)
	₱54,710,155,254	₱5,567,914,034

Segment income 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, 2023 and 2022 are as follows:

	2023		2022	
	Assets	**Liabilities**	Assets	Liabilities
Marine	**₱11,782,670,302**	**₱5,347,790,198**	₱10,513,173,220	₱3,814,798,621
Meat	**4,101,894,297**	**3,394,035,858**	5,069,134,130	3,766,230,703
Milk and emerging	**12,161,426,738**	**5,908,634,111**	11,864,508,049	3,935,813,508
Corporate and others	**34,695,839,897**	**13,238,980,283**	33,064,148,556	14,407,266,464
Segment total	**62,741,831,234**	**27,889,440,450**	60,510,963,955	25,924,109,296
Eliminations	**(11,199,736,933)**	**(9,197,875,506)**	(12,177,172,761)	(6,369,310,926)
	₱51,542,094,301	**₱18,691,564,944**	₱48,333,791,194	₱19,554,798,370

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 and others 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 and others 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.

	2023			
	Additions to Property, Plant, and Equipment	**Depreciation and Amortization**	**Interest Income**	**Finance Costs**
Marine	**₱440,538,885**	**₱671,109,058**	**₱1,139,293**	**₱45,193,718**
Meat	**160,709,583**	**227,184,621**	**2,254,855**	**25,003,755**
Milk and emerging	**441,755,697**	**478,775,189**	**12,494,456**	**27,221,316**
Corporate and others	**473,426,158**	**323,141,627**	**62,417,986**	**386,457,350**
	₱1,516,430,323	**₱1,700,210,495**	**₱78,306,590**	**₱483,876,139**

	2022			
Marine	₱674,192,430	₱538,992,888	₱661,972	₱22,925,576
Meat	107,790,613	254,229,228	523,002	27,658,854
Milk and emerging	317,007,285	460,116,686	393,002	25,203,330
Corporate and others	291,932,858	251,204,028	6,920,229	239,385,454
	₱1,390,923,186	₱1,504,542,830	₱8,498,205	₱315,173,214

	2021			
Marine	₱777,130,504	₱ 462,349,966	₱832,358	₱34,724,181
Meat	181,006,149	194,401,018	676,029	44,416,433
Milk and emerging	807,714,437	395,932,243	335,558	41,797,595
Corporate and others	536,692,845	218,875,360	4,503,870	175,944,464
	₱2,302,543,935	₱1,271,558,587	₱6,347,815	₱296,882,673

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 years ended December 31			Noncurrent assets December 31	
	2023	2022	2021	**2023**	2022
Philippines	**₱66,696,575,746**	₱61,767,483,903	₱54,187,471,491	**₱17,062,283,919**	₱15,010,407,503
USA	**281,704,023**	278,321,091	325,645,204	**2,561,416**	1,673,703,890
China	**146,063,850**	213,115,250	197,038,559	**991,958**	107,037
	₱67,124,343,619	₱62,258,920,244	₱54,710,155,254	**₱17,065,837,293**	₱16,684,218,430

7. Cash and Cash Equivalents

	2023	2022
Cash on hand	**₱19,308,471**	₱6,427,106
Cash in banks	**1,535,123,940**	1,586,900,921
Cash equivalents	**3,495,584,783**	556,120,003
	₱5,050,017,194	₱2,149,448,030

Cash in banks earned average interest rate ranging from 0.10 % to 0.125 % per annum in 2023 and 2022, 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 4.8% to 5.1% in 2023 and from 1.25% to 2.25% in 2022. These placements are from excess cash and can be withdrawn anytime.

Interest income earned from bank deposits and placements amounted to ₱76.9 million, ₱7.0 million, and ₱5.1 million in 2023, 2022, and 2021, respectively.

8. Trade and Other Receivables

	2023	2022
Trade receivables from third parties	**₱9,198,091,315**	₱8,506,002,726
Allowance for ECLs	**(190,639,597)**	(94,943,170)
	9,007,451,718	8,411,059,556
Advances to officers and employees	**48,966,011**	43,634,707
Others	**330,236,962**	316,890,163
	₱9,386,654,691	₱8,771,584,426

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 30 to 90 days term or less.

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 ₱1.4 million, ₱1.5 million, and ₱1.2 million in 2023, 2022, and 2021, respectively.

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.

Movement in the allowance for ECLs as at December 31 is as follows:

	2023	2022
Balance, January 1	**₱94,943,170**	₱27,148,528
Provision for ECLs (see Note 22)	**205,248,816**	75,328,140
Write off	**(44,085,891)**	–
Reversal	**(65,466,498)**	(7,533,498)
Balance, December 31	**₱190,639,597**	₱94,943,170

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, management believes that there is no further allowance for ECLs required in excess of those that were already provided.

9. Inventories

	2023	2022
Raw materials	**₱7,723,613,293**	₱8,806,848,079
Finished goods	**8,744,316,887**	8,411,502,602
Cost of inventories recorded at NRV	**16,467,930,180**	17,218,350,681
Allowance for obsolescence	**(776,239,631)**	(623,411,093)
Inventories, at NRV	**15,691,690,549**	16,594,939,588
Spare parts and supplies	**1,069,899,736**	944,883,490
Work in process	**140,369,277**	189,050,789
Inventories, at cost	**1,210,269,013**	1,133,934,279
	₱16,901,959,562	₱17,728,873,867

Cost of inventories recognized in the consolidated statements of comprehensive income in 2023, 2022 and 2021 amounted to ₱50,987.3 million, ₱47,885.2 million, and ₱41,958.4 million respectively.

Movements in the allowance for obsolescence of inventories are as follows:

	2023	2022	2021
Balance, January 1	**₱623,411,093**	₱377,997,039	₱284,142,265
Provision on slow moving inventories (see Notes 20, 22 and 23)	**118,533,094**	245,414,054	220,130,994
Write off	**34,295,444**	–	–
Reversal	**–**	–	(126,276,220)
Balance, December 31	**₱776,239,631**	₱623,411,093	₱377,997,039

10. **Prepayments and Other Current Assets**

	2023	2022
Advances to suppliers	**₱1,974,040,937**	₱2,066,499,727
Prepaid taxes	**544,359,499**	339,683,582
Input value-added tax (VAT)	**211,551,540**	290,365,616
Prepaid insurance	**27,758,248**	18,603,189
Prepaid rent	**6,390,807**	9,736,083
Others	**123,107,604**	85,547,583
	2,887,208,635	2,810,435,780
Allowance for VAT claims	**(8,217,485)**	(8,217,485)
	₱2,878,991,150	₱2,802,218,295

Advances to suppliers pertain to advance payments for the purchase of raw materials which are generally applied against future billings within next year.

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 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.

Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment amounting to ₱1.00 million or more. This also includes input VAT on purchase of services which is not yet paid to the supplier as of yearend.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or 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.

The Group recognized provision for impairment on input VAT amounting to nil in 2023 and 2022, and ₱31.0 million in 2021, as disclosed in Note 23.

Movement in the allowance for VAT claims are as follows:

	2023	2022	2021
Balance, January 1	**₱8,217,485**	₱14,834,985	₱6,987,429
Provision (see Note 23)	–	–	31,047,893
Write off	–	(6,617,500)	(23,200,337)
Balance, December 31	**₱8,217,485**	₱8,217,485	₱14,834,985

Others include advance payments related to maintenance of software and system used by the Group and biological assets which comprise fingerlings and mature milk fish.

11. **Goodwill and Intangible Assets**

	2023	2022
Goodwill	**₱2,915,325,199**	₱2,915,325,199
Trademarks	**2,209,694,668**	2,209,694,668
Licensing agreement	**401,629,006**	423,144,846
	₱5,526,648,873	₱5,548,164,713

Goodwill

The goodwill is associated with the excess of the investment cost over the fair value of the net assets of CPAVI at the time of acquisitions.

Based on management review of recoverable amount, goodwill arising from the acquisition of CPAVI is not impaired in 2023, 2022 and 2021. Meanwhile, the goodwill arising from the acquisition of CIC and CST was fully impaired as at December 31, 2023 and 2022.

The Group performs an impairment review on goodwill annually. The structure of the impairment review is at CGU level.

Trademarks

In July 2008, the Group purchased Kaffe de Oro and Home Pride trademarks amounting to ₱40.0 million 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 USD1.3 million or ₱61.5 million. 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 1).

The Group has not recognized any impairment loss on trademarks in 2023, 2022 and 2021. The carrying value of Swift trademark amounted to ₱423.3 million, net of ₱200.0 million accumulated impairment loss, as of December 31, 2023 and 2022.

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.

Acquisition of "Ligo" Assets

In March 2022, the Group and CPGI entered into an Asset Purchase Agreement (Agreement) to purchase and acquire the operational assets of A. Tung Chingco Manufacturing Corporation, Dragon Land Holdings Corp., Gold Star Seafoods and their other related parties (collectively "ATCMC Group"). The Agreement involved assets related to the manufacturing of 'Ligo' product line up, which is composed of shelf-stable marine products.

The Agreement was accounted for as acquisition of group of assets and the purchase price was allocated to the respective assets based on their relative fair values. The Group recognized the "Ligo" trademark while CPGI recognized the other "Ligo" assets such as land and property, plant and equipment (e. g., buildings, improvements, equipment, machineries, and other fixed assets). The difference between the total trademarks and the amounts associated to trademarks acquired prior to 2022 as discussed above, is the amount attributable to the acquisition cost of "Ligo" trademark, as of December 31, 2023 and 2022.

Licensing Agreement
In 2017, CPFI has acquired the Philippine license for the Hunt's brand from Hunt-Universal Robina Corporation ("HURC").

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.

Movements in carrying amounts of the Group's intangible assets arising from the licensing agreement are as follows:

	In thousands	
	2023	2022
Cost -		
Beginning and ending balance	**₱537,896**	₱537,896
Accumulated Depreciation:		
Beginning balance	**114,751**	93,236
Amortization (see Note 22)	**21,515**	21,515
Ending balance	**136,266**	114,751
Carrying Amount	**₱401,630**	₱423,145

In 2023 and 2022, the remaining useful life of the intangible asset acquired is 18.33 years and 19.33 years, respectively.

As at December 31, 2023, 2022 and 2021, royalty fee expense to ConAgra amounted to ₱22.9 million, ₱22.1 million, and ₱21.4 million (see Note 22).

Management believes that there are no impairment indicators on its intangible assets in 2023 and 2022.

Royalties
The Group has royalty agreement with All Market Singapore Inc., with royalty fee of ₱12.7 million, ₱12.9 million, and ₱7.6 million in 2023, 2022 and 2021, respectively. Furthermore, the Group has also trademark licensing agreement with Shakey's Pizza Asia Ventures, Inc., with royalty fees of ₱1.2 million, ₱1.7 million and ₱1.5 million in 2023, 2022 and 2021, respectively (see Note 22).

12. **Right of Use Asset**

	Warehouse	Office Space	Equipment	Plant	Total
Cost					
Balance January 1, 2022	₱1,041,580,148	₱71,508,878	₱422,315,689	₱307,882,468	₱1,843,287,183
Additions	258,429,279	4,564,353	46,530,621	101,697,736	411,221,989
Termination	(89,789,242)	(876,771)	(99,657,337)	–	(190,323,350)
Balance, December 31, 2022	1,210,220,185	75,196,460	369,188,973	409,580,204	2,064,185,822
Additions	**480,155,363**	**9,414,934**	**52,538,363**	**57,178,614**	**599,287,274**
Adjustment	**–**	**–**	**–**	**(51,760,995)**	**(51,760,995)**
Termination	**(220,652,291)**	**(11,177,400)**	**(20,260,526)**	**–**	**(252,090,217)**
Balance, December 31, 2023	**1,469,723,257**	**73,433,994**	**401,466,810**	**414,997,823**	**2,359,621,884**
Accumulated Depreciation					
Balance January 1, 2022	293,709,064	27,690,541	131,403,881	91,804,476	544,607,962
Depreciation (see Notes 20 and 22)	232,007,430	10,691,399	40,466,612	30,782,389	313,947,830
Termination	(89,789,242)	(876,770)	(95,356,549)	–	(186,022,561)
Balance December 31, 2022	435,927,252	37,505,170	76,513,944	122,586,865	672,533,231
Depreciation (see Notes 20 and 22)	**272,311,967**	**9,960,115**	**43,439,441**	**31,902,977**	**357,614,500**
Adjustments	**–**	**–**	**(2,913,629)**	**(11,994,738)**	**(14,908,367)**
Termination	**(146,129,295)**	**(10,867,957)**	**(19,063,604)**	**–**	**(176,060,856)**
Balance, December 31, 2023	**562,109,924**	**36,597,328**	**97,976,152**	**142,495,104**	**839,178,508**
Carrying Amount December 31, 2023	**₱907,613,333**	**₱36,836,666**	**₱303,490,658**	**₱272,502,719**	**₱1,520,443,376**
Carrying Amount December 31, 2022	₱774,292,933	₱37,691,290	₱292,675,029	₱286,993,339	₱1,391,652,591

Management believes that there are no impairment indicators on its right-of-use assets as at December 31, 2023 and 2022.

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:

	2023	2022	2021
Cost of goods sold	**₱228,249,090**	₱199,706,445	₱147,389,023
Operating expenses	**109,245,428**	90,855,443	78,474,137
Other expenses	**20,119,982**	23,385,942	9,331,065
Total amortization	**₱357,614,500**	₱313,947,830	₱235,194,225

13. Property, Plant and Equipment

	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, 2022	₱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
Additions	2,700	174,094,520	792,037,057	7,010,066	75,564,837	18,757,350	328,273,340	1,395,739,870
Reclassifications	867,881	92,513,438	392,198,158	1,640,976	21,576,211	2,784,943	(511,581,607)	–
Disposals	–	(1,401,189)	(8,492,389)	(495,250)	(27,645,516)	(12,905,820)	–	(50,940,164)
Balance, December 31, 2022	59,016,586	3,995,134,439	9,732,262,136	102,718,961	697,724,969	175,040,207	475,830,021	15,237,727,319
Additions	**–**	**110,659,974**	**188,429,934**	**6,875,031**	**42,641,539**	**23,860,402**	**1,144,900,693**	**1,517,367,573**
Reclassifications	**722,615**	**169,872,322**	**756,421,742**	**2,464,060**	**12,347,769**	**639,236**	**(942,467,744)**	**–**
Disposals	**–**	**(471,067)**	**(69,575,647)**	**(970,712)**	**(34,029,657)**	**(13,060,833)**	**(180,826)**	**(118,288,742)**
Balance, December 31, 2023	**59,739,201**	**4,275,195,668**	**10,607,538,165**	**111,087,340**	**718,684,620**	**186,479,012**	**678,082,144**	**16,636,806,150**
Accumulated Depreciation and Impairment Losses								
Balance, January 1, 2022	52,210,473	1,101,445,397	3,523,000,480	72,652,920	467,873,002	101,459,494	–	5,318,641,766
Depreciation (see Notes 20 and 22)	1,439,430	217,518,050	837,879,203	11,329,687	78,260,896	22,651,894	–	1,169,079,160
Reclassification	–	(46,098)	(2,312,848)	(136,089)	138,207	2,356,828	–	–
Disposals	–	(886,505)	(7,390,175)	(494,680)	(24,426,783)	(10,611,923)	–	(43,810,066)
Balance, December 31, 2022	53,649,903	1,318,030,844	4,351,176,660	83,351,838	521,845,322	115,856,293	–	6,443,910,860
Depreciation (see Notes 20 and 22)	**1,195,703**	**257,931,450**	**951,635,637**	**11,450,882**	**75,197,021**	**23,669,462**	**–**	**1,321,080,155**
Reclassifications	**–**	**(46,098)**	**(2,312,848)**	**(94,961)**	**(12,063)**	**2,465,970**	**–**	**–**
Disposals	**–**	**(447,389)**	**(65,183,097)**	**(953,777)**	**(32,573,423)**	**(10,190,286)**	**–**	**(109,347,972)**
Others		**937,274**	**63,367**	**(206,642)**	**95,599**	**-**	**-**	**889,598**
Balance, December 31, 2023	**54,845,606**	**1,576,406,081**	**5,235,379,719**	**93,547,340**	**564,552,456**	**131,801,439**	**–**	**7,656,532,641**
Carrying Amounts As at December 31, 2023	**₱4,893,595**	**₱2,698,789,587**	**₱5,372,158,446**	**₱17,540,000**	**₱154,132,164**	**₱54,677,573**	**₱678,082,144**	**₱8,980,273,509**
Carrying Amounts As at December 31, 2022	₱5,366,683	₱2,677,103,595	₱5,381,085,476	₱19,367,123	₱175,879,647	₱59,183,914	₱475,830,021	₱8,793,816,459

Details of depreciation charged to profit or loss are disclosed below:

	2023	2022	2021
Cost of goods sold (see Note 20)	**₱1,261,259,530**	₱1,109,397,202	₱927,408,467
Operating expenses (see Note 22)	**59,811,840**	59,673,172	60,061,937
Other expenses	**8,785**	8,785	27,378,118
	₱1,321,080,155	₱1,169,079,159	₱1,014,848,522

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 ₱9.6 million, ₱0.7 million, and ₱4.2 million in 2023, 2022 and 2021, respectively, as disclosed in Note 21.

Management believes that there are no impairment indicators on its property, plant and equipment as at December 31, 2023 and 2022.

14. Other Noncurrent Assets

	2023	2022
Security deposits (see Note 30)	**₱67,113,179**	₱147,044,018
Deposits on utilities	**33,159,084**	31,985,871
Deposits for containers	**25,932,432**	32,885,250
Revolving funds	**22,938,791**	12,978,180
	₱149,143,486	₱224,893,319

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 which are being used for the delivery of goods/raw materials.

Deposits on utilities pertain to deposits to various utility providers and refundable upon termination of the related utility services.

Revolving funds are provided to the service provider, and this will be refunded upon termination of the related services.

15. Short-Term Loans Payable and Borrowings

Short-term loans

	2023	2022
Balance at beginning of year	**₱4,640,000,000**	₱2,800,000,000
Availments	**5,140,000,000**	5,010,000,000
Payments	**(6,910,000,000)**	(3,170,000,000)
Balance at end of year	**₱2,870,000,000**	₱4,640,000,000

The Group acquired several short-term loans amounting to ₱5,140.0 million and ₱5,010.0 million in 2023 and 2022, respectively, with interest ranging from 4.2 % to 5.7 % per annum in 2023 and 2.10% to 5.70% per annum in 2022.

Interest expense pertaining to short-term loans amounting to ₱214.0 million, ₱94.0 million, and ₱65.0 million was recognized in 2023, 2022 and 2021, respectively.

Long-term Borrowings

	2023	2022
Balance at beginning of year	**₱3,174,213,995**	₱1,991,891,353
Availments	–	1,191,000,000
Payments and amortization	**(9,870,686)**	(8,677,358)
Balance at end of year	**3,164,343,309**	3,174,213,995
Less current portion	**7,360,791**	9,390,325
Noncurrent portion	**₱3,156,982,518**	₱3,164,823,670

In 2023, 2022 and 2021, amortization of debt issue cost amounted to ₱10.2 million, ₱11.3 million and ₱6.8 million, respectively.

The Group has entered into a ₱2.0 billion, ten-year term loan facility with Banco de Oro (BDO) in 2021. The proceeds were used to refinance the existing long-term borrowings.

On March 18, 2022, the Group entered into a ₱1.2 billion, ten-year term loan with Bank of the Philippine Islands (BPI).

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

	Loan 1	Loan 2	Loan 3
Principal	₱1,000.0 million	₱1,000.0 million	₱1,200.0 million
Date	April 5, 2021	May 5, 2021	March 18, 2022
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 settlingdate 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.	a. From 1Y to 3Y equivalent to the higher of: (1) the 3 day average of the 3-year PHP BVAL + 0.30% spread per annum; and (2) 3.50 per annum b. From 4Y to 6Y equivalent to the higher of: (1) the 3 day average of the 3-year PHP BVAL + 0.50% spread per annum; and (2) 3.50 per annum c. From 7Y to maturity date equivalent to the higher of: (1) the 3 day average of the 4-year PHP BVAL + 0.50% spread per annum; and (2) 3.50 per annum
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	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.

As at December 31, 2023 and 2022, the Group is in compliance with all the debt covenants.

Interest expense pertaining to long-term loans amounted to ₱134.5 million, ₱119.5 million, and ₱88.3 million in 2023, 2022 and 2021, respectively.

Total finance costs incurred on these loans amounted to ₱348.4 million, ₱224.8 million, and ₱153.3 million in 2023, 2022 and 2021, respectively, as presented in the consolidated statements of comprehensive income.

Total accrued interest on these loans amounted to ₱34.3 million and ₱39.4 million as at December 31, 2023 and 2022, respectively, as part of accrued expenses.

16. Trade and Other Payables

	2023	2022
Trade payables to third parties	**₱3,127,867,036**	₱3,339,891,514
Accrued expenses	**6,668,243,477**	5,620,272,133
Withholding taxes payable	**231,587,177**	218,827,436
Non-trade payables	**188,579,757**	341,895,248
Others	**235,965,125**	276,198,693
Total	**₱10,452,242,572**	₱9,797,085,024

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.

Details of accrued expenses are shown below:

	2023	2022
Product-related costs	**₱3,761,160,000**	₱3,149,755,908
Advertising and promotion	**2,405,600,983**	2,026,964,694
Professional services and other fees	**240,902,389**	257,407,685
Employee benefits	**103,746,146**	44,861,719
Rent	**48,716,605**	51,606,401
Interest (see Note 15)	**34,310,338**	39,423,918
Utilities	**12,336,221**	8,564,641
Others	**61,470,795**	41,687,167
	₱6,668,243,477	₱5,620,272,133

Other payables include liabilities related to utilities, various agencies and regulatory bodies.

17. 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, 2023, 2022 and 2021, 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 rate 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 offset by an increase in return 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 rate 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 was carried out by an independent actuary for the year ended December 31, 2023.

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 in determining retirement benefit costs as at January 1, 2023, 2022 and 2021 were as follows:

	2023		2022		2021	
	Discount Rate	**Expected Rate of Salary Increase**	Discount Rate	Expected Rate of Salary Increase	Discount Rate	Expected Rate of Salary Increase
CPFI	**7.32%**	**6.00%**	3.95%	6.00%	5.24%	4.00%
GTC	**7.35%**	**6.00%**	3.95%	6.00%	5.24%	4.00%
CPAVI	**7.38%**	**6.00%**	3.95%	6.00%	5.24%	4.00%
PMCI	**7.39%**	**6.00%**	–	–	–	–
SMDC	–	–	–	–	5.24%	4.00%

The discount rates and salary increase rates used in determining the retirement benefit obligation as of December 31, 2023 are 6.14% to 6.18% and 6%, respectively.

The mortality rate used for the above subsidiaries is based on The 2001 CSO Table – Generational (Scale AA, Society of Actuaries).

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

	2023	2022	2021
Service costs:			
Current service cost and others	**₱91,006,537**	₱114,263,425	₱120,557,846
Net interest expense	**13,911,211**	22,392,637	33,551,212
Components of defined benefit costs recognized in profit or loss	**104,917,748**	136,656,062	154,109,058
Remeasurement on the net defined benefit asset:			
Loss on plan assets (excluding amounts included in net interest expense)	**15,101,625**	62,505,072	41,958,949
Effect of asset ceiling	**942,623**	2,341,551	–

(Forward)

	2023	2022	2021
Actuarial (gains) losses from:			
Changes in financial assumption	**₱124,611,401**	(₱234,457,464)	(₱147,661,400)
Changes in experience adjustment	**(13,428,339)**	(32,512,637)	9,895,495
Components of defined benefit costs recognized in other comprehensive income	**127,227,310**	(202,123,478)	(95,806,956)
	₱232,145,058	(₱65,467,416)	₱58,302,102

The amounts included in the consolidated statements of financial position arising from the Group's retirement benefit plans are as follows:

Net Retirement Asset

	2023	2022
Fair value of plan assets	**₱22,448,959**	₱15,052,242
Present value of retirement benefit obligation	**(7,955,057)**	(5,582,272)
Effect of the asset ceiling	**(3,457,215)**	(2,341,551)
Retirement asset - net	**₱11,036,687**	₱7,128,419

Net Retirement Obligation

	2023	2022
Present value of retirement benefit obligation	**₱1,057,154,200**	₱822,933,356
Fair value of plan assets	**(726,715,717)**	(550,054,859)
Retirement benefit obligation - net	**₱330,438,483**	₱272,878,497

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:

	2023	2022
Balance, January 1	**₱828,515,628**	₱976,188,800
Current service cost	**91,006,537**	114,092,161
Interest cost	**60,692,502**	49,433,648
Benefits paid	**(26,288,472)**	(44,228,880)
Remeasurement loss (gain) from:		
Changes in financial assumption	**124,611,401**	(234,457,464)
Changes in experience adjustment	**(13,428,339)**	(32,512,637)
Balance, December 31	**₱1,065,109,257**	₱828,515,628

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

	2023	2022
Balance, January 1	**₱562,765,550**	₱467,241,010
Contributions paid into the plan	**177,559,032**	177,559,032
Benefits paid	**(26,288,472)**	(44,228,880)
Interest income	**46,954,331**	27,041,011
Return on plan assets (excluding amounts included in net interest expense/income)	**(14,167,317)**	(62,505,072)
Others	**(1,115,663)**	2,341,551
Balance, December 31	**₱745,707,461**	₱567,448,652

The following is the composition of plan assets as at the December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	**₱299,666**	₱35,714,769
Debt instruments - government bonds	**554,981,191**	315,386,273
Debt instruments - other bonds	**70,646,229**	61,314,120
Unit investment trust funds	**131,927,899**	152,212,518
Others	**(8,690,309)**	479,421
	₱749,164,676	₱565,107,101

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.

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, 2023 and 2022 are as follows:

	2023	2022
Interest income	**₱46,954,331**	₱27,041,011
Remeasurement loss	**(14,167,317)**	(62,505,072)
Actual return	**₱32,787,014**	(₱35,464,061)

Movements in the OCI relating to retirement obligation for 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Accumulated OCI, beginning	**₱295,432,716**	₱497,556,194	₱593,363,150
Actuarial losses (gains) on DBO	**111,183,062**	(266,970,101)	(137,765,905)
Remeasurement losses on plan assets	**14,167,317**	62,505,072	41,958,949
Effect of asset ceiling	**942,623**	2,341,551	–
	126,293,002	(202,123,478)	(95,806,956)
Accumulated OCI, end	**₱421,725,718**	₱295,432,716	₱497,556,194

Amounts of OCI, net of tax recognized in the consolidated statements of comprehensive income for 2023, 2022 and 2021 are computed below:

	2023	2022	2021
Actuarial losses (gains) on DBO	**₱111,183,062**	(₱266,970,101)	(₱137,765,905)
Remeasurement losses on plan assets	**14,167,677**	62,505,072	41,958,949
Effect of asset ceiling	**942,263**	2,341,551	–
	126,293,002	(202,123,478)	(95,806,956)
Effect of CREATE law	**–**	–	23,399,092
Deferred tax	**(26,296,679)**	40,514,925	18,572,359
OCI, net of tax	**₱99,996,323**	(₱161,608,553)	(₱53,835,505)

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 2023 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	10.4
PMCI	5,712,336	17.3
GTC	16,171,860	13.4
CPAVI	13,290,468	17.2

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, 2023 and 2022:

	Impact on post-employment defined benefit obligation		
	Change in basis points (bp)	Increase in Assumption	Decrease in Assumption
2023			
CPFI			
Discount rate	+/- 100bp	**(₱87,312,845)**	**₱103,528,491**
Salary increase rate	+/- 100bp	**102,622,136**	**(88,183,630)**
PMCI			
Discount rate	+/- 100bp	**(1,223,301)**	**1,525,209**
Salary increase rate	+/- 100bp	**1,512,170**	**(1,235,605)**
GTC			
Discount rate	+/- 100bp	**(10,516,687)**	**12,596,475**
Salary increase rate	+/- 100bp	**12,486,962**	**(10,621,918)**
CPAVI			
Discount rate	+/- 100bp	**(7,834,951)**	**9,846,786**
Salary increase rate	+/- 100bp	**9,762,257**	**(7,913,425)**
2022			
CPFI			
Discount rate	+/- 100bp	(₱63,877,730)	₱75,143,388
Salary increase rate	+/- 100bp	75,387,431	(65,178,286)
PMCI			
Discount rate	+/- 100bp	(867,703)	1,085,794
Salary increase rate	+/- 100bp	1,090,225	(885,325)
GTC			
Discount rate	+/- 100bp	(8,216,688)	9,803,253
Salary increase rate	+/- 100bp	9,838,325	(8,384,846)
CPAVI			
Discount rate	+/- 100bp	(4,924,694)	6,150,718
Salary increase rate	+/- 100bp	6,175,159	(5,024,369)

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.

18. Equity

Share capital

	2023		2022	
	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 and 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, 2023 and 2022 amounted to ₱4,936.9 million 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 SharesIssued
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 21, 2022, the BOD authorized to appropriate retained earnings for capital expenditures, which is expected to be completed in 2023, 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, 2023 and 2022 are as follows:

	2023	2022
CPFI	**₱12,500,000,000**	₱4,236,038,578
CPAVI	**1,500,000,000**	1,500,000,000
CPFPVI	**1,200,000,000**	1,200,000,000
GTC	**1,500,000,000**	1,500,000,000
AWI	**300,000,000**	300,000,000
Balance, December 31	**₱17,000,000,000**	₱8,736,038,578

Appropriations in 2022 was reversed upon completion of the project in 2023. In 2023, the appropriations pertains to the 2024 capital expenditures.

Retained earnings

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries amounting to ₱2,159 million, and ₱2,165 million as of December 31, 2023 and 2022, respectively, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies. The Group's retained earnings as of December 31, 2023 and 2022 also includes gain on acquisition of a subsidiary amounting to ₱41.1 million which is not available for dividend declaration (see Note 27).

19. Net Sales

	2023	2022	2021
Sales	**₱75,501,039,370**	₱70,042,486,406	₱61,593,444,681
Less:			
Sales discount	**(4,276,245,186)**	(3,958,461,644)	(3,532,113,523)
Variable considerations	**(1,641,289,779)**	(1,398,228,397)	(1,362,905,020)
Considerations payable to a customer	**(2,459,160,786)**	(2,426,876,121)	(1,988,270,884)
	₱67,124,343,619	₱62,258,920,244	₱54,710,155,254

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

	2023	2022	2021
Variable considerations:			
Sales returns	**₱964,552,411**	₱744,697,145	₱740,198,406
Contractual trade terms	**570,344,823**	505,219,931	409,709,929
Price adjustments	**45,387,887**	65,768,579	121,086,657
Prompt payment discount	**61,004,658**	82,542,742	91,910,028
	₱1,641,289,779	₱1,398,228,397	₱1,362,905,020
Considerations payable to a customer:			
Trade promotions	**₱1,792,430,785**	₱1,825,911,087	₱1,735,434,869
Display allowance	**342,561,146**	330,825,119	122,906,442
Distribution program	**313,602,864**	244,367,265	59,170,603
Other trade promotions	**10,565,991**	25,772,650	70,758,970
	₱2,459,160,786	₱2,426,876,121	₱1,988,270,884

20. **Cost of Goods Sold**

	2023	2022	2021
Raw materials used	**₱43,225,135,541**	₱42,766,124,375	₱35,095,974,527
Direct labor outsourced	**1,881,864,209**	1,765,680,166	1,635,100,260
Direct labor directly employed	**222,059,016**	208,349,358	192,940,996
Factory overhead			
Depreciation (see Notes 12 and 13)	**1,489,508,620**	1,309,010,330	1,074,797,490
Supplies	**1,434,785,116**	1,597,996,728	1,070,027,368
Outside manpower services	**700,934,409**	663,733,986	697,640,273
Compensation (see Note 17)	**672,937,061**	599,684,245	465,360,335
Utilities	**582,966,076**	640,974,024	535,815,072
Rental and storage fee	**466,675,500**	361,301,467	411,520,725
Toll packing fees	**181,307,627**	30,735,150	92,326,997
Repairs and maintenance	**126,799,309**	80,870,838	115,506,372
Insurance	**99,612,112**	68,008,936	91,435,125
Travel	**52,747,665**	35,966,704	23,086,055
Freight trucking	**44,954,007**	43,083,232	31,979,216
Professional fees	**32,487,638**	32,052,328	26,480,866
Provisions for slow moving inventories (see Note 9)	**49,320,978**	150,500,847	127,240,765
Taxes and licenses	**18,326,703**	11,302,794	13,574,333
Miscellaneous	**169,393,741**	69,341,313	69,418,870
Total manufacturing cost	**51,451,815,328**	50,434,716,821	41,770,225,645
Changes in finished goods and work in-process	**(460,505,901)**	(2,549,554,189)	188,132,614
	₱50,987,309,427	₱47,885,162,632	₱41,958,358,259

21. **Other Income**

	2023	2022	2021
Reversal of accruals	**₱249,744,829**	₱121,704,066	₱107,629,495
Gain from sale of scrap	**152,731,941**	144,182,612	79,394,940
Charges to suppliers	**25,375,957**	45,932,957	–
Service income (see Note 25)	**19,836,443**	8,062,094	14,827,894
Gain on sale of property, plant and equipment	**9,645,804**	746,662	4,166,459
Shared services fee (see Note 25)	**2,473,380**	–	4,119,686
Foreign currency gain -net	**–**	409,288,365	118,867,076
Recovery from insurance	**–**	62,712,630	–
Reversal of allowance for inventory obsolescence (see Note 9)	**–**	–	126,276,220
Gain on bargain purchase (see Note 36)	**–**	–	41,071,822
Co-packing fee	**–**	–	27,960,019
Others	**27,771,723**	43,723,944	27,115,337
	₱487,580,077	₱836,353,330	₱551,428,948

22. Operating Expenses

	2023	2022	2021
Advertising and trade promotion	**₱2,560,375,760**	₱2,247,386,603	₱2,073,734,006
Freight and handling	**2,413,553,479**	2,329,478,038	1,970,418,570
Salaries and employee benefits (see Note 26)	**1,921,941,192**	1,829,157,265	1,623,403,959
Legal and professional fees	**450,912,166**	637,342,063	213,065,207
Outside services	**342,875,410**	233,455,306	203,277,889
Taxes and licenses	**216,968,038**	216,267,737	228,223,739
Rent (see Note 30)	**216,877,274**	189,455,114	122,411,520
Repairs and maintenance	**200,610,734**	142,919,276	121,466,767
Depreciation and amortization (see Notes 11, 12, and 13)	**190,573,107**	172,044,455	160,051,913
Travel and entertainment	**187,926,242**	153,378,858	129,021,492
Provision for ECLs (see Note 8)	**95,696,427**	67,794,642	–
Utilities	**83,604,188**	69,207,595	28,356,286
Supplies	**77,269,607**	63,692,264	66,171,978
Insurance	**65,639,786**	31,130,495	21,593,081
Fees and dues	**47,536,911**	41,127,735	38,490,203
Royalties (see Note 11)	**36,881,501**	36,806,126	30,537,456
Provisions for slow moving inventories (see Note 9)	**20,990,073**	5,580,002	4,723,029
Others	**108,348,157**	247,658,175	29,254,791
	₱9,238,580,052	₱8,713,881,749	₱7,064,201,886

23. Other Expenses

	2023	2022	2021
Penalties and other taxes	**₱121,459,352**	₱199,179,391	₱18,065,268
Provision on loss on inventory write-down (see Note 9)	**82,517,487**	89,333,205	–
Inventories written-off	**77,567,520**	–	220,130,994
Foreign currency loss - net	**45,741,819**	–	–
Reimbursables	**45,148,229**	9,139,115	17,110,689
Rent (see Note 30)	**23,318,126**	25,897,447	12,072,389
Documentary stamp tax	**16,520,153**	36,433,970	24,002,187
Input tax for government and exempt sales	**15,974,935**	28,042,057	7,936,764
Bank charges	**8,787,883**	6,767,595	8,605,373
Provision on impairment of input tax (see Note 10)	**–**	–	31,047,893
Others	**16,998,128**	17,204,625	41,603,608
	₱454,033,632	₱411,997,405	₱380,575,165

24. Employee Benefits

Aggregate employee benefits expense comprised of:

	2023	2022	2021
Cost of goods sold:			
Short-term benefits	**₱861,830,333**	₱779,178,842	₱636,356,443
Post-employment benefits (see Note 17)	**33,165,742**	28,854,761	21,944,888
	894,996,075	808,033,603	658,301,331
Operating expenses:			
Short-term benefits	**1,850,189,186**	1,720,435,028	1,503,209,482
Post-employment benefits (see Note 17)	**71,752,006**	108,722,237	120,194,477
	1,921,941,192	1,829,157,265	1,623,403,959
	₱ 2,816,937,267	₱ 2,637,190,868	₱ 2,281,705,290

25. 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. (CPGI)	Ultimate Parent Company
Yoshinoya Century Pacific, Inc. (YCPI)	Fellow subsidiary
Century Pacific Vietnam Co., Ltd. (CPVL)	Fellow subsidiary
Century Pacific Group RSPO Foundation Inc.	Related Party under common ownership
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
Pacifica Homes Development Corporation (PHDC)	Fellow subsidiary
Pacific Pabahay Homes, Inc. (PPHI)	Fellow subsidiary
Centrobless Corp. (CBC)	Fellow subsidiary
Shakey's Asia Foods, Holding Inc. (SAFHI)	Fellow subsidiary
DBE Project Inc. (DPI)	Fellow subsidiary
Shakey's Pizza Asia Ventures, Inc. (SPAVI)	Fellow subsidiary
Bakemasters, Inc. (BMI)	Fellow subsidiary
Shakey’s Pizza Commerce, Inc. (SPCI)	Fellow subsidiary
Wow Brand Holdings, Inc. (WBHI)	Fellow subsidiary
World Stage International Network	Related Party under common ownership
Hopex Environment Group Inc.	Related Party under common ownership
Generationhope Inc.	Related Party under common ownership

The summary of the Group's transactions and outstanding balances with related parties as at and for the years ended December 31, 2023 and 2022 are as follows:

	Amount of Transactions During the Year			Outstanding Receivable (Payable)	
Related Party Category	**2023**	2022	2021	**2023**	2022
Ultimate Parent Company					
Service fee (Note c)	**₱7,817,011**	₱921,331	₱160,416	**₱8,079,465**	₱28,741
Interest	–	–	250,000	–	–
Cost reimbursements (Note c)	**27,532**	126,093	18,015,364	–	–
Rental expense (Note g)	**75,775,843**	70,902,313	68,954,185	**(7,760,457)**	(5,231,197)
Dividends (Note 29)	**892,560,000**	803,304,000	803,304,000	–	–
Miscellaneous deposit (Note g)	–	–	–	**18,681,880**	18,324,508
Cash advance (Note f)	–	–	300,000,000		
Fellow Subsidiaries & Associates					
Shared services fee (Note d)	**2,473,380**	–	4,119,686	**508,556**	–
Sale of inventories (Note a)	**340,119,571**	294,229,875	245,506,197	**222,325,111**	176,010,744
Purchase of inventories (Note b)	**9,634,237**	4,810,448	32,623,226	**(15,261,099)**	(16,422,446)
Service fee (Note c)	**8,653,155**	7,140,763	14,667,478	**8,190,250**	2,235,003
Purchase of service	**19,359,800**	–	–	–	–
Cost reimbursements (Note c)	**70,436,733**	74,665,655	67,850,087	**(6,856,779)**	(4,265,194)
Rental expense (Note g)	**7,487,544**	3,407,722	3,250,787	**(667,640)**	–
Miscellaneous deposit (Note g)	–	–	–	**849,149**	849,150
Royalty fee	**1,183,446**	1,747,904	–	–	–
Sale of property, plant and equipment (Note e)	–	–	5,255,487	–	–
Due from Related Parties				**₱258,634,411**	₱197,448,146
Due to Related Parties				**(₱30,545,975)**	(₱25,918,837)

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, 2023 and 2022, 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 consolidated 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 fee from related parties amounted to ₱11.7 million, ₱8.1 million, and ₱14.8 million in 2023, 2022 and 2021, respectively, as disclosed in Note 23. Shared cost reimbursement from related parties amounted to ₱70.5 million, ₱74.8 million, and ₱85.9 million in 2023, 2022 and 2021, 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 ₱2.5 million, nil, and ₱4.1 million in 2023, 2022 and 2021, respectively, which is included in other income account in the consolidated statements of comprehensive income as shown in Note 21.

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 the Parent Company funds for working capital requirements. These advances are non-interest bearing and short-term in nature.

g. In 2023, 2022 and 2021, the Group has a lease agreement with CPGI and RRC for the use of land, warehouses and office space as a lessee (see Notes 12 and 30).

Remuneration of Key Management Personnel
The remuneration 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*:

	2023	2022	2021
Short-term employee benefits	**₱308,208,402**	₱280,495,656	₱247,567,129
Post-employment benefit	**47,579,075**	37,738,693	17,433,729
	₱355,787,477	₱318,234,349	₱265,000,858

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, 2023 and 2022 as disclosed in Note 26. There are no declared availments in 2023 and 2022.

26. 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, 2023 and 2022, 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.

	2023		2022	
	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 ₱17.3 million, ₱6.6 million, ₱15.7 million and ₱18,8 million in 2017, 2016, 2015 and 2014. There were no share options offered for purchase or subscription from the management in 2023, 2022, and 2021. 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.

27. 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
2023	**February 20, 2023**	**March 20, 2023**	**April 4, 2023**	**₱0.40**	**₱1,416,903,438**
2022	June 30, 2022	July 29, 2022	August 15,2022	0.36	1,275,213,094
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

Of the total cash dividend declared, the dividends paid to CPGI in 2023 and 2022 amounted to ₱892.6 million and ₱803.3 million respectively.

28. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2023	2022	2021
Profit for the year (a)	**₱5,579,159,560**	₱4,999,168,825	₱4,673,016,414
Weighted average number of common shares (b)	**3,542,258,595**	3,542,258,595	3,542,258,595
Weighted average number of share options granted (c)	**4,213,145**	4,213,145	4,213,145
Basic earnings per share (a)/(b)	**₱1.5750**	₱1.4113	₱1.3192
Diluted earnings per share (a)/[(b)+(c)]	**₱1.5732**	₱1.4096	₱1.3177

29. 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 lines 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, 2023 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, 2023, the total credit line facility amounted to ₱13.5 billion of which ₱6.0 billion is already used, as disclosed in Note 15.

Capital Commitments
As at December 31, 2023 and 2022, 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 2023 and has remaining estimated costs to complete as follows:

	2023	2022
CPAVI	**₱62,043,890**	₱258,456,975
CPFI	**251,856,652**	165,841,072
GTC	**11,187,111**	17,158,543
	₱325,087,653	₱441,456,590

The Group shall finance the remaining estimated costs from internally generated cash from operations.

Contingencies
As at April 10, 2024, 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.

30. 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:

	2023	2022	2021
Rental expenses lodged under:			
Cost of goods sold (see Note 20)	**₱255,307,365**	₱203,792,048	₱172,920,475
Operating expenses (see Note 22)	**216,877,274**	189,455,114	122,411,520
Other expenses (see Note 23)	**23,318,126**	25,897,447	12,072,389
	₱495,502,765	₱419,144,609	₱307,404,384

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:

	2023	2022
Within one year	**₱408,489,413**	₱358,672,509
More than 1 year to 2 years	**345,703,835**	289,327,161
More than 2 years to 3 years	**264,231,327**	219,106,347
More than 3 years to 4 years	**223,131,298**	179,701,171
More than 4 years to 5 years	**149,435,383**	141,185,550
More than 5 years	**916,758,824**	844,131,351
	₱2,307,750,080	₱2,032,124,089

Presented in the consolidated statements of financial position as:

	2023	2022
Current	**₱297,536,128**	₱293,030,338
Noncurrent	**1,402,955,848**	1,248,956,896
	₱1,700,491,976	₱1,541,987,234

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	**₱1,541,987,234**	₱1,411,838,675
Additions	**599,287,274**	411,221,989
Lease modification and pre-terminations	**(138,515,825)**	(4,300,789)
Interest expenses	**125,312,018**	90,364,260
Payments	**(427,578,725)**	(367,136,901)
Balance at end of year	**₱1,700,491,976**	₱1,541,987,234

Interest rates underlying all obligations are fixed at respective contract dates ranging from 6.00% to 8.26% and 3.125% to 8.88% in 2023 and 2022, 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, 2023 and 2022, total security deposits recognized in the consolidated statements of financial position as part of noncurrent assets amounted to ₱67.1 million and ₱147.0 million, respectively (see Note 14).

31. Income Taxes

Components of income tax expense charged to profit or loss are as follows:

	2023	2022	2021
Current tax expense	**₱1,081,522,339**	₱981,492,487	₱745,476,750
Deferred tax expense (benefit) (see Note 32)	**(134,250,862)**	(203,104,533)	149,420,870
	₱947,271,477	₱778,387,954	₱894,897,620

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:

	2023	2022	2021
Tax on pretax income at statutory tax rate	**₱1,631,607,759**	₱1,444,389,195	₱1,391,978,509
Tax effects of:			
Effects of using OSD instead of itemized deductions	**(310,615,659)**	(305,508,673)	(235,080,123)
Income under income tax holiday	**(303,344,008)**	(293,206,308)	(254,421,316)
Income subject to lower tax rates	**(238,091,161)**	(276,699,903)	(226,263,007)
Non-deductible expenses	**202,849,867**	218,509,394	192,848,077
Interest income subject to final tax	**(15,937,602)**	(1,768,693)	(944,301)
Effects of previously unrecognized deferred tax asset	**(12,481,995)**	(4,500,000)	43,193,910
Nontaxable income	**(6,715,724)**	(2,827,058)	(4,445,209)
Adjustment on the effect of CREATE	**–**	–	(11,968,920)
	₱947,271,477	₱778,387,954	₱894,897,620

32. **Deferred Taxes**

Net deferred tax assets as at December 31, 2023 and 2022 comprise the following:

	2023	2022
Deferred tax assets	**₱1,314,855,052**	₱1,154,580,375
Deferred tax liabilities	**(436,563,690)**	(436,017,446)
	₱878,291,362	₱718,562,929

The components of the Group's net deferred tax assets (liabilities) are as follows:

	2023	2022
Deferred tax assets:		
Provisions	**₱500,987,919**	₱451,315,896
Lease liabilities	**469,855,557**	460,977,178
Allowance for write-down of inventory	**148,640,710**	120,125,861
Post-employment benefit obligation	**115,056,865**	92,192,621
NOLCO	**54,322,371**	16,763,076
Allowance for doubtful accounts	**12,056,124**	6,552,492
MCIT	**10,143,113**	4,701,430
Unrealized foreign currency loss	**2,706,566**	1,951,821
Others	**1,085,827**	–
	₱1,314,855,052	₱1,154,580,375

(Forward)

	2023	2022
Deferred tax liabilities:		
Right of use asset	**(₱419,191,791)**	(₱417,254,776)
Gain in changes in fair value	**(17,019,216)**	(17,019,216)
Unrealized foreign exchange gain	**(352,683)**	(296,953)
Debt issuance cost	**–**	(1,446,501)
	(436,563,690)	(436,017,446)
	₱878,291,362	₱718,562,929

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	₱435,791	₱–	₱–	₱–	₱435,791
2021	2026	107,152,955	–	–	–	107,152,955
2022	2025	142,996,600	–	–	–	142,996,600
2023	2026	128,774,142	–	–	(16,325,471)	112,448,671
		₱379,359,488	(₱-)	₱–	(₱16,325,471)	₱363,034,017

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
2023	2026	₱4,990,211	₱–	₱–	₱–	₱4,990,211
2022	2025	2,412,935	–	–	–	2,412,935
2021	2024	2,288,495	–	–	–	2,288,495
2020	2023	1,093,964	–	(1,093,964)	–	–
		₱10,785,605	₱–	₱1,093,964)	₱–	₱9,691,641

The Group has unrecognized deferred tax asset on NOLCO amounting to ₱140.8 million incurred in 2022 and 2021.

33. Fair Value of Financial Instruments

As of December 31, 2023 and 2022, the carrying amounts approximate the fair values for the Group's financial assets and liabilities due to its short-term maturities except as follows:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liability for which fair value is disclosed-				
Borrowings	**₱6,034,343,309**	**₱5,318,976,084**	₱7,814,213,995	₱6,892,812,472

The fair value of borrowings was obtained by discounting the instrument's expected cash flows using prevailing market rates ranging from 4.20% to 5.70 % as at December 31, 2023 and 2.10% to 5.70% as at December 31, 2022. Fair value category is Level 2, significant observable inputs.

There have been no transfers between Level 1 and Level 2 in 2023 and 2022.

34. **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:

	2023	2022
Cash and cash equivalents	**₱352,011,470**	₱329,884,354
Trade and other receivables	**2,670,563,615**	2,230,157,384
Trade and other payables	**(542,360,985)**	(1,209,968,451)
	₱2,480,214,100	₱1,350,073,287

Breakdown of Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	2023		2022	
	USD	**CNY**	USD	CNY
Cash and cash equivalents	**272,643,510**	**79,367,960**	249,675,549	80,208,804
Trade and other receivables	**2,663,377,537**	**7,186,077**	2,221,091,638	9,065,747
Trade and other payables	**(236,732,792)**	**(305,628,192)**	(926,715,551)	(283,252,900)
	2,699,288,255	**(219,074,155)**	1,544,051,636	(193,978,349)

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 and CNY 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, 2023		
Philippine Peso	**+/-1.87%**	**₱46,380,004**
December 31, 2022		
Philippine Peso	+/-5.65%	₱76,279,141

The following table details the Group's sensitivity to a 1.87% and 5.65% increase (decrease) in the functional currency of the Group against the USD and CNY as at December 31, 2023 and 2022 respectively. The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 1.87% 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 1.87% 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 1.87% and 5.65% against the relevant currency. For a 1.87% 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:

	2023	2022
	Effect in profit and loss	Effect in profit and loss
Cash and cash equivalents	**(₱6,582,614)**	(₱18,638,466)
Trade and other receivables	**(49,939,540)**	(126,003,892)
Trade and other payables	**10,142,150**	68,363,217
	(₱46,380,004)	(₱76,279,141)

Further, 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, 2023 and 2022 follows:

Change in Interest Rates (in Basis Points)	**2023**	2022
300bp rise	**(₱181,030,299)**	(₱234,426,420)
225bp rise	**(135,772,724)**	(175,819,815)
300bp fall	**181,030,299**	234,426,420
225bp fall	**135,772,724**	175,819,815

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 dealing only 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:

	2023	2022
Cash in banks and cash equivalents	**₱5,050,017,194**	₱2,149,448,030
Trade and receivables	**9,386,654,691**	8,771,584,426
Due from related parties	**258,634,411**	197,448,146
Security deposits	**67,113,179**	147,044,018
Deposits for containers	**25,932,432**	32,885,250
Deposits on utilities	**33,159,086**	31,985,871
Revolving funds	**22,938,793**	12,978,180
	₱14,844,449,786	₱11,343,373,921

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:

2023		**Days past due**					
	Current	**<30 days**	**30-60 days**	**61-90 days**	**90-120 days**	**>121 days**	**Total**
ECL rate	**0.007%**	**0.048%**	**0.126%**	**0.225%**	**0.241%**	**7.569%**	
Estimated total gross carrying at default	**₱4,946,539,703**	**₱1,630,650,836**	**₱520,020,859**	**₱208,926,094**	**₱283,313,640**	**₱1,608,640,183**	**₱9,198,091,315**
ECL	**₱346,589**	**₱786,054**	**₱653,360**	**₱470,236**	**₱684,040**	**₱121,760,096**	**₱124,700,375**

2022		Days past due					
	Current	<30 days	30-60 days	61-90 days	90-120 days	>121 days	Total
ECL rate	0.004%	0.013%	0.008%	0.035%	0.090%	2.133%	
Estimated total gross carrying at default	₱4,856,155,922	₱1,562,782,019	₱350,978,941	₱286,407,607	₱278,093,173	₱1,171,585,064	₱8,506,002,726
ECL	₱200,933	₱204,702	₱29,688	₱101,453	₱251,076	₱24,986,785	₱25,774,637

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:

	Internal credit rating	12m or lifetime ECL	Gross carrying amount (i)	Loss allowance	Net carrying amount
2023					
Trade receivables (Note 8)	(i)	Lifetime ECL (simplified approach)	**₱9,198,091,315**	**₱190,639,597**	**₱9,007,451,718**
Due from related parties (Note 25)	Performing	12m ECL	**253,553,589**	–	**253,553,589**
Security deposits (Note 14)	Performing	12m ECL	**67,113,179**	–	**67,113,179**
Deposits for containers (Note 14)	Performing	12m ECL	**25,932,432**	–	**25,932,432**
Deposits on utilities (Note 14)	Performing	12m ECL	**33,159,086**	–	**33,159,086**
Revolving funds (Note 14)	Performing	12m ECL	**22,938,793**	–	**22,938,793**
			₱9,600,788,394	**₱190,639,597**	**₱9,410,148,797**
2022					
Trade receivables (Note 8)	(i)	Lifetime ECL (simplified approach)	₱8,506,002,726	₱94,943,170	₱8,411,059,556
Due from related parties (Note 25)	Performing	12m ECL	197,448,146	–	197,448,146
Security deposits (Note 14)	Performing	12m ECL	147,044,018	–	147,044,018
Deposits for containers (Note 14)	Performing	12m ECL	32,885,250		32,885,250
Deposits on utilities (Note 14)	Performing	12m ECL	31,493,571	–	31,493,571
Revolving funds (Note 14)	Performing	12m ECL	12,978,180	–	12,978,180
			₱8,927,851,891	₱94,943,170	₱8,832,908,721

(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 contractual undiscounted principal payments of financial liabilities, based on the earliest date on which the Group can be required to pay.

	Within One Year	More Than 1 Year to 5 Years	More Than 5 to 10 Years	Total
2023				
Trade and other payables*	**₱10,032,075,639**	**₱–**	**₱–**	**₱10,032,075,639**
Borrowings**	**2,890,000,000**	**118,000,000**	**3,022,000,000**	**6,030,000,000**
Lease liabilities	**306,351,398**	**670,913,574**	**808,692,876**	**1,785,957,848**
Due to related parties	**30,545,975**	–	–	**30,545,975**
	₱13,258,973,012	**₱788,913,574**	**₱3,830,692,876**	**₱17,878,579,462**
2022				
Trade and other payables*	₱9,236,362,339	₱–	₱–	₱9,236,362,339
Borrowings**	4,660,000,000	118,000,000	3,042,000,000	7,820,000,000
Lease liabilities	489,605,191	1,351,151,029	1,164,298,913	3,005,055,133
Due to related parties	25,918,837	–	–	25,918,837
	₱14,411,886,367	₱1,469,151,029	₱4,206,298,913	₱20,087,336,309

**Excluding withholding taxes payable and non-trade payable*
***Excluding interest*

The Group's has cash and cash equivalents, trade and other receivables and due from related parties amounting to ₱14,695.3 million and ₱11,118.5 million as of December 31, 2023 and 2022, respectively, that are readily available to meet the Group's liquidity needs. The Group also expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from equity or debt financing and cash flows from operations. As at December 31, 2023, the Group has undrawn credit line facility that may be available in the future for the operating activities and settling capital commitments amounting to ₱13.5 billion.

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.

35. **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, 2023 and 2022 are as follows:

	2023	2022
Total liabilities	**₱18,691,564,944**	₱19,554,798,370
Total equity	**32,850,529,357**	28,778,992,824
Debt-to-equity ratio	**0.57:1**	0.68:1
Total current assets	**₱34,476,257,008**	₱31,649,572,764
Total current liabilities	**13,801,188,095**	14,868,139,307
Current ratio	**2.50:1**	2.13:1

Pursuant to the PSE's rules in minimum public ownership, at least 20% of the issued and outstanding shares of a listed company must be owned and held by the public. As at December 31, 2023 and 2022, the public ownership is 34.44% and 31.22 %, respectively.

36. **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 ₱24.0 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.

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 consolidated 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:

	Fair values recognized
Current Assets:	
Cash and cash equivalents	₱271,032,463
Trade and other receivables	208,001,888
Inventories	308,822,043
Other current assets	58,644,327
Total Current Assets	846,500,721
Noncurrent Assets	
Property, plant and equipment	184,314,100
Intangible asset	423,264,486
Other noncurrent assets	4,563,029
Total Noncurrent Assets	612,141,615
Total Liabilities	1,393,570,514
Identifiable Net Assets Acquired	₱65,071,822

Identifiable Net Assets Acquired	₱65,071,822
Less: Purchased consideration transferred	24,000,000
Bargain purchase option	₱41,071,822

The fair values of the identifiable net assets acquired from PMCI amounted to ₱65.1 million. The fair value of the property, plant and equipment amounting to ₱184.3 million was measured using the replacement cost method while the fair value of the trademark amounting to ₱423.3 million 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 ₱41.1 million. As of December 31, 2022, the fair values of the assets acquired were finalized; no changes from the initial recognition were recognized by the Group.

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 ₱994.3 million and ₱19.0 million, respectively.

Consolidated revenues and net income in the 2021 consolidated statement of comprehensive income will be ₱54,981.0 million and ₱4,652.9 million, respectively, if PMCI was acquired beginning January 1, 2021.

Notes to cash flow - Acquisition of PMCI and effect of business combination

	At April 1, 2021
Fair value of identifiable net assets	₱65,071,822
Purchase consideration:	
Gain on bargain purchase	(41,071,822)
Net cash in subsidiaries acquired	(271,032,463)
	(₱247,032,463)

37. **Notes to the Consolidated Statement Cash Flows**

The following are the Group's noncash investing and financing activities:

a. In 2021, increase in other noncurrent assets and property, plant and equipment amounting to ₱4.6 million and ₱184.3 million, respectively, arising from acquisition of PMCI.

b. Noncash additions to property, plant and equipment amounting to ₱0.9 million, ₱4.8 million and nil for 2023, 2022 and 2021, respectively.

c. Noncash additions to right-of-use assets amounting to ₱599.3 million, ₱411.2 million, and ₱858.3 million for 2023, 2022, and 2021, respectively.

d. In 2021, the Group acquired various plant machinery and equipment and cost incurred in relation with the ongoing construction of the new production plant and administration building amounting to ₱2,302.5 million, of which ₱163.0 million was unpaid in 2021.

e. In 2022, the Group acquired various plant machinery and equipment and cost incurred in relation with the ongoing construction of the new production plant and administration building amounting to ₱2,302.5 million, of which ₱2.3 million was unpaid in 2022.

f. Unamortized debt issuance cost on borrowings amounted to ₱4.3 million, ₱5.8 million, and ₱8.1 million for 2023, 2022 and 2021, respectively.

The changes in the Group's liabilities arising from financing activities are as follows:

	2023					
	January 1	**Additions**	**Interest**	**Payments**	**Others**	**December 31**
Lease liabilities	**₱1,541,987,234**	**₱599,287,274**	**₱125,312,018**	**(₱427,578,725)**	**(₱138,515,825)**	**₱1,700,491,976**
Short-term borrowings	**4,640,000,000**	**5,140,000,000**	**–**	**(6,910,000,000)**	**–**	**2,870,000,000**
Long-term borrowings	**3,174,213,995**	**–**	**10,129,314**	**(20,000,000)**	**–**	**3,164,343,309**
Accrued interest	**39,423,918**	**–**	**348,434,807**	**(353,548,387)**	**–**	**34,310,338**
	₱9,395,625,147	**₱5,739,287,274**	**₱483,876,139**	**(₱7,711,127,112)**	**(₱138,515,825)**	**₱7,769,145,623**

	2022					
	January 1	Additions	Interest	Payments	Others	December 31
Lease liabilities	₱1,411,838,675	₱411,221,989	₱90,364,260	(₱367,136,901)	(₱4,300,789)	₱1,541,987,234
Short-term borrowings	2,800,000,000	5,010,000,000	–	(3,170,000,000)	–	4,640,000,000
Long-term borrowings	1,991,891,353	1,191,000,000	11,322,642	(20,000,000)	–	3,174,213,995
Accrued interest	18,952,943	–	213,486,312	(193,015,337)	–	39,423,918
	₱6,222,682,971	₱6,612,221,989	₱315,173,214	(₱3,750,152,238)	(₱4,300,789)	₱9,395,625,147

"Others" include interest expense pertaining to lease liability as at December 31, 2023 and 2022. The Group classifies interest paid as part of cash flows from financing activities.

SyCip Gorres Velayo & Co.
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1226 Makati City
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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Century Pacific Food, Inc.
7th Floor, Centerpoint Building
Julia Vargas St., Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Pacific Food, Inc. and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024. Our audits were 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 the 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.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10082028, January 6, 2024, Makati City

April 10, 2024

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Century Pacific Food, Inc.
7th Floor, Centerpoint Building
Julia Vargas St., Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Pacific Food, Inc. and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 10, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated 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 Group'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 consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10082028, January 6, 2024, Makati City

April 10, 2024

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, 2023

TABLE OF CONTENTS

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule A - Financial Assets
As of December 31, 2023

HTM Investments	Name of Issuing Entity	Face Value	Amount Shown in Balance Sheet	Income Received and Accrued
Total			-	-

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule B - Amounts Receivable from Employees
As of December 31, 2023

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	P43,634,707	P190,484,004	P185,152,700	P -	P48,966,011	P -	P48,966,011

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, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of Period
Century Pacific Food Inc	P3,290,321,408	P460,770,493		P -	P3,751,091,901	P -	P3,751,091,901
General Tuna Corporation	473,824,663	P174,492,697			648,317,360	-	648,317,360
Snow Mountain Dairy Corporation	455,537,295		10,523,450.44	-	445,013,845	-	445,013,845
Allforward Warehousing, Inc.	248,374,637		192,328,105	-	56,046,532	-	56,046,532
Century Pacific Agri Ventures Inc	186,165,472	151,913,270		-	338,078,742	-	338,078,742
Century Pacific Seacrest Inc	389,199,979	33,215,329		-	422,415,308	-	422,415,308
Century Pacific Food Packaging Ventures Inc.	226,914,531	317,341,694		-	544,256,225	-	544,256,225
General Odyssey Inc.	38,967		-	-	38,967	-	38,967
Millenium General Power Corporation	34,585,601		4,053,488	-	30,532,113	-	30,532,113
The Pacific Meat Company Inc	35,529,368		14,015,784	-	21,513,584	-	21,513,584
Century Pacific North America Enterprise Inc.	158,163,636		153,334,637.54	-	4,828,998	-	4,828,998
Century International (China) Co., Ltd.	28,166,175		28,166,175.00	-	-	-	-
Centennial Global Corporation	50,004,439		-	-	50,004,439	-	50,004,439
Total	**P5,576,826,171**	**P1,137,733,482**	**P402,421,640**	**-**	**P6,312,138,013**	**-**	**P6,312,138,013**

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
Schedule D - Intangible Assets
As of December 31, 2023

Descritption	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Goodwill	P2,915,325,199	-		P -	P -	P2,915,325,199
Trademark	P2,209,694,668	-		P -	P -	P2,209,694,668
Licensing Agreement	P423,144,846		(21,515,840)			P401,629,006
Total	**P5,548,164,713**	**-**	**(21,515,840)**	**P -**	**P -**	**P5,526,648,873**

CENTURY PACIFIC FOOD INC. AND SUBSIDIARIES
Schedule E - Long Term Debt
As of December 31, 2023

Bank	Beginning Balance	Availment	Payment	Ending Balance	Current	Non Current
BDO	P1,982,127,068	-	P11,476,062	P1,970,651,006	P5,675,578	P1,964,975,428
BPI	P1,192,086,927	-	(1,605,376)	P1,193,692,303	P1,685,214	P1,192,007,090
Total	**P3,174,213,995**	**-**	**P9,870,686**	**P3,164,343,309**	**P7,360,791**	**P3,156,982,518**

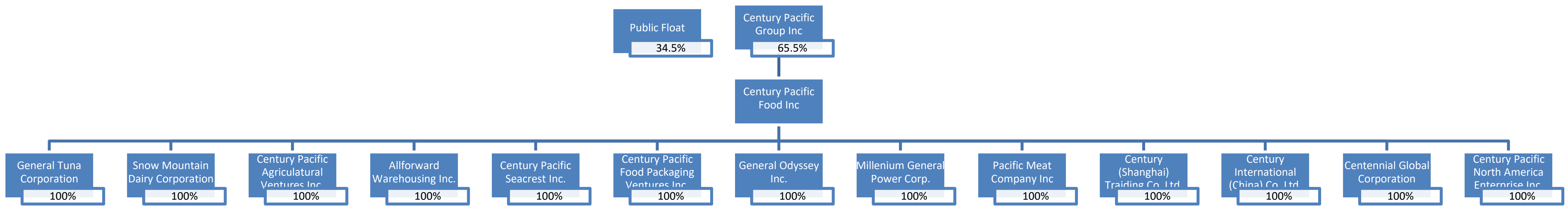
CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

Schedule H - Capital Stock

As of December 31, 2023

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	-	2,320,120,781	2,107,555	1,220,030,259

CENTURY PACIFIC FOOD, INC.
CONGLOMERATE MAP
AS OF DECEMBER 31, 2023



Annex A

Reconciliation of Retained Earnings
Available for Declaration
As at December 31, 2023

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
7th Floor Centerpoint Bldg., Julia Vargas St., Ortigas Center Pasig City

Items	Amount
Unappropriated Retained Earnings, beginning	P9,495,121,815
Adjustments:	
Deferred tax assets	(675,042,385)
Remeasurement of retirement benefit obligation - net of tax	223,618,778
Appropriation of retained earnings	-
Unappropriated Retained Earnings, as adjusted, beginning	9,043,698,208
Net Income based on the face of AFS	3,642,474,453
Less: Non-actual losses	
Change in deferred tax assets	(94,913,142)
Realized foreign exchange gain, except those attributable to Cash and cash equivalent	5,001,570
Net Income Actual/Realized	3,552,562,881
Adjustments:	
Dividend declarations during the year	(1,416,903,438)
Reversal of appropriations	4,236,038,579
Appropriation for the year	(12,500,000,000)
Unappropriated Retained Earnings, as adjusted, ending	**P2,915,396,230**

FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2023

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 Total Current Assets 34,476,257,008 Divide by: Total Current Liabilities 13,801,188,095 Current Ratio 2.50	2.5x	2.13x
Quick/Acid test ratio	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 34,476,257,008 Less: Inventories (16,901,959,562) Biological Assets - Prepayments and other Current Assets (2,878,991,150) Quick assets 14,695,306,296 Divide by: Total Current Liabilities 13,801,188,095 Quick/Acid test ratio 1.06	1.06x	0.75x
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilties 18,691,564,944 Divide by: Total Equity 32,850,529,357 Debt-to-equity ratio 0.57	0.57x	0.68x
Asset-to-equity ratio	Total Assets divided by Total Equity Total Assets 51,542,094,301 Divide by: Total Equity 32,850,529,357 Asset-to-equity ratio 1.57	1.57x	1.68x
Interest rate coverage ratio	Earnings before Interest and Taxes (EBIT) divided by Interest Expense EBIT 6,932,000,585 Divide by: Interest Expenses 483,876,139 Interest rate coverage ratio 14.33	14.33x	19.3x
Working capital turnover	Net Sales divided by Working Capital (Current Assets less Current Liabilities) Net Sales 67,124,343,619 Divide by: Working capital Current Assets 34,476,257,008 Less: Current Liabilities (13,801,188,095) Working Capital 20,675,068,913 Working Capital Turnover 3.25	3.25x	3.71x
Return on equity	Profit from operations divided by Total Equity Profit from Operations 5,579,159,559 Divide by: Total Equity 32,850,529,357 Return on equity 16.98%	16.98%	17.37%
Return on assets	Profit from operations divided by Total Assets Profit from Operations 5,579,159,559 Divide by: Total Assets 51,542,094,301 Return on assets 10.82%	10.82%	10.34%
Net profit margin	Profit from operation divided by Net Sales Profit from operation 5,579,159,559 Divide by: Net Sales 67,124,343,619 Net profit margin 8.31%	8.31%	8.03%
Operating profit margin	Profit before Taxes (PBT) divided by Net Sales Profit before tax 6,526,431,036 Divide by: Net Sales 67,124,343,619 Net profit margin 9.72%	9.72%	9.28%