

# COVER SHEET

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**COMPANY NAME**

[illegible]

(Business Address: No. Street City / Town / Province)

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

**Form Type**

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Department requiring the report

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Secondary License Type, If Applicable

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## COMPANY INFORMATION

**Company's Email Address**

**clad@plantersproducts.com**

**Company's Telephone Number/s**

8818-2332

Mobile Number

(0917) 120 1268

No. of Stockholders

812,476
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Annual Meeting (Month / Day)

3rd Tuesday of October

Fiscal Year (Month / Day)

**April 30**

### CONTACT PERSON INFORMATION

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

Name of Contact Person

**Carlwin Thomson U. Ong**

Email Address

ctong@plantersproducts.com

**Telephone Number/s**

**8818-2332**

Mobile Number

**(0917) 863 2984**

**CONTACT PERSON'S ADDRESS**

**PPI BUILDING, 109 ESTEBAN STREET, LEGASPI VILLAGE , MAKATI 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 within information and complete contact details of the new contact person designated.

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended July 31, 2025

2. Commission identification number 21357

3. BIR Tax Identification No 000-137-080-000

4. Exact name of issuer as specified in its charter PLANTERS PRODUCTS, INC.

5. Philippines

Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  ( SEC Use Only)

109 Esteban St. Legaspi Village, Makati City 1229  
7. Address of issuer's principal office Postal Code

818-23-32 loc 138 or 126  
8. Issuer's telephone number, including area code

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
..... <u>Common</u> .....	..... <u>300,000,000</u> .....
.....	.....

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

Yes [ ] No [X]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

\_\_\_\_\_

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes ☒ No ☐

## **PART I - FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

Refer to attached Balance Sheets as of July 31, 2025 and April 30, 2025; Statement of Income (Loss) for the three-month period ended July 31, 2025 and July 31, 2024; Statement of Comprehensive Income (Loss) for the three-month period ended July 31, 2025 and July 31, 2024; Statement of Cash Flows for the three-month period ended July 31, 2025 and July 31, 2024; Statement of changes in Stockholders Equity for the three-month period ended July 31, 2025 and July 31, 2024, respectively.

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

Refer to attached Analysis of Operations, Financial Condition and 5 key performance indicators

## **PART II – OTHER INFORMATION**

Not applicable

## **Corporate Information**

Planters Products, Inc. was organized under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) per Registration No. 21357 on September 10, 1962 to engage in trading, manufacturing (reformulation), importation and distribution of goods such as agricultural chemicals, fertilizers and other farm inputs on wholesale or retail basis. The Company started its commercial operations in 1962.

The extension of the corporate term by another 50 years was approved by SEC on July 22, 2011.

The registered address of the Company is located at Planters Products Building, 109 Esteban St., Legaspi Village, Makati City.

In a special stockholder's meeting on May 19, 2011, with an affirmative vote of the stockholders owning or representing at least two-thirds of the outstanding stock, the Company's Articles of Incorporation was amended by extending the corporate term by another 50 years.

The Company's principal stockholder is Planters Foundation, Inc. (PFI), who is also a trustee for the 237,705,822 shares, equivalent to 79.24% of the total shares of the Company for issuance to farmers/stockholders.

By virtue of Letter of Instructions (LOI) No. 178 dated March 28, 1974 by then President Marcos, PFI was created to hold in trust and distribute to Filipino farmers the shares of stocks of the Company.

For the past four years, the Company has not experienced bankruptcy, receivership or similar proceedings.

### Plant in Carmelray Industrial Park, Canlubang Laguna

On April 29, 2008, Carmelray Plant was inspected by the Fertilizers & Pesticides Authority and license to operate was released on June 6, 2008 and was consistently renewed every year thereafter.

## **Results of Operations**

### For the first quarter ended July 31, 2025 vs. July 31, 2024 Results

For the first quarter ending July 31, 2025, the company sales totaled to P194.7M. A 38% increase from last year's P141.4M. The Company maintains its market share in the sale of pesticides by continuously reaching the farmers through the marketing activities conducted by the sales team. In addition to sales of traditional products, this quarter sales include sale of rice which is a new venture of the Company.

There was no material difference in the cost of sales percentage for the 1st quarter in both years so the increase in gross margin was brought mainly by the increase in sales.

Other income, net for the 1<sup>st</sup> quarter ending July 31, 2025 increased by 18% or P1.2M this year as compared to the same period last year. The increase was due to rental escalation to tenants of the building and warehouse as well as the increase in utilities billed to them.

General and administrative expenses for the 1<sup>st</sup> quarter ending July 31, 2025 amounted to P86.6M from P38.4M of the same period last year. The increased by 126% or P48.2M includes but not limited to; Warehouse rental for the rice inventory; Professional fees to a law firm for various time charges for due diligence made; sales and corporate incentive and gratuity pay for the current fiscal; and the penalties for the remaining tax audits.

Interest cost for the 1<sup>st</sup> quarter ending July 31, 2025 decreased by 26% from P3.2M last year to P2.4M this year. The average interest cost last year was 9.733% while this year it's only 9.530%.

As a result of the foregoing, the company registered a net income of P5.8M this quarter as compared to P21.7M for the same period last year after provision of 25% income tax.

**Financial Position**

Total assets for the first quarter ending July 31, 2025 attained P1,807.9M while P1,040.4M as of April 30, 2025.

Trade and other receivables increased to P140.6M from P73.1M as of April 30, 2025. The increased mainly pertains to outstanding receivables for Traditional Sales. This will be collected on or before it's maturity. Credit and collection ensure that receivables are within the normal collection period.

Inventories amounted to P1,061.8M at the end of the 1st quarter, a 329% increase from P247.7M as of April 30, 2025. The vast increase in inventory pertains to the full receipt of the imported rice. This is a new venture for the Company.

Prepayment and other current assets decreased by 47% or P69.9M for the first quarter ending July 31, 2025 as compared to P147.5M as of April 30, 2025. The decreased pertains to the payments of tariff duties and taxes related to the importation of rice.

Movement for Investment properties and Property, Plant and Equipment pertain to the normal wear and tear of assets charged to depreciation.

Trade and other payables as of July 31, 2025 amounted to P1,077.3M from P316.8M as of April 30, 2025. The increase was due to trade payables for the full receipt of the rice inventory. The Company is waiting for the payment from the customer which in turn will be paid to the supplier of the rice.

Loans payable - current as of July 31, 2025 decreased to NIL. While current loans payables were already fully paid, no partial payment was made for its long-term loans as of July 31, 2025.

Other non-current liabilities increased to P10.4M or by 5% as of July 31,2025. The increase was related to adjustments in the advance rental and deposit from building tenants due to contract renewal.

Stockholders Equity stood at P581.1M as of July 31, 2025 with a deficit amounting to P521.6M and P513.8M as of April 30, 2025 and July 31, 2025 respectively.

**Key Performance Indicators**

Management assessed the Company's performance based on the following key performance indicators:

Indicators	May - Jul 2025	May - Jul 2024
1. Current Ratio	1.25	1.82
2. Debt-to-equity ratio	2.11	0.81
3. Asset-to-equity ratio	3.11	1.81
4. Interest rate coverage ratio	4.29	9.99
5. Net income margin ratio	0.03	0.15

The interest rate coverage ratio and net income margin ratio are for the 1st quarter of the current and previous year while the current ratio, debt to equity ratio and asset to equity ratio are based on year-to-date balances for the current year and the audited year-end balance for the previous year.

PLANTERS PRODUCTS, INC.  
FINANCIAL SOUNDNESS INDICATORS  
As of July 31, 2025 and 2024

		JUL 2025	JUL 2024
A. OPERATING PERFORMANCE RATIOS			
1	GROSS PROFIT RATIO	0.46	0.45
	<div><div>Gross Profit</div><div>Net Sales</div></div>	<div><div>89,155,121</div><div>194,739,544</div></div>	<div><div>64,079,306</div><div>141,376,648</div></div>
2	OPERATING INCOME TO SALES	0.50	0.50
	<div><div>Income from Operations</div><div>Net Sales</div></div>	<div><div>96,757,352</div><div>194,739,544</div></div>	<div><div>70,524,864</div><div>141,376,648</div></div>
3	PRETAX INCOME TO SALES	0.04	0.20
	<div><div>Pretax Income</div><div>Net Sales</div></div>	<div><div>7,790,634</div><div>194,739,544</div></div>	<div><div>28,928,877</div><div>141,376,648</div></div>
4	NET INCOME TO SALES	0.03	0.15
	<div><div>Net Income</div><div>Net Sales</div></div>	<div><div>5,842,976</div><div>194,739,544</div></div>	<div><div>21,696,658</div><div>141,376,648</div></div>

<b>PLANTERS PRODUCTS, INC.</b> <b>FINANCIAL SOUNDNESS INDICATORS</b> As of July 31, 2025 and April 30, 2025		
	July	April
<b>B. SHORT-TERM LIQUIDITY RATIO</b>		
5 CURRENT RATIO	1.25	1.82
<u>Current Assets</u>	1,343,765,210	579,975,072
<u>Current Liabilities</u>	1,077,354,374	318,137,164
6 ACID TEST RATIO	0.19	0.58
<u>Quick Assets</u>	204,310,889	184,701,331
<u>Current Liabilities</u>	1,077,354,374	318,137,164
7 WORKING CAPITAL TO ASSETS	0.15	0.25
<u>(Current Assets - Current Liabilities)</u>	266,410,835	261,837,909
<u>Total Assets</u>	1,807,888,517	1,040,378,090
<b>C. LONG-TERM SOLVENCY</b>		
8 DEBT TO EQUITY	2.11	0.81
<u>Total Liabilities</u>	1,226,818,125	467,098,332
<u>Shareholders' Equity</u>	581,070,393	573,279,758
9 LONG-TERM DEBT TO EQUITY	0.26	0.26
<u>Long-Term Debt</u>	149,463,750	148,961,168
<u>Shareholders' Equity</u>	581,070,393	573,279,758
10 FIXED ASSETS TO EQUITY	0.74	0.74
<u>(Fixed Assets - Accumulated Depreciation)</u>	429,838,624	426,102,462
<u>Shareholders' Equity</u>	581,070,393	573,279,758
11 ASSET TO EQUITY	3.11	1.81
<u>Total Assets</u>	1,807,888,517	1,040,378,090
<u>Shareholder's Equity</u>	581,070,393	573,279,758
12 TIMES INTEREST EARNED	4.29	9.99
<u>Earnings before interest and taxes</u>	10,161,193	32,145,224
<u>Interest Expense</u>	2,370,559	3,216,347

### **Other Disclosures**

1. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.
2. There has been no significant element of income or loss that did not arise from the registrant's continuing operations.
3. There were no material off-balance sheet transactions, arrangements obligations (including contingent obligations), and other relationship of the company with unconsolidated entities or other persons created during the reporting period.
4. There were no events that will trigger a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
5. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. There were no known material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such commitments.
7. There were no known seasonal aspects that had a material effect on the financial condition or results of operations.

There are no other disclosures not made under SEC Form 17-Q. When in case of occurrence of an event that may affect the company's financial position and results of its operation, proper disclosure will be made separately and reported on SEC Form 17-A.



**PLANTERS PRODUCTS INC.**  
**INTERIM STATEMENTS OF FINANCIAL POSITION**  
**JULY 31, 2025 AND APRIL 30, 2025**

	JULY 31, 2025	APRIL 30, 2025
<b>ASSETS</b>		
<b>Current assest</b>		
Cash and cash equivalents	P63,721,658	P111,564,308
Trade and other receivables, net	140,589,230	73,137,023
Inventories, net	1,061,798,608	247,747,817
Prepayment and other currents	77,655,713	147,525,925
<b>Total current assets</b>	<b><u>1,343,765,210</u></b>	<b><u>579,975,072</u></b>
<b>Non-current assets:</b>		
Available-for-sale investments	11,200,000	11,200,000
Property and equipment, net	51,400,801	47,258,253
Investment properties, net	378,437,823	378,844,209
Net deferred tax assets	17,927,476	17,927,476
Other noncurrent assets, net	5,157,207	5,173,080
<b>Total non-current assets:</b>	<b><u>464,123,308</u></b>	<b><u>460,403,018</u></b>
<b>Total assets</b>	<b><u>P1,807,888,517</u></b>	<b><u>P1,040,378,090</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	P1,077,267,383	P316,800,172
Loans Payable	-	1,250,000
Income Tax Payable	86,992	86,992
<b>Total current liabilities</b>	<b><u>1,077,354,374</u></b>	<b><u>318,137,164</u></b>
<b>Noncurrent Liabilities</b>		
Loans payable - net of current portion	104,000,000	104,000,000
Lease liabilities - net of current portion	6,978,611	6,978,611
Retirement benefit obligation	28,063,952	28,063,952
Other Non-current Liabilities	10,421,188	9,918,606
<b>Total noncurrent Liabilities</b>	<b><u>149,463,750</u></b>	<b><u>148,961,168</u></b>
<b>Total liabilities</b>	<b><u>1,226,818,125</u></b>	<b><u>467,098,332</u></b>
<b>Equity</b>		
Share Capital	300,000,000	300,000,000
Treasury share, at cost	(553,172)	(553,172)
Share Premium	794,417,076	794,417,076
Remeasurements – net	(8,687,689)	(8,687,689)
Fair Value Gain on Financial Assets at Fair Value through OCI – net	9,657,804	9,657,804
Deficit	(513,763,626)	(521,554,261)
<b>Total equity</b>	<b><u>581,070,393</u></b>	<b><u>573,279,758</u></b>
<b>Total liabilities and equity</b>	<b><u>P1,807,888,517</u></b>	<b><u>P1,040,378,090</u></b>

**PLANTERS PRODUCTS INC.**  
**INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED JULY 31, 2025 AND 2024**

	2025	2024
<b>Net sales</b>	P194,739,544	P141,376,648
Cost of sales	<u>(105,584,423)</u>	<u>(77,297,343)</u>
<b>Gross profit</b>	89,155,121	64,079,306
Other income, net	7,602,231	6,445,558
General and administrative expenses	<u>(86,596,159)</u>	<u>(38,379,640)</u>
<b>Income (loss) from operations</b>	10,161,193	32,145,224
Finance costs	<u>(2,370,559)</u>	<u>(3,216,347)</u>
<b>Income (loss) before income tax</b>	7,790,634	28,928,877
Income tax expense/benefit	<u>(1,947,659)</u>	<u>(7,232,219)</u>
<b>Net Income (loss)</b>	<u>P5,842,976</u>	<u>P21,696,658</u>
<b>Other Comprehensive income</b>		
Remeasurement gain (loss) on retirement benefit obligation	-	-
Valuation gain (loss) on AFS investments,		
<b>Total comprehensive income (loss)</b>	<u>P5,842,976</u>	<u>P21,696,658</u>
 <b>Weighted ave number of shares</b>	 299,446,828	 299,446,828
 <b>Basic Earnings Per Share</b>	 <b>0.02</b>	 <b>0.072</b>

**PLANTERS PRODUCTS, INC.**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JULY 31, 2025 AND JULY 31, 2024**

	2025 May-Jul	2024 May-Jul
<b>Cash flows from operating activities</b>		
Income (loss) before income tax	7,790,634	28,928,877
Adjustments for :		
Depreciation and amortization	3,112,924	3,204,288
Gain on sale of property and equipment	<u>(8,036)</u>	<u>-</u>
<b>Operating income (loss) before working capital changes</b>	10,895,522	32,133,165
Decrease ( increase ) in:		
Trade and other receivables	(67,452,207)	21,891,198
Inventories	(814,050,792)	(19,512,385)
Prepayment and other current assets	69,870,212	(35,419,612)
Other non-current assets	15,873	-
Increase (decrease) in:		
Trade and other payables	760,467,211	16,389,640
Other non-current liabilities	<u>502,582</u>	<u>731,355</u>
<b>Cash provided (used) in operating activities</b>	<u>(39,751,599)</u>	<u>16,213,360</u>
Contributions to plan asset	-	-
<b>Net cash provided by (used) in operating activities</b>	<u>(39,751,599)</u>	<u>16,213,360</u>
<b>Cash flows from investing activities</b>		
Acquisitions of property plant and equipment	(6,849,086)	(1,074,782)
Proceeds from disposal of property and equipment	8,036	-
<b>Net cash used in investing activities</b>	<u>(6,841,051)</u>	<u>(1,074,782)</u>
<b>Cash flows from financing activities</b>		
Payments of borrowings	<u>(1,250,000)</u>	<u>(41,250,000)</u>
<b>Net cash provided by (used in ) financing activities</b>	<u>(1,250,000)</u>	<u>(41,250,000)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(47,842,650)	(26,111,421)
<b>Cash and cash equivalents, beginning</b>	111,564,308	144,012,238
<b>Cash and cash equivalents, end</b>	<u>63,721,658</u>	<u>117,900,817</u>

PLANTERS PRODUCTS, INC.  
STATEMENTS OF CHANGES IN EQUITY  
COMPARATIVE 1ST QUARTER OF FISCAL YEARS

	Share Capital	Share Premium	Remeasurement gain (loss) on retirement benefit obligation	Unrealized loss on change in fair value of AFS	Deficit	Treasury shares	Total
Balance at April 30, 2025	300,000,000	794,417,076	-8,687,689	9,657,804	-521,554,261	-553,172	573,279,758
Net income - May - Jul 2025					5,842,976		5,842,976
Balance at July 31, 2025	300,000,000	794,417,076	-8,687,689	9,657,804	-515,711,285	-553,172	579,122,734
							-
	Share Capital	Share Premium	Remeasurement gain (loss) on retirement benefit obligation	Unrealized loss on change in fair value of AFS	Deficit	Treasury shares	Total
Balance at April 30, 2024	300,000,000	794,417,076	-10,015,310	13,457,804	-550,802,966	-553,172	546,503,432
Net income - May - Jul 2024					21,696,658		21,696,658
Balance at July 31, 2024	300,000,000	794,417,076	-10,015,310	13,457,804	-529,106,308	-553,172	568,200,090
							-

**PLANTERS PRODUCTS INC.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED JULY 31, 2025**

**Summary of Significant Accounting Policies**

**Basis of preparation**

The accompanying unaudited financial statements have been prepared in accordance with the Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim financial statements do not include all of the information and footnotes required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements as of and for the fiscal year ended April 30, 2025.

**Basis of measurement**

The accompanying unaudited financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income (FVOCI) and net retirement benefit liability which are measured at fair value.

**Functional and presentation currency**

The unaudited financial statements are presented in Philippine Peso and all values are rounded to the nearest thousand (P'000) except when otherwise indicated.

**Adoption of Amendments to PFRS**

The accounting policies adopted are consistent with those of the previous financial year. There are no amendments to PFRS Accounting Standards which are effective beginning May 1, 2024 that will have an impact on the Company's separate financial statements.

New and Amendments to PFRS Accounting Standards in Issue but Not Yet Effective or Adopted Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at April 30, 2025, that are expected to or may have a material impact when applied on the separate financial statements are summarized below:

Effective May 1, 2026 -

- Amendments to PFRS 9, Financial Instruments, and PFRS 7, *Financial Instruments: Disclosures - Classification and Measurement of Financial Assets* - The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduce a policy option to derecognize

financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

o Amendments to PFRS 9, *Financial Instruments - Transaction Price and Lessee Derecognition of Lease Liabilities* - The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to 'transaction price as defined by

PFRS 15, Revenue from Contracts with Customers' to 'the amount determined by applying PFRS 15' to remove potential confusion. Earlier application is permitted.

Effective May 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial statements* - This standard replaces PAS 1, Presentation of Financial Statements, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the forgoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the Company's separate financial statements. Additional disclosures will be included in the separate financial statements, as applicable.

#### Financial Instruments

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

The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

#### Financial Assets

*Recognition and Measurement.* Financial assets are recognized initially at fair value which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

*Financial Assets at Amortized Cost.* Financial assets are measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized, impaired and through amortization process.

*Impairment of Financial Assets at Amortized Cost.* The Company recognizes an allowance for expected credit loss (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, which is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the counterparty does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

*Financial Assets at FVOCI.* Financial assets at FVOCI pertain to equity instruments. For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity under PAS 32, *Financial Instruments: Presentation*. Dividends from financial assets at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in other comprehensive income (OCI) and presented in the equity section of the separate statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings.

*Derecognition.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

## Financial Liabilities at Amortized Cost

*Recognition and Measurement.* Financial liabilities at amortized cost are recognized initially at fair value, which is the fair value of the consideration received, net of any directly attributable transaction costs.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by considering any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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 separate statements of comprehensive income.

## Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs of rice inventory, raw materials, operating supplies comprise all purchase price and other costs incurred in bringing the inventories to its present location and condition. Cost of pesticide comprises raw materials, direct labor and related manufacturing overheads. Costs of raw materials and operating supplies are calculated using first-in and first-out (FIFO) method while cost of finished goods is calculated using standard costing method. Standard cost is subsequently adjusted to reflect actual cost which is determined using the FIFO method. NRV of raw materials and finished goods are the estimated selling price in the ordinary course of business, less the estimated costs of completion and of marketing and distribution while NRV of operating supplies are their current replacement costs.

When NRV of the inventories is lower than its cost, the Company provides an allowance for inventory obsolescence and recognizes the write-down as an expense in profit or loss. Any amount of reversal for write-down of inventories, arising from an increase in NRV, is recognized in profit or loss in the period in which the reversal occurs.

## Other Current Assets

*Advances to Suppliers.* Advances to suppliers are carried at cost less any impairment loss in the statements of financial position and are reclassified to appropriate asset or expense account when the services or materials for which the advances were made are received and delivered.

*Prepayments.* Prepayments are expenses paid in advance and are recorded as assets before these are amortized. These are recorded at costs and are apportioned over the period covered by the payment and included in profit or loss when incurred.

## Investments in Subsidiaries

The Company's investments in subsidiaries are carried at cost, less any impairment loss.

Subsidiaries are entities controlled by the Company. The Company controls a subsidiary if it is exposed or has the rights to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

Under the cost method, dividend income from the investment is recognized in profit or loss when the Company's right to receive the dividend is established. Distributions received in



excess of investment's profit are regarded as a recovery of investment and recognized as a reduction of the cost of investment.

When shares in a subsidiary are sold or otherwise disposed of, the cost of the shares is removed from the account and any gain or loss arising from the transaction is recognized in profit or loss Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization, and any impairment losses.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the year in which such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant, and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment Cost also includes the cost of replacing part of such property, plant and equipment when the recognition criteria are met.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Transportation equipment	3 to 20
Building and improvements	2 to 40
Machineries and equipment	3 to 20
Furniture, fixture and office equipment	2 to 10
Aircraft and vehicles held for leasing	3 to 20

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment losses are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Investment Properties

Investment properties pertain to land, building and improvements, condominium units, and construction in progress held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are accounted for using cost model. Under the cost model, investment properties, except land and construction in progress, are measured at cost less accumulated depreciation and amortization and any impairment loss. Land is measured at cost while construction in progress is measured at cost less any impairment loss.

Depreciation and amortization of investment properties begins when it is in the location and condition necessary for it to be utilized in the manner intended by the management. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the investment properties:

	Number of Years
Building and Improvements	5 to 40
Condominium Units	5 to 40

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of investment properties.

An investment property is derecognized either when the asset has been disposed of or when the investment property has been permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

*Construction in Progress.* Construction in progress, includes costs of construction and other direct costs which are not depreciated until such time that the relevant assets are completed and ready for operational use.

#### Intangible Assets

Intangible assets pertain to computer software.

Computer software is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value.

The useful life of intangible asset arises from the contractual rights and should not exceed the period of those rights but may be shorter depending on the period over which the intangible asset is expected to be used by the Company. These are reviewed at each reporting date to ensure that these are consistent with the expected pattern of economic benefits for the intangible asset. Changes in the expected useful life or the expected pattern or consumption of future economic benefits embodied in the intangible assets with finite useful life are recognized in profit or loss.

Depreciation and amortization of intangible asset is calculated on a straight-line basis over five (5) years.

#### Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been

determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

*Excess Tax Credits.* Excess tax credits pertain to creditable withholding tax (CWT) and prepaid income tax. CWT pertains to tax on the Company's income withheld and remitted to the Bureau of Internal Revenue (BIR) by customers and deducted from income tax payable on the same year the income was recognized. Prepaid income tax pertains to excess income tax payments of the Company over the amount due. Unapplied or excess income tax payments are carried forward and can be utilized in succeeding years.

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

VAT is a tax on consumption levied on the sale, barter, exchange or lease of goods, or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses and assets, except for receivables, are generally recognized net of the amount of VAT. The amount of VAT payable to the taxation authority is recognized as part of "Statutory payables" under "Trade and other payables" account and the amount of VAT recoverable from the taxation authority is presented as "Input VAT" under "Other current assets" account in the separate statements of financial position.

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

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

Based on Revenue Memorandum Circular (RMC) 21-2022, effective January 1, 2022, all input tax on purchases of capital goods shall no longer be deferred but allowed to be claimed upon purchase or payment. Remaining unutilized input VAT shall be allowed to be amortized as scheduled until fully utilized.

#### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued.

*Additional Paid-in Capital (APIC).* APIC represents the proceeds or fair value of consideration received more than the par value of the shares issued.

*Deficit.* Deficit represents the cumulative balance of net income or losses of the Company. At each reporting date, net income or loss of the Company is transferred to this account.

*Treasury Stock.* Treasury stock represents issued shares repurchased by the Company. The consideration paid, including any directly attributable incremental costs, net of related taxes, is deducted from equity until the shares are cancelled, reissued or disposed of.

*Other Comprehensive Income (Loss).* Other comprehensive income (loss) comprise items of income and expense that are not recognized in profit or loss in accordance with PFRS Accounting Standards. Other comprehensive income (loss) of the Company pertain to cumulative remeasurement losses on net retirement benefit liability (net of deferred tax) and cumulative unrealized gains on financial assets at FVOCI.

**Revenue Recognition**

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

Revenues from contracts with customers are recognized as follows:

*Sale of Goods.* Sale of goods are recognized at a point in time when control of goods has been transferred, when the products are delivered to the customer, and the Company has no obligation that could affect the customer's acceptance of goods.

*Other Income.* Income from other sources is recognized when earned during the period.

The following specific recognition criteria are outside the scope of PFRS 15, *Revenue from Contracts with Customers*:

*Interest Income.* Interest income is recognized as the interest accrues, net of final tax if applicable.

*Rental Income.* Rental income is recognized on a straight-line basis over the lease term.

**Cost and Expense Recognition**

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

*Cost of Goods Sold.* Cost of goods sold is recognized as expense when the related goods are delivered to and accepted by customers.

*Cost of Services.* Cost of services is recognized as expense when the related services are rendered

*General and Administrative Expenses.* General and administrative expenses constitute costs of administering the business and costs incurred to sell and market the goods. These include advertising and freight and handling, among others. These are recognized in profit or loss as incurred.

*Interest Expense.* Interest expense is recognized in profit or loss using the effective interest method.

**Employee Benefits**

*Short-term Employee Benefits.* The Company recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits are measured on an undiscounted basis and is included as part of "Trade and other payables" account in the separate statements of financial position.

*Retirement Benefits.* Retirement benefits costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary.

The net retirement benefit liability recognized by the Company is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting the estimated future cash flows using discount rates that reflect both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company recognizes retirement benefit cost, comprising of current service cost and interest cost, in profit or loss. The Company determines the interest cost or income by applying the discount rate to the net defined benefit liability at the beginning of the annual period, considering any changes in the net defined benefit liability during the period because of the benefit payments.

Remeasurements of the net retirement benefit liability, which comprise actuarial gains and losses, are recognized immediately in OCI. Remeasurements are not reclassified to profit or loss in subsequent periods. Cumulative remeasurement gains or losses are presented in the equity section of the separate statements of financial position.

#### Leases

The Company assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset. If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Company also assesses whether a contract contains a lease for each potential separate lease component.

*Company as Lessor.* Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease, if any, are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rent income.

*Company as a Lessee.* At the commencement date, the Company recognizes right-of-use (ROU) asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated are recognized as an expense on a straight-line basis.

*ROU Assets.* ROU assets, presented under "Property, plant and equipment" account, are measured at cost, less any accumulated depreciation and amortization, and impairment losses, and adjusted for any remeasurement of the related lease liabilities. The cost of ROU assets include:

- The amount of the initial measurement of lease liabilities;
- Any lease payments made at or before the commencement date less any lease incentives received;

- Any initial direct costs; and
- An estimation of costs to be incurred by the Company in dismantling and removing the underlying assets, when applicable.

After the commencement date, ROU assets are carried at cost less any accumulated amortization and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over their related lease terms ranging from four (4) to ten (10) years, or the remaining useful lives of the underlying assets at the commencement date, whichever is shorter.

*Lease Liabilities.* At commencement date, the Company measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early. Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liabilities are remeasured using a revised discount rate considering the revised lease payments based on the revised lease term or reflecting the change in amounts payable under the purchase option.

#### Foreign Currency-denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

#### Income Taxes

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

*Deferred Tax.* Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

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

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

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

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.

#### Related Party Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Related party relationships exist when one party can control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between entities which are under common control with the reporting enterprise, or between the Company and its key management personnel, directors, or its stockholders.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

#### Contingencies

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

#### Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to separate financial statements when material.

#### Significant Judgments, Accounting Estimates and Assumptions

The preparation of the separate financial statements in compliance with PFRS Accounting Standards requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the separate financial statements and related notes. The judgments, accounting estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions



may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the

Company: Judgments

*Determining Operating Lease - Company as Lessor.* The Company, as a lessor, has entered into

various lease arrangements for use of its land and building, classified under "Investment properties" account and, aircraft and vehicles, classified under "Property, plant and equipment" account.

The Company has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, the lease arrangements are accounted for as operating leases.

*Determining lease Term of Contracts with Renewal and Termination Options - Company as lessee.* The Company determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease arrangements that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

*Measuring Financial Assets at FVOCI.* The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

*Evaluation of the Adequacy of Tax liabilities.* The Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

*Classifying Investment Properties.* The Company determines whether a land or building qualifies as an investment property or an item of property, plant and equipment. In making its judgment, the Company considers whether the property is held primarily to earn rentals or capital appreciation or used for operations and administrative purposes by the Company.

The Company classifies land, building and improvements, condominium units, and construction in progress, held to earn rentals and for capital appreciation, as investment properties.

Accounting Estimates and Assumptions



*Assessing ECL on Trade Receivables.* The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Company also considers trade receivables that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

*Assessing ECL on Other Financial Assets at Amortized Cost.* The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL are provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

*Determining NRV of Inventories.* The Company writes down its inventories to NRV whenever the selling price less costs to complete and sell inventories becomes lower than cost due to usability in the production, damage, physical deterioration, obsolescence, changes in price levels or other causes.

However, when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in NRV because of changed economic circumstances, the amount of the write-down is reversed. These are being reviewed by the Company on a regular basis.

*Estimating Useful Lives of Property, Plant and Equipment, Investment Properties (Except Land and Construction in Progress) and Intangible Assets.* The Company estimates the useful lives of property, plant and equipment, investment properties and intangible assets based on the period over which the assets are expected to be available for use 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 assets. The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from individual items.

*Assessing Other Nonfinancial Assets for Impairment.* The Company assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the

Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant under performance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

Recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost to sell is the amount obtainable from sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

*Estimating IBR on Lease Liabilities.* The Company determines lease payments, lease term and discount rate at the commencement date of a lease. The lease term comprises noncancellable period of a lease contract. The Company uses its IBR as basis for the discount rate which is the rate that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU assets in a similar economic environment. The Company estimates the IBR using available observable inputs (such as the prevailing Bloomberg Valuation interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Company has applied IBR of 8.15% for the computation of lease liabilities and ROU assets. Carrying amounts of lease liabilities and ROU assets are disclosed in Note 23 to the separate financial statements.

*Estimating Retirement Benefits.* Estimation of the obligation and cost of retirement benefits are dependent on the assumptions used by the actuary in calculating such amounts. These assumptions include discount rates and salary increase rates. Where actual results differ from the Company's assumptions, these are recognized in OCI and are generally affect the recorded obligation in such future periods.

*Recognizing Deferred Tax Assets.* The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

## **2. Seasonality or cyclicity of interim operations**

The interim operations of the company are not subject to any material seasonal or cyclical factors.

## **3. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size and incidence.**

No unusual items or transactions had affected the company's assets, liabilities, equity, net income or its cash flows.

## **4. Nature and amount of changes in estimates**

The preparation of unaudited financial statements in conformity with PFRS requires the Company's management to make estimates, assumptions and judgments that affect the amount reported in the financial statements.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under circumstances including

expectations of related future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual result may differ from these estimates.

**5. Issuances, repurchases, and repayments of debt and equity securities**

None

**6. Dividends paid separately for ordinary shares and other shares**

The company historically has not paid cash dividends on the Shares. Any payment of cash dividends on the Shares in the future will depend upon the Company's earnings, cash flow, financial condition, capital investment requirements and other factors.

**7. Segment revenue and segment results for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting.**

Not applicable

**8. Materials events subsequent to the interim period that have not been reflected in the FS for the interim period.**

There have been no material events that happened subsequent to the interim period that needs disclosure herein.

**9. Effects of changes in the composition of the enterprise during the interim period, including business combination, acquisition and disposal of subsidiaries and long term investment, restructurings, and discontinued operations.**

None

**10. Changes in contingent liabilities or contingent assets since that last annual balance sheet date.**

Since the balance sheet date, there are no changes that occurred which resulted to a contingent liability and/or contingent assets.

**Financial Risk Management Objectives and Policies**

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables (except advances to officers and employees), bonds receivable, security deposits, financial assets at FVOCI, trade and other payables (excluding nonfinancial liabilities), loans payable, lease liabilities and deposits from lessees.

The main financial risks arising from the Company's financial instruments are market risk, credit risk, and liquidity risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

**Market Risk**

The Company is exposed to market risk, primarily relating to foreign currency risk, equity price risk and interest rate risk. Management actively monitors and manages these exposures, as discussed below.

**Foreign Currency Risk.** Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's foreign currency risk results primarily from movements of the Philippine Peso against the US Dollar (USD) with respect to foreign currency-denominated financial assets and liabilities. It

**Credit Risk**

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The carrying amounts of financial assets at amortized cost represent its maximum credit exposure.

**Trade Receivables.** The Company limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. In monitoring customer credit risk, the Company classifies its receivables as major term customers, related parties, and other regular term customers.

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and offsetting arrangements. The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

#### Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising adequate funds to meet its financial commitments at reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funds are available to meet expiring obligations; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access additional funding when needed at the least possible cost.

#### Capital Management Policy

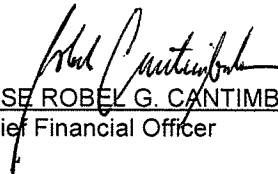
The primary objective of the Company's capital management is to secure ongoing financial needs of the Company to continue as a going concern as well as to maintain a strong credit rating and healthy capital ratios in order to support the business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it whenever there are changes in economic conditions, its business activities, expansion programs and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital.

SIGNATURES

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

Issuer: PLANTERS PRODUCTS, INC.

Name	:	 <u>JOSE ROBEL G. CANTIMBUHAN</u>
Title	:	Chief Financial Officer
Signature	:	
Date	:	<u>September 2, 2025</u>