C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	1	2	9	9	8

C O M P A N Y N A M E

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

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

R	F	M		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R	,		P	I	O	N	E	E	R	
C	O	R	N	E	R		S	H	E	R	I	D	A	N		S	T	R	E	E	T	S	,		M	A	N	D	A
L	U	Y	O	N	G		C	I	T	Y																			

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	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
rfmcorporation.official@rfm.com.ph	(02) 8631-8101	+63-917-110-8532

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,089	6/14	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
Enrique Oliver I. Rey-Matias	eoirey-matias@rfm.com.ph	(02) 8631-8101	N/A

CONTACT PERSON's ADDRESS

RFM Corporate Center, Pioneer corner Sheridan Streets, Mandaluyong 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.*

Eugenio, Mariella C. (CORP-Accounting)

From: eafs@bir.gov.ph
Sent: Sunday, 14 April 2024 6:25 pm
To: Eugenio, Mariella C. (CORP-Accounting)
Cc: Domingo, Ramoncito B. (FLour-Acctg)
Subject: Your BIR AFS eSubmission uploads were received

Hi RFM CORPORATION,

Valid files

- EAFS000064134TCRTY122023-01.pdf
- EAFS000064134ITRTY122023.pdf
- EAFS000064134AFSTY122023.pdf
- EAFS000064134TCRTY122023-02.pdf
- EAFS000064134TCRTY122023-03.pdf
- EAFS000064134OTHTY122023.pdf
- EAFS000064134RPTTY122023.pdf

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- <None>

Transaction Code: **AFS-0-MZVMRSQM03PWVRVWMZNWQ3T10ZT3NQQ1**
Submission Date/Time: **Apr 14, 2024 06:24 PM**
Company TIN: **000-064-134**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

Eugenio, Mariella C. (CORP-Accounting)

From: eafs@bir.gov.ph
Sent: Sunday, 14 April 2024 7:19 pm
To: Eugenio, Mariella C. (CORP-Accounting)
Cc: Domingo, Ramoncito B. (FLour-Acctg)
Subject: Your BIR AFS eSubmission uploads were received

Hi RFM CORPORATION,

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- EAFS000064134TCRTY122023-05.pdf
- EAFS000064134TCRTY122023-04.pdf
- EAFS000064134TCRTY122023-06.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-886H86JA09DF69A5KNVPV42Y409DHDE6KA**
Submission Date/Time: **Apr 14, 2024 07:18 PM**
Company TIN: **000-064-134**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Eugenio, Mariella C. (CORP-Accounting)

From: eafs@bir.gov.ph
Sent: Sunday, 14 April 2024 7:21 pm
To: Eugenio, Mariella C. (CORP-Accounting)
Cc: Domingo, Ramoncito B. (FLour-Acctg)
Subject: Your BIR AFS eSubmission uploads were received

Hi RFM CORPORATION,

Valid file

- EAFS000064134TCRTY122023-08.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-857CELFL09D8A9HCLM341YNVV0788JEE7F**
Submission Date/Time: **Apr 14, 2024 07:20 PM**
Company TIN: **000-064-134**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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SGV
Building a better working world

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
RFM Corporation
RFM Corporate Center
Pioneer corner Sheridan Streets
Mandaluyong City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of RFM Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 31 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of RFM Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Ma. Emilita L. Villanueva

SYCIP GORRES VELAYO & CO.



Ma. Emilita L. Villanueva
Partner
CPA Certificate No. 95198
Tax Identification No. 176-158-478
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-141-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082036, January 6, 2024, Makati City

April 11, 2024

RFM CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR PARENT COMPANY FINANCIAL STATEMENTS

Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

The management of RFM Corporation is responsible for the preparation and fair presentation of the parent company's financial statements including the schedules attached therein, for the years ended December 31, 2023 and December 31, 2022, in accordance with the Philippine Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of parent company's financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed this 11th day of April 2024.

Jose Maria Concepcion III
Chairman of the Board / President & CEO

Enrique Oliver Rey-Matias
VP-Chief Finance Officer

SUBSCRIBED AND SWORN to before me this 11 APR 2024 day of _____2024 affiant(s) exhibiting to me his/her Passport as follows:

Names	Passport Number	Date of Issue / Expiry	Place of Issue
Jose Maria Concepcion III	P6956061B	25 Jan 2023/ 25 Jan 2033	DFA, Manila
Enrique Oliver Rey-Matias	P9591666B	12 Apr 2022/ 11 Apr 2032	DFA, Manila

Doc No. 500
Page No. 101
Book No. II
Series of 2024

MITCHIE VANESSA T. MAGOMNANG
Notary Public for and in Mandaluyong City
Notarial Commission No. 0475-23
Commission expires on 31 December 2024
8th Floor, RFM Corporate Center
Pioneer corner Sheridan Sts., Mandaluyong City
PTR No. 3198514, Jan. 11 2024, Mandaluyong City
IBP Lifetime Member No. 09975
Roll of Attorneys No. 53187
MCLE Compliance No. VII-0020958
Valid until April 14, 2025

RFM CORPORATION

STATEMENT OF MANAGEMENT'S REPSONSIBILITY FOR PARENT COMPANY FINANCIAL STATEMENTS

The management of RFM Corporation is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of RFM Corporation complete and correct in all material aspects. Management likewise affirms that:

A. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

B. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax returns pursuant to accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue regulations No. 8-2007 and other relevant issuances;

C. The RFM Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed under oath by the following:

Jose Maria Concepcion III
Chairman of the Board / President & CEO

Enrique Oliver I. Rey-Matias
VP – Chief Finance Officer

SUBSCRIBED AND SWORN to before me this 11 APR 2024 day of _____ 2024 affiant(s) exhibiting to me his/her Tax Identification Number as follows:

Names	TIN Number
Jose Maria Concepcion III	118-626-873
Enrique Oliver I. Rey-Matias	156-604-935

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Page No. 102
Book No. I
Series of 2024

MITCHIE VANESSA T. MAGOMNANG
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8th Floor, RFM Corporate Center
Pioneer corner Sheridan Sts., Mandaluyong City
PTR No. 3198514, Jan 11 2024, Mandaluyong City
IBP Lifetime Member No 09975
Roll of Attorneys No. 53187
MCLE Compliance No VII-0020958
Valid until April 14, 2025

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly notarized, in the City of Mandaluyong on 11 APR 2024.

RFM Corporation

By:

JOSE MARIA CONCEPCION III
Chairman of the Board / President & CEO

ENRIQUE OLIVER I. REY MATIAS
Vice President – CFO

SUBSCRIBED AND SWORN to before me this 11 APR 2024 day of _____, 2024 affiants exhibiting their Passport as follows:

Names	Passport Number	Date of Issue / Expiry	Place of Issue
Jose Maria Concepcion III	P6956061B	25 Jan 2023/ 25 Jan 2033	DFA, Manila
Enrique Oliver Rey-Matias	P9591666B	12 Apr 2022/ 11 Apr 2032	DFA, Manila

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Page No. 102
Book No. I
Series of 2024

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Roll of Attorneys No. 53187
MCLE Compliance No. VII-0020958
Valid until April 14, 2025

RFM CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱2,513,761**	₱2,969,578
Receivables (Note 6)	**1,640,382**	1,231,340
Inventories (Note 7)	**2,680,142**	2,583,171
Financial assets at fair value through other comprehensive income (FVOCI) (Note 11)	**546,346**	299,759
Other current assets (Note 8)	**162,218**	126,717
Total Current Assets	**7,542,849**	7,210,565
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) - net of current portion (Note 11)	**1,315,629**	1,506,644
Investments in subsidiaries, joint ventures and an associate (Note 12)	**442,302**	442,302
Property, plant and equipment (Note 9):		
At appraised value	**4,851,064**	3,538,190
At cost	**2,904,123**	2,417,867
Intangible assets (Note 10)	**2,099,710**	2,081,119
Net retirement asset (Note 22)	**–**	13,846
Other noncurrent assets	**9,593**	1,305
Total Noncurrent Assets	**11,622,421**	10,001,273
TOTAL ASSETS	**₱19,165,270**	₱17,211,838
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 13)	**₱4,195,821**	₱3,693,097
Lease liabilities (Note 14)	**5,549**	32,522
Total Current Liabilities	**4,201,370**	3,725,619
Noncurrent Liabilities		
Net retirement liability (Note 22)	**3,586**	–
Lease liabilities - net of current portion (Note 14)	**–**	5,549
Deferred income tax liabilities - net (Note 23)	**735,996**	455,112
Total Noncurrent Liabilities	**739,582**	460,661
Total Liabilities	**4,940,952**	4,186,280
Equity		
Capital stock (Note 15)	**3,651,021**	3,651,021
Additional paid-in capital	**2,060,383**	2,060,383
Treasury stock (Note 15)	**(758,777)**	(758,777)
Other comprehensive income:		
Revaluation increment on land - net (Note 9)	**3,009,689**	2,245,052
Unrealized loss on financial assets at FVOCI (Note 11)	**(84,735)**	(128,278)
Equity reserve (Note 15)	**(4,120)**	(4,120)
Retained earnings (Note 15)	**6,350,857**	5,960,277
Total Equity	**14,224,318**	13,025,558
TOTAL LIABILITIES AND EQUITY	**₱19,165,270**	₱17,211,838

See accompanying Notes to Parent Company Financial Statements.

RFM CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

	Years Ended December 31	
	2023	2022
REVENUES		
Sale of goods (Note 4)	**₱14,065,451**	₱12,902,888
Services and others (Notes 4 and 21)	**45,787**	46,184
	14,111,238	12,949,072
COST OF GOODS SOLD (Note 16)	**(10,417,311)**	(10,253,578)
GROSS PROFIT	**3,693,927**	2,695,494
OPERATING EXPENSES		
Selling and marketing expenses (Note 17)	**(2,574,183)**	(2,015,833)
General and administrative expenses (Note 18)	**(592,312)**	(589,573)
OTHER INCOME (CHARGES)		
Dividend income (Note 12)	**713,605**	1,094,530
Interest income (Note 20)	**90,343**	61,004
Interest expense and financing charges (Note 20)	**(722)**	(1,420)
Other income (loss) - net (Note 20)	**59,974**	(20,402)
INCOME BEFORE INCOME TAX	**1,390,632**	1,223,800
PROVISION FOR INCOME TAX (Note 23)		
Current	**95,021**	50,932
Deferred	**33,262**	(33,496)
	128,283	17,436
NET INCOME	**₱1,262,349**	₱1,206,364
Basic/Diluted Earnings Per Share (Note 25)	**₱0.37**	₱0.36

See accompanying Notes to Parent Company Financial Statements.

RFM CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31	
	2023	2022
NET INCOME	**₱1,262,349**	₱1,206,364
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will be reclassified to income (loss):		
Unrealized gain (loss) on financial asset at FVOCI (Note 11)	**43,543**	(112,400)
Income tax effect (Notes 11 and 23)	**–**	(3,969)
	43,543	(116,369)
Items that will not be reclassified to income (loss):		
Remeasurement gain (loss) on defined benefit retirement plan (Note 22)	**(29,027)**	21,837
Income tax effect (Note 23)	**7,257**	(5,459)
Revaluation increment on land (Note 9)	**1,019,516**	–
Income tax effect (Note 23)	**(254,879)**	–
	742,867	16,378
	786,410	(99,991)
TOTAL COMPREHENSIVE INCOME	**₱2,048,759**	₱1,106,373

See accompanying Notes to Parent Company Financial Statements.

RFM CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Thousands)

	Capital Stock (Note 15)	Additional Paid-in Capital	Treasury Stock	Revaluation Increment on land - net (Note 9)	Unrealized Loss on Financial Assets At FVOCI (Note 11)	Equity Reserve	Retained Earnings (Note 15)	Total
As of January 1, 2023	**₱3,651,021**	**₱2,060,383**	**(₱758,777)**	**₱2,245,052**	**(₱128,278)**	**(₱4,120)**	**₱5,960,277**	**₱13,025,558**
Net income	–	–	–	–	–	–	**1,262,349**	**1,262,349**
Other comprehensive income (loss):								
Remeasurement gain on defined benefit retirement plan	–	–	–	–	–	–	**(21,770)**	**(21,770)**
Revaluation increment on land	–	–	–	**764,637**	–	–	–	**764,637**
Unrealized loss on financial asset at FVOCI	–	–	–	–	**43,543**	–	–	**43,543**
Total comprehensive income for the year	–	–	–	**764,637**	**43,543**	–	**1,240,579**	**2,048,759**
Cash dividends (Note 15)	–	–	–	–	–	–	**(849,999)**	**(849,999)**
As of December 31, 2023	**₱3,651,021**	**₱2,060,383**	**(₱758,777)**	**₱3,009,689**	**(₱84,735)**	**(₱4,120)**	**₱6,350,857**	**₱14,224,318**
As of January 1, 2022	₱3,651,021	₱2,060,383	(₱758,777)	₱2,245,052	(₱11,909)	(₱4,120)	₱5,592,140	₱12,773,790
Net income	–	–	–	–	–	–	1,206,364	1,206,364
Other comprehensive income (loss):								
Remeasurement loss on defined benefit retirement plan	–	–	–	–	–	–	16,378	16,378
Unrealized loss on financial asset at FVOCI	–	–	–	–	(116,369)	–	–	(116,369)
Total comprehensive income for the year	–	–	–	–	(116,369)	–	1,222,742	1,106,373
Cash dividends (Note 15)	–	–	–	–	–	–	(854,605)	(854,605)
As of December 31, 2022	₱3,651,021	₱2,060,383	(₱758,777)	₱2,245,052	(₱128,278)	(₱4,120)	₱5,960,277	₱13,025,558

See accompanying Notes to Parent Company Financial Statements.

RFM CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,390,632**	₱1,223,800
Adjustments for:		
Depreciation and amortization (Notes 9 and 10)	**318,116**	306,266
Retirement benefits cost (Note 22)	**14,562**	18,326
Interest expense and financing charges (Note 20)	**722**	1,420
Loss (gain) on sale of:		
Property, plant and equipment (Notes 9 and 20)	**(1,691)**	(1,538)
Financial assets at FVOCI (Note 11)	**–**	609
Gain on maturity of financial assets at FVOCI (Note 11)	**(9,377)**	–
Interest income (Note 20)	**(90,343)**	(61,004)
Dividend income (Note 12)	**(713,605)**	(1,094,530)
Operating income before working capital changes	**909,016**	393,349
Decrease (increase) in:		
Receivables	**(223,886)**	26,689
Inventories	**(96,971)**	(999,628)
Other current assets	**11,551**	3,543
Increase in accounts payable and other current liabilities	**497,487**	472,893
Net cash generated from (used in) operations	**1,097,197**	(103,154)
Retirement contributions including benefits paid out of Company's operating funds (Note 22)	**(26,157)**	(27,730)
Interest paid	**(743)**	(1,393)
Interest received	**73,940**	62,174
Income taxes paid, including creditable withholding taxes	**(139,269)**	(153,033)
Net cash from (used in) operating activities	**1,004,968**	(223,136)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of other noncurrent assets	**(8,288)**	(54)
Dividends received	**524,471**	1,094,530
Additions to:		
Property, plant and equipment (Note 9)	**(1,100,466)**	(270,222)
Computer software (Note 10)	**(18,659)**	(204)
Financial assets at FVOCI (Note 11)	**(522,271)**	(1,756,305)
Proceeds from maturity of financial assets at FVOCI (Note 11)	**540,000**	2,867,000
Proceeds from sale of:		
Property, plant and equipment (Notes 9 and 20)	**1,691**	1,839
Financial assets at FVOCI (Note 11)	**–**	523,789
Net cash from (used in) investing activities	**(583,522)**	2,460,373

(Forward)



	Years Ended December 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 15)	**(₱844,741)**	(₱852,602)
Payment of principal portion of lease liability (Note 14)	**(32,522)**	(31,269)
Cash used in financing activities	**(877,263)**	(883,871)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(455,817)**	1,353,366
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**2,969,578**	1,616,212
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 5)	**₱2,513,761**	₱2,969,578

See accompanying Notes to Parent Company Financial Statements.

RFM CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares or When Otherwise Indicated)

1. Corporate Information and Authorization for Issuance of the Parent Company Financial Statements

Corporate Information

RFM Corporation (the Company) was incorporated on August 16, 1957 and registered with the Philippine Securities and Exchange Commission (SEC). On July 9, 2007, the Philippine SEC approved the extension of the Company's corporate life from August 22, 2007 to October 13, 2056. However, under the Revised Corporation Code of the Philippines, the Company shall have a perpetual corporate life. The Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares are listed on the Philippine Stock Exchange (PSE) since 1966. The Company is mainly involved in the manufacturing, processing and selling of wheat, flour and flour products, pasta, milk, juices, margarine, and other food beverage products. The principal office of the Company is RFM Corporate Center, Pioneer corner Sheridan Streets, Mandaluyong City.

Authorization for the Issuance of the Parent Company Financial Statements

The parent company financial statements of the Company as at and for the years ended December 31, 2023 and 2022 were authorized for issuance by the Board of Directors (BOD) on April 11, 2024.

2. Basis of Preparation, Statement of Compliance and Summary of Material Accounting Policy Information

Basis of Preparation

The parent company financial statements have been prepared using the historical cost basis, except for the Company's land, which are stated at appraised values and net retirement liability which is measured at present value of the defined benefit obligations less fair value of the plan assets and financial assets at FVOCI which are measured at fair values. The parent company financial statements are presented in Philippine peso (₱), which is the Company's functional currency. All values are rounded off to the nearest thousand (₱000), except for the number of shares or when otherwise indicated.

Statement of Compliance

The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The parent company financial statements are the Company's separate financial statements prepared in compliance with Philippine Accounting Standards (PAS) 27, *Separate Financial Statements*. These financial statements are prepared for submission to the Philippine Bureau of Internal Revenue. The Company also prepares and issues, for the same period, consolidated financial statements which are prepared in accordance with the financial reporting framework as allowed by SEC which represents Philippine Financial Reporting Standards (PFRSs) except PFRS 11, *Joint Arrangements,* with respect to the Company's investment in Unilever RFM Ice Cream, Inc. (URICI). These financial statements are filed with and may be obtained at the Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City or at the Company's principal office address.



Changes in Accounting Policies

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

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

- Amendments to PAS 1 and PFRS Practice Statement 2, *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 Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the parent company financial statements.

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

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments had no impact on the Company's financial statements because the Company's accounting policies are aligned with the amendments to PAS 8.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

- 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.

  Standards Issued but not yet Effective

  Pronouncements issued but not yet effective are listed below. The Company does not expect that the future adoption of the said pronouncements to have a significant impact on its parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.



Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Deferred effectivity

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

Summary of Material Accounting Policy Information

Current versus Noncurrent Classification
The Company presents assets and liabilities in the parent company statement of financial position based on current or noncurrent classification.

An asset is current when it is:

a. Expected to be realized or intended to be sold or consumed in normal operating cycle;
b. Held primarily for the purpose of trading;
c. Expected to be realized within twelve months after the reporting period; or
d. Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets, including deferred taxes, as noncurrent.

A liability is current when:

a. It is expected to be settled in normal operating cycle;
b. It is held primarily for the purpose of trading;
c. It is due to be settled within twelve months after the reporting period; or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities, including deferred taxes, as noncurrent.

Investments in Subsidiaries, Joint Ventures and an Associate
The Company's investments in subsidiaries, joint ventures and an associate are accounted at cost in the parent company financial statements, less any impairment in value.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents

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

Financial Instruments

Date of recognition

The Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

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's financial assets and financial liabilities consist of amortized cost, at FVOCI and other financial liabilities.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

Financial Instruments - Classification and Subsequent Measurement

The Company classifies and measures financial assets at FVTPL unless these are measured at FVOCI or at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing those financial assets.



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

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (FVOCI)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition

Financial assets at amortized cost
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of December 31, 2023 and 2022, the Company's financial assets at amortized cost include cash and cash equivalents and trade and other receivables.

Financial assets at FVOCI
Financial assets at FVOCI include debt securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the parent company statement of comprehensive income as 'Unrealized gain (loss) on financial assets at FVOCI'.

The effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency denominated debt securities at FVOCI, is reported in the parent company statement of income. Interest earned on holding debt securities as FVOCI are reported as 'Interest income' using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the parent company statement of comprehensive income is recognized in the parent company statement of income. The ECL arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit losses' in the parent company statement of income.



As of December 31, 2023 and 2022, the Company's financial assets consist of financial assets at amortized cost and FVOCI with recycling of cumulative gains and losses.

Initial recognition and measurement of financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. As of December 31, 2023 and 2022, the Company's financial liabilities include accounts payable and other current liabilities (excluding payables to government agencies) and lease liabilities.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Subsequent measurement - other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction cost.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For cash and cash equivalents and short-term cash investments, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from Standard and Poor's and Moody's to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. The Company considers a debt investment security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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

The key inputs in the model include the Company's definition of default and historical data of three years for the origination, maturity date and default date. The Company considers trade receivable in default when contractual payments are already past due for a certain number of days, which depends on the normal customer arrangements and business terms which varies across relevant business



segment/sub-segment of the Company, ranging from 90 days to 360 days, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Company may also consider a trade receivable to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Determining the stage for impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

This policy is applicable to Company's financial assets except for trade receivables, for which the Company applies a simplified approach in calculating ECLs.

Write-off policy
The Company writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the parent company statement of income.

Derecognition of Financial Assets and Financial Liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the Company's rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 profit or loss.

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

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the product to its present location and condition are accounted for as follows:

Finished goods and goods in process	determined using the moving average method; cost includes direct materials, direct labor and a proportion of manufacturing overhead costs based on normal operating capacity
Goods in process	applicable allocation of fixed and variable overhead costs

Raw materials, spare parts and supplies - purchase cost using the moving average method

NRV of finished goods and goods in process is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. For raw materials, NRV is the current replacement cost. In case of spare parts and supplies, NRV is the estimated realizable value of the inventories when disposed of at their condition at the reporting date. An allowance for inventory obsolescence is provided for slow-moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Other Current Assets
Other current assets include prepaid expenses, deposit on purchases of inventories, tax credits and input VAT.

Prepaid expenses. These are expenses paid in advance and recorded as asset before they are utilized. Prepaid expenses that are expected to be realized for no more than 12 months after the reporting date are classified as current assets; otherwise, these are classified as other noncurrent assets.

Deposit on purchases of inventories. This account comprises of advance payments to suppliers for payments on goods to be purchased in connection with the Company's operations. These are reclassified as part of inventory upon delivery of the related asset.

Other Noncurrent Assets
Other noncurrent assets include security deposits.

Property, Plant and Equipment
Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and any impairment in value.

Land is stated at fair value based on a valuation performed by accredited independent appraisers. Any increase, as a result of revaluation of land, is credited to "Revaluation increment on land" account, net of deferred income tax effect, and presented under the equity section of the parent company statement of financial position.

Revaluation of land is made periodically such that the carrying amount does not differ materially from that which would be determined using the fair value at the reporting date. For subsequent revaluations, any resulting increase in the assets' carrying amount as a result of the revaluation is credited to "Revaluation increment on land" account, net of deferred income tax effect, in the parent company statement of comprehensive income.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Land improvements	10 to 20
Silos, buildings and improvements	10 to 30
Machinery and equipment	10 to 25
Transportation and delivery equipment	5
Office furniture and fixtures	2 to 5

Leasehold improvements recognized under "Silos, buildings and improvements" are depreciated over the life of the assets or the lease term, whichever is shorter.

Construction in progress are properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are carried at cost less any recognized impairment loss. Construction in progress are reclassified into appropriate class of property, plant and equipment when the relevant assets are completed and available for use.

Depreciation and amortization of an item of property, plant and equipment begin when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

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

Property, plant and equipment are derecognized when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefits expected from its use or disposal.

Right of use assets
The Company's policy is to classify ROU assets as part of Property, Plant and Equipment account. The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU asset on warehouse is depreciated on a straight-line basis over two (2) years. ROU assets are subject to impairment.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the parent company statement of income in the year in which the expenditure is incurred.

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

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

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

As of December 31, 2023 and 2022, the Company's intangible assets consist of trademark with indefinite useful life and computer software that is amortized over three years using the straight-line method. The amortization expense on computer software is recognized in the expense category in the parent company statement of income consistent with its function.

Impairment of Noncurrent Nonfinancial assets
The carrying values of property, plant and equipment, intangible assets (except trademark) and investments in subsidiaries, joint ventures and an associate are reviewed for impairment when event or charges in circumstances indicate that the carrying values may not be recoverable. Trademark is tested for impairment at least annually or when there is an identified indicator of impairment. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units (CGUs) are written down to their recoverable amounts. The recoverable amount of these noncurrent nonfinancial assets is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For 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, if any, are recognized in the parent company statement of income in those expense categories consistent with the function of the impaired asset.



Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount of an asset, but not, however, to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had there been no impairment loss recognized for the asset in prior years. A reversal of an impairment loss is recognized in the parent company statement of income.

Equity

Capital Stock

Capital stock is stated at par value for all shares issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to the "Additional paid-in capital" account..

Treasury Stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying value and the consideration, if reissued, is recognized in the "Additional paid-in capital" account. The cost of treasury stock sold or cancelled is determined on a first-in, first-out basis.

When the shares are retired, the capital stock account is reduced by its par value, and the excess of cost over par value upon retirement is debited to "Additional paid-in capital" to the extent of the specific or average additional paid-in capital when the shares were issued and to the retained earnings for the remaining balance.

Equity Reserve

Equity reserve include effect of merger with subsidiaries with non-controlling interest and the Parent Company. Equity reserve is derecognized when the subsidiary is deconsolidated, which is the date in which control ceases.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distributions, effects of changes in accounting policy and other capital adjustments.

Dividends on Common Shares

Cash and property dividends on common shares are recognized as liability and deducted from equity when approved and declared by the BOD of the Company.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting period.

Earnings per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is calculated in the same manner, adjusted for the effects of any potential dilutive common shares. Where the effect of the potential dilutive common shares would be anti-dilutive, basic and diluted earnings per share are stated at the same amount.



The Company does not have potential dilutive common shares in 2023 and 2022.

Revenue Recognition

Revenue from Contracts with Customers

The Company primarily derives its revenue from the sale of goods and rendering of services, respectively. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods (Manufacturing)

The Company enters into a contract with a customer through an approved purchased order and trading terms agreement which constitute a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified in the contract.

Revenue from sale of goods is recognized at a point in time generally, on the time of delivery of the goods to the customer except for institutional division sales of flour and buns, which are recognized at the time the goods are dispatched from the warehouses.

Revenue recognized comprises of the invoice price of goods delivered after the deduction of estimated variable considerations and considerations paid/payable to customers. Variable considerations such as discounts, rebates, returns, sales incentives, and other adjustments are provided for in the period the related sales are recorded. Accumulated experience is used to estimate the provision for discounts, using the most likely amount method; revenue is only recognized to the extent that it is highly probable a significant reversal will not occur.

Sale of services (Service)

Revenue, net of any incentives, is generally recognized over the time the services since as the entity performs, the customer simultaneously receives and consumes the benefits provided by the performance. The Company has determined that the output method used faithfully depicts the performance of the services.

Revenues outside the scope of PFRS 15:

Rent

Rent income is recognized on a straight-line basis over the terms of the lease.

Interest and financing income

Interest income is recognized as the interest accrues using the EIR method.

Dividend income

Dividend income on investments in shares of stock is recognized when the Company's right to receive payment has been established.

Cost of Goods Sold

Cost of goods sold is recognized when the related goods are sold.

Selling and Marketing and General and Administrative Expenses
Selling and marketing expenses are costs incurred to sell or distribute the goods. It includes export and documentation processing and delivery, among others. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Short-term Employee Benefits
Short-term employee benefits include salaries and wages, vacation leave and sick leave benefits and other benefits that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related services. These are recognized in the parent company statement of income in the appropriate expense categories.

Retirement Benefits
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligations at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Retirement benefit costs comprise the following:
(a) Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
(b) Net interest expense or income, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Service costs and net interest on the net defined benefit liability or asset are recognized as expense in the statement of comprehensive income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized in the parent company statement of comprehensive income and transferred to retained earnings in the period in which they arise. Re-measurements are not reclassified to the parent company statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal due of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Leases
The Company determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



The Company as a lessee
Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (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 its leases of other equipment's that are considered of low value (i.e., below ₱100,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as lessor
Leases where the Company does not transfer substantially all the risks and benefits of the ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leases asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency Transactions and Translations
Transactions denominated in foreign currencies are recorded using the foreign exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are translated using the closing foreign exchange rate at the reporting date. All differences are taken to the parent company statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Income Taxes

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 as basis to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred income tax
Deferred income tax is provided, using the liability method, 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 income tax is recognized on differences between the carrying amounts of assets and liabilities in the parent company financial statements and their corresponding tax bases (known as temporary differences). Deferred income tax liabilities are recognized for all taxable temporary differences.



Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credit from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) [excess MCIT], and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused excess MCIT and NOLCO can be utilized.

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

Deferred income tax assets and deferred income tax 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 at the reporting date.

Deferred income tax relating to items recognized outside of the parent company statement of income is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Segment Reporting
The Company's operating businesses are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Provision and Contingencies
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) 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 each reporting date and adjusted to reflect the current best estimate. The expense relating to any provision is presented in the statement of income, net of reimbursement. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent assets and liabilities are not recognized in the parent company financial statements but are disclosed in the notes to the parent company financial statements.

Events After the Reporting Date
Events after the reporting date that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements Events after the reporting date that are not adjusting events are disclosed in the notes to parent company financial statement when material.



3. Management's Use of Significant Accounting Judgments and Estimates

The preparation of the parent company financial statements in compliance with PFRS requires the Company to exercise judgment, make accounting estimates and use assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of the date of the parent company financial statements. Actual results could differ from the estimates and assumptions used. The effect of any change in estimates or assumptions is reflected in the parent company financial statements when they become reasonably determinable.

Judgment

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the parent company financial statements.

Determination of useful life of trademark

The assessment of indefinite useful life is performed annually to determine whether the indefinite useful life continues to be appropriate. When there are events that indicate that the indefinite useful life assessment is no longer appropriate, the useful life assessment will be changed from indefinite to finite.

Based on analysis of relevant factors indicated below, management has assessed that there is no foreseeable limit to the period over which the trademark is expected to generate cash inflows for the Company:

- Management does not expect to encounter significant difficulties in renewing the registration of the trademark.
- Management has assessed that the cost of renewing the trademark is insignificant when compared with the economic benefits expected to flow to the Company from the continued use of the trademark.
- Management is committed to continue to invest for the long term to extend the period over which the trademark is expected to continue to provide economic benefits.

Consequently, management assessed that the trademark has an indefinite useful life as of December 31, 2023 and 2022.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of trademark

The Company reviews for impairment the carrying value of trademark annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Company performs impairment test of trademark annually every reporting period.

For purposes of impairment testing of trademark, the most appropriate valuation approach used is based on the circumstances relevant to the Company and based on the extent of available information. Management has determined that the recoverable amount of trademark is fair value less cost of disposal wherein fair value is determined using the relief from royalty method. The fair value of the trademark was calculated using discount rate, revenue growth rates, budgeted brand support and royalty savings



rate arising from the ownership of the trademark. Management assessed that the costs of disposal, which mainly pertain to the cost of transferring the certificate of registration with the Intellectual Property Office and documentary stamp tax, to be insignificant. The key assumptions used to determine the fair value are further discussed in Note 10.

No impairment losses were recognized for trademark in 2023 and 2022 (see Note 10).

Estimation of expected credit losses
ECLs are derived from unbiased and probability-weighted estimates of expected loss and are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, or an approximation thereof. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company revisited the segmentation of its portfolio, reassessed the framework for macroeconomic overlay, incorporating pandemic scenarios to ensure that changes in economic conditions are captured in the ECL calculations and considered the significant government measures and plans to support affected and/or vulnerable entities.

Refer to Note 6 for the ECL recognized on the Company's receivables.

Determination of NRV of inventories
The Company's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made at NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

The carrying values of the Company's inventories are disclosed in Note 7.

Valuation of land under revaluation basis
The Company's parcels of land are carried at revalued amounts, which approximate their fair values at the date of the revaluation, less any subsequent accumulated impairment losses. The revaluation is performed by a professionally qualified appraiser and uses the Market Approach (see Note 9). Revaluations are made every three years to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at the reporting date.

The carrying value of land is disclosed in Note 9.

Recognition of deferred income tax assets
Deferred income tax assets are recognized for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred income tax assets recognized by the Company are disclosed in Note 23.



4. Segment Information and Revenue from Contracts with Customers

Segment Information
The Company's management reports its operating business segments into the following:

(a) The institutional business segment primarily manufactures flour, bread products, pasta, and rice-based mixes, but only sells flour and bread products.
(b) The consumer business segment manufactures milk and juices, and sells the latter together with pasta and rice-based mixes.

The operating businesses are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. All operating business segments used by the Company meet the definition of reportable segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the parent company financial statements. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment. Segment liabilities include all operating liabilities and consist principally of trade, wages and taxes currently payable and accrued expenses. Intersegment transactions, i.e., segment revenues and segment expenses, include transfers between business segments and are eliminated in the parent company financial statements. The Company does not have a single external customer from which revenue generated amounted to 10% or more of the total revenue of the Company.

Information with regards to the Company's significant business segments follows:

	December 31, 2023					
	Consumer Business	Institutional Business	Unallocated Corporate Balances	Total	Eliminations	Total
Net Sales						
External sales	₱8,549,648	₱5,515,803	₱45,787	₱14,111,238	₱–	₱14,111,238
Results						
Interest income (expense) - net	(₱603)	₱12	₱90,212	₱89,621	₱–	₱89,621
Income from operations before provision for income tax	₱18,832	₱479,618	₱892,182	₱1,390,632	₱–	₱1,390,632
Provision for income tax	–	–	(128,283)	(128,283)	–	(128,283)
Net Income	₱18,832	₱479,618	₱763,899	₱1,262,349	₱–	₱1,262,349
Other Information						
Segment assets	₱39,478,816	₱48,759,028	₱26,253,520	₱114,491,364	(₱97,630,371)	₱16,860,993
Investments	–	–	2,304,277	2,304,277	–	2,304,277
Total Assets	₱39,478,816	₱48,759,028	₱28,557,797	₱116,795,641	(₱97,630,371)	₱19,165,270
Total Liabilities	₱39,778,638	₱36,731,557	₱26,061,237	₱102,571,432	(₱97,630,480)	₱4,940,952
Capital expenditures (Notes 9 and 10)	₱376,398	₱721,866	₱20,861	₱1,119,125	₱–	₱1,119,125
Depreciation and amortization (Notes 9 and 10)	139,867	164,343	13,906	318,116	–	318,116

	December 31,2022					
	Consumer Business	Institutional Business	Unallocated Corporate Balances	Total	Eliminations	Total
Net Sales						
External sales	₱7,586,609	₱5,316,279	₱46,184	₱12,949,072	₱–	₱12,949,072
Results						
Interest income (expense) – net	(₱1,305)	₱14	₱60,875	₱59,584	₱–	₱59,584
Income from operations before provision for income tax	(₱98,594)	₱304,137	₱1,018,257	₱1,223,800	₱–	₱1,223,800
Provision for income tax	–	–	(17,436)	(17,436)	–	(17,436)
Net Income	(₱98,594)	₱304,137	₱1,000,821	₱1,206,364	₱–	₱1,206,364
Other Information						
Segment assets	₱27,380,733	₱35,233,018	₱15,272,488	₱77,886,239	(₱62,923,106)	₱14,963,133
Investments	–	–	2,248,705	2,248,705	–	2,248,705
Total Assets	₱27,380,733	₱35,233,018	₱17,521,193	₱80,134,944	(₱62,923,106)	₱17,211,838
Total Liabilities	₱27,703,705	₱24,148,959	₱15,256,832	₱67,109,496	(₱62,923,216)	₱4,186,280
Capital expenditures (Notes 9 and 10)	₱139,708	₱123,254	₱7,464	₱270,426	₱–	₱270,426
Depreciation and amortization (Notes 9 and 10)	129,390	164,380	12,496	306,266	–	306,266

Revenue from Contracts with Customers
The Company's revenues are from its sale of goods and rendering of services. The Company's revenues from its sale of goods are all recognized at a point in time while revenues from rendering of services are recognized over time following the output method (see Note 2).

The following table disaggregates the Company's revenues on sale of goods by segment for the year ended December 31, 2023 and 2022:

	2023	2022
Consumer business	**₱8,549,648**	₱7,586,609
Institutional business	**5,515,803**	5,316,279
Total revenue from contacts with customers	**₱14,065,451**	₱12,902,888

Management fees and service income are related to the rent income from lease of the main building and service fees received from URIC (see Note 21).

5. Cash and Cash Equivalents and Short-term Cash Investments

Cash and cash equivalents
Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

	2023	2022
Cash on hand and in banks	**₱1,377,707**	₱1,889,062
Cash equivalents	**1,136,054**	1,080,516
	₱2,513,761	₱2,969,578

Interest income earned from cash in banks and cash equivalents amounted to ₱1.72 million and ₱3.63 million for the years ended December 31, 2023 and 2022, respectively (see Note 20).

6. Receivables

	2023	2022
Trade:		
Third parties	**₱1,586,187**	₱1,331,164
Related parties (Note 21)	**28,149**	28,296
Dividends receivable (Note 21)	**189,134**	–
Nontrade	**84,815**	113,795
Advances to related parties (Note 21)	**153,342**	153,260
Advances to officers and employees	**19,602**	20,410
Other receivables	**12,550**	17,842
	2,073,779	1,664,767
Less allowance for doubtful accounts	**433,397**	433,427
	₱1,640,382	₱1,231,340

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Dividends receivable from URICI amounting ₱189.13 million was received in January 2024.

The movement in the allowance for doubtful accounts, which were determined using specific and collective impairment follows:

	2023				
	Trade Receivables	**Nontrade receivables**	**Advances to officers and employees**	**Advances to related Parties**	**Total**
At January 1	**₱358,289**	**₱21,662**	**₱4,856**	**₱48,620**	**₱433,427**
ECL Provisions (Notes 17 and 18)	**63,398**	**37,000**	**–**	**–**	**100,398**
Reversal of allowance	**(49,783)**	**–**	**–**	**–**	**(49,783)**
Write-offs	**(50,645)**	**–**	**–**	**–**	**(50,645)**
At December 31	**₱321,259**	**₱58,662**	**₱4,856**	**₱48,620**	**₱433,397**

	2022				
	Trade Receivables	Nontrade receivables	Advances to officers and employees	Advances to related Parties	Total
At January 1	₱302,449	₱1,662	₱4,856	₱48,620	₱357,587
ECL Provisions (Notes 16, 17 and 18)	55,840	20,000	–	–	75,840
At December 31	₱358,289	₱21,662	₱4,856	₱48,620	₱433,427

7. Inventories

	2023	2022
At NRV:		
Raw materials	**₱1,640,136**	₱1,491,180
Finished goods	**529,077**	566,336
Spare parts and supplies	**383,262**	221,515
	2,552,475	2,279,031
At cost:		
Raw materials in transit	**121,618**	297,581
Goods in process	**6,049**	6,559
	127,667	304,140
	₱2,680,142	₱2,583,171

Total cost of inventories stated at NRV as of December 31, 2023 and 2022 are as follows:

	2023	2022
Raw materials	**₱1,662,342**	₱1,527,638
Finished goods	**531,019**	581,875
Spare parts and supplies	**385,678**	223,931
	₱2,579,039	₱2,333,444

The cost of inventories recognized as cost of goods sold amounted to ₱8,823.52 million and ₱8,697.32 million for the years ended December 31, 2023 and 2022, respectively (see Note 16).

Allowance for inventory obsolescence as of December 31, 2023 and 2022 amounted to ₱26.56 million and ₱54.41 million, respectively.

8. Other Current Assets

	2023	2022
Deposits on purchases	**₱19,679**	₱23,901
Prepaid expenses	**15,558**	21,284
Creditable withholding taxes	**122,097**	77,849
Input VAT	**4,884**	3,683
	₱162,218	₱126,717

Deposit on purchases represent advances made to suppliers for direct materials and contractors of services.

9. Property, Plant and Equipment

	At Cost								
	Land at Appraised Value	Land Improvements	Silos, Buildings and Improvements	Machinery and Equipment	Transportation and Delivery Equipment	Office Furniture and Fixtures	Construction in Progress	ROU Assets Warehouse	Total
December 31, 2023:									
Appraised Values/Cost									
At January 1	**₱3,538,190**	**₱17,324**	**₱1,327,893**	**₱4,325,146**	**₱131,571**	**₱140,746**	**₱239,937**	**₱63,728**	**₱6,246,345**
Additions	**293,358**	**–**	**31,039**	**84,657**	**10,951**	**4,106**	**676,355**	**–**	**807,108**
Disposal	**–**	**–**	**–**	**–**	**(6,225)**	**–**	**–**	**–**	**(6,225)**
Reclassification	**–**	**–**	**9,908**	**34,215**	**–**	**–**	**(44,123)**	**–**	**–**
Write-off	**–**	**–**	**–**	**–**	**–**	**–**	**(2,804)**	**–**	**(2,804)**
Revaluation	**1,019,516**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At December 31	**4,851,064**	**17,324**	**1,368,840**	**4,444,018**	**136,297**	**144,852**	**869,365**	**63,728**	**7,044,424**
Accumulated Depreciation									
At January 1	**–**	**16,220**	**842,588**	**2,672,641**	**117,263**	**132,859**	**–**	**26,551**	**3,808,122**
Depreciation (Notes 16, 17 and 18)	**–**	**–**	**70,615**	**203,161**	**7,268**	**5,140**	**–**	**31,864**	**318,048**
Disposal	**–**	**–**	**–**	**–**	**(6,225)**	**–**	**–**	**–**	**(6,225)**
At December 31	**–**	**16,220**	**913,203**	**2,875,802**	**118,306**	**137,999**	**–**	**58,415**	**4,119,945**
Accumulated impairment loss	**–**	**–**	**–**	**20,356**	**–**	**–**	**–**	**–**	**20,356**
Net Book Values	**₱4,851,064**	**₱1,104**	**₱455,637**	**₱1,547,860**	**₱17,991**	**₱6,853**	**₱869,365**	**₱5,313**	**₱2,904,123**

	At Cost								
	Land at Appraised Value	Land Improvements	Silos, Buildings and Improvements	Machinery and Equipment	Transportation and Delivery Equipment	Office Furniture and Fixtures	Construction in Progress	ROU Assets Warehouse	Total
December 31, 2022:									
Appraised Values/Cost									
At January 1	₱3,538,190	₱17,324	₱1,237,607	₱4,262,342	₱127,165	₱136,241	₱142,381	₱79,099	₱6,002,159
Additions	–	–	75,005	48,574	6,897	4,505	135,241	63,728	333,950
Disposal	–	–	–	–	(2,491)	–	–	(79,099)	(81,590)
Reclassification	–	–	15,281	14,230	–	–	(29,511)	–	–
Write-off		–	–	–	–	–	(8,174)		(8,174)
At December 31	3,538,190	17,324	1,327,893	4,325,146	131,571	140,746	239,937	63,728	6,246,345
Accumulated Depreciation									
At January 1	–	15,698	775,915	2,476,679	112,201	127,735	–	74,934	3,583,162
Depreciation (Notes 16, 17 and 18)	–	522	66,673	195,962	7,252	5,124	–	30,716	306,249
Disposal	–	–	–	–	(2,190)	–	–	(79,099)	(81,289)
At December 31	–	16,220	842,588	2,672,641	117,263	132,859	–	26,551	3,808,122
Accumulated impairment loss	–	–	–	20,356	–	–	–	–	20,356
Net Book Values	₱3,538,190	₱1,104	₱485,305	₱1,632,149	₱14,308	₱7,887	₱239,937	₱37,177	₱2,417,867

Land
As of December 31, 2023 and 2022, the aggregate fair values of land amounted to ₱4,851.06 million and ₱3,538.19 million, respectively. The fair values of land were determined on December 31, 2023 and December 31, 2020, respectively, using the Market Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may be considered. Factors such as the property location, desirability, neighborhood, utility, size, terrain and the time element are involved in estimating the market value of the land. The valuation is performed by an SEC-accredited independent valuer who has valuation experience for similar properties in the Philippines since 1980. Gain from the revaluation of the land amounting to ₱1,019.52 million was recognized in 2023.

The Company also purchased a land for the year 2023 amounting to ₱293.36 million. This was not revalued as purchase price is arm's length transaction and deemed to be equal to fair value.

The cost of these parcels of land amounted to ₱745.54 million and ₱452.18 million as of December 31, 2023 and 2022, respectively.

The fair value has been categorized as Level 3 fair value measurement based on the inputs to valuation technique used. The significant unobservable valuation input used is price per square meter ranging from ₱5,500 to ₱105,000. Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

Analysis of depreciation of property, plant and equipment as a function of expense follows:

	2023	2022
Cost of goods sold (Note 16)	**₱214,291**	₱200,500
Selling and marketing expenses (Note 17)	**57,205**	55,950
General and administrative expenses (Note 18)	**46,552**	49,799
	₱318,048	₱306,249

10. Intangible Assets

The movement in intangible assets as of December 31 follows:

2023:

	Trademark	**Computer Software**	**Total**
Cost:			
At January 1	**₱2,080,932**	**₱6,873**	**₱2,087,805**
Addition	–	**18,659**	**18,659**
At December 31	**2,080,932**	**25,532**	**2,106,464**
Accumulated Amortization:			
At January 1	–	**6,686**	**6,686**
Amortization	–	**68**	**68**
At December 31	–	**6,754**	**6,754**
Net Book Value	**₱2,080,932**	**₱18,778**	**₱2,099,710**

2022:

	Trademark	Computer Software	Total
Cost:			
At January 1	₱2,080,932	₱6,669	₱2,087,601
Addition	–	204	204
At December 31	2,080,932	6,873	2,087,805
Accumulated Amortization:			
At January 1	–	6,669	6,669
Amortization	–	17	17
At December 31	–	6,686	6,686
Net Book Value	₱2,080,932	₱187	₱2,081,119

Trademark

In January 2014, the Company acquired the Royal pasta trademark from a third party amounting to ₱2.10 billion (US$46.0 million). Management assessed that the Royal pasta trademark has an indefinite useful life (see Note 3). Consequently, the trademark is subject to impairment testing at least annually or when impairment indicators are identified. Management has determined that the recoverable amount of trademark is fair value less cost of disposal wherein fair value is determined using the relief from royalty method. This method considers royalty savings accruing to the Company arising from the ownership of the trademark using revenue projections based on the financial budgets approved by the BOD covering 10-year explicit forecast period. Management assessed the costs of disposal, which mainly pertain to the cost of transferring the certificate of registration with the Intellectual Property Office and documentary stamp tax, to be insignificant.

Key assumptions used to determine the fair value as of and for the years ended December 31 follow:

Assumptions	**2023**	2022	Description
Discount rate	**12.86%**	11.61%	Pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. Management used discount rate based on weighted average cost of capital (WACC).
Growth rates	**8% to 25%**	8% to 35%	Growth rates in revenues are based on the Parent Company's expectations of market developments and past historical performance. Growth rates used are highest on the immediately preceding years and flattens over the budget period. The growth rate used to project revenue in the long term is 8% in 2023 and 2022.
Royalty savings rate	**5%**	5%	Royalty savings rate is based on the prevailing comparable past trademark royalty rate obtained from survey by independent third party.
Budgeted brand support	**1%**	2%	Cash flow forecast for brand support is based on past experience and is approved by the Company's senior management. Brand support is based on revenues.

As of December 31, 2023 and 2022, the recoverable amount of the trademark is higher than its carrying value. Management believes that an increase in discount rate by 0.1% and 1.6% as of December 31, 2023 and 2022 would cause the carrying value of the Royal pasta trademark to equal the recoverable amount.

11. Financial assets at FVOCI

The Company's financial assets at FVOCI consists of various government and corporate debt securities amounting to ₱1,861.98 million and ₱1,806.40 million as of December 31, 2023 and 2022, respectively. These securities have maturity terms ranging from less than a year to 4 years.

During 2023 and 2022, the Company sold a portion of its investment securities at FVOCI with a carrying value amounting to nil and ₱524.40 million, respectively, which resulted to the recognition of loss on sale amounting to nil and ₱0.61 million, respectively, included in 'Other income" account. Additionally, the Company recognized interest income amounting to ₱88.63 million and ₱57.37 million in interest coupon payments from various government and corporate bond instruments as of December 31, 2023 and 2022, respectively (see note 20).

Rollforward analysis of debt securities at FVOCI with recycling as of December 31, 2023 and 2022 follows:

	2023	2022
At amortized cost:		
At beginning of year	**₱1,934,681**	₱3,564,605
Additions	**522,271**	1,756,305
Amortizations	**20,381**	5,169
Maturities	**(540,000)**	(2,867,000)
Disposals	–	(524,398)
At end of year	**1,937,333**	1,934,681
Change in fair value of financial assets		
At beginning of year	**(128,278)**	(15,878)
Unrealized gain (loss) recognized in OCI	**43,543**	(112,400)
Transfer to profit and loss	**9,377**	–
At end of year	**(75,358)**	(128,278)
Balance at end of year	**1,861,975**	1,806,403
Less: Current portion	**546,346**	299,759
Noncurrent portion	**₱1,315,629**	₱1,506,644

The movements in net unrealized gain (loss) recognized in other comprehensive income follow:

a) For the year ended December 31, 2023 and 2022, the nominal interest rates of government securities range from 2.63% to 4.90% and 2.63% to 5.01%, respectively, while effective interest rates range from 2.66% to 4.71% and 1.57% to 4.01%, respectively.
b) For the year ended December 31, 2023 and 2022, the nominal interest rate and effective interest rate of private debt security is 2.81%.

12. Investments in Subsidiaries, Joint Ventures and an Associate

a. The following are the Company's operating subsidiaries, joint ventures and an associate as of December 31, 2023 and 2022:

Entity	Nature of Business	Percentage of Ownership	Amount
Subsidiaries			
RFM Equities, Inc.	Holding	100.00	**₱64,128**
Rizal Lighterage Corporation	Barging services	93.51	**21,230**
WS Holdings, Inc.	Holding	60.00	**38,533**
Joint Ventures			
Unilever RFM Ice Cream, Inc.	Manufacturing	50.00	**248,375**
Engrain-RFM Pacific, Inc.	Manufacturing	50.00	**3,125**
Associate			
Selecta Walls Land Corporation	Land Holding	35.00	**81,663**
			457,054
Less: Allowance for impairment			**14,752**
			₱442,302

Dividend income earned from investments in subsidiaries, joint ventures and an associate amounted to ₱713.61 million and ₱1,094.53 million for the years ended December 31, 2023 and 2022, respectively.

b. The following are the Company's non-operating subsidiaries as of December 31, 2023 and 2022:

Entity	Nature of Business	Percentage of Ownership
RFM Foods Philippines Corporation	Food retailer	100.00
Southstar Bottled Water Company, Inc.	Bottled water business	100.00
Swift Tuna Corporation	Manufacturing	100.00
FWBC Holdings, Inc.	Holding	83.38
Filipinas Water Bottling Company, Inc.	Bottled water manufacturing	44.88
RFM Canning and Marketing, Inc.	Canning services	70.00

The Company's investments in subsidiaries on these dormant entities are fully impaired amounting to ₱101.55 million as of December 31, 2023 and 2022.

13. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Accrued expenses	**₱3,249,361**	₱2,701,733
Trade:		
Third parties	**507,022**	639,125
Related parties (Note 21)	**36,725**	37,469
VAT payable	**117,806**	52,443
Customers' deposits	**108,922**	88,925
Payable to government agencies	**36,876**	40,283
Advances from related parties (Note 21)	**36,996**	37,003
Other payables	**102,113**	96,116
	₱4,195,821	₱3,693,097

Trade payables are noninterest-bearing and are generally settled on 30- to 60-day terms.

Other payables include advances from officers and employees, other deferred credits, and cash bonds from distributors as security to retain their credit line.

Details of accrued expenses are as follow:

	2023	2022
Advertisements and promotions	**₱1,558,249**	₱1,214,957
Employee benefits	**767,659**	885,657
Freight, importation charges and other inventory related costs	**176,734**	102,094
Others	**746,719**	499,025
	₱3,249,361	₱2,701,733

Other accrued expenses consist of manpower services, commissions, rentals, royalties and utilities. (see Note 24).

14. Leases

Company as a lessor

The Company entered into lease agreements with third parties covering its office spaces for a period of one (1) to five (5) years, subject for renewal unless terminated by the Company. The leases generally provide for either (a) a fixed monthly rent, or (b) with an escalation rate of 5% to 10% per annum. The lease agreements generally provide fixed monthly rent. The Company records rental income on a straight-line basis over less non-cancellable lease term. Lease income recognized in 2023 and 2022 amounted to ₱20.08 million and ₱18.30 million, respectively under "Services and others" in the parent company statements of income.

Future minimum rental receivables under non-cancellable operating leases as of December 31 are as follows:

	2023	2022
Within one year	**₱16,913**	₱14,600
After one year but not more than five years	**3,168**	5,475
	₱20,081	₱20,075

Company as a lessee
The Company has lease contracts for various items of warehouses, equipment and vehicles. Leases of warehouses generally have lease terms between six (6) months and three (3) years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of office spaces, equipment's and vehicles used in its operations with lease terms of 12 months or less and other equipment considered as low value assets. The Company applies the 'short-term lease' and 'lease of low-value assets 'recognition exemptions for these leases.

Refer to Note 9 for the rollforward analysis of ROU Assets at December 31, 2023 and 2022.

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	**₱38,071**	₱5,612
Interest expense	**655**	1,368
Addition	**–**	63,728
Lease payments applied to:		
Principal portion	**(32,522)**	(31,269)
Interest portion	**(655)**	(1,368)
Balances at end of year	**5,549**	38,071
Less: Current portion of lease liabilities	**5,549**	32,522
Noncurrent portion of lease liabilities	**₱–**	₱5,549

In 2022, the additional lease pertained to the renewed lease contract of the warehouse.

The following are the amounts recognized in parent company statement of income:

	2023	2022
Depreciation expense of ROU assets* (Note 9)	**₱31,864**	₱30,447
Interest expense on lease liabilities (Note 20)	**655**	1,368
Expenses relating to short term leases and of leases of low value asset:		
Short term leases (included in cost of goods sold and selling and marketing expenses)	**114,093**	151,426
Leases of low value assets (included in selling and marketing expenses and general and administrative expenses)	**712**	502
Total amount recognized in the parent company statement of income	**₱147,324**	₱183,743

**Net of negative variable rent related to rent concession amounting to nil and ₱0.27 million in 2023 and 2022, respectively.*

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2023 and 2022:

	2023	2022
1 year	**₱5,556**	₱33,177
more than 1 years to 2 years	**–**	5,556
	₱5,556	₱38,733

15. Equity

Capital stock
As of December 31, 2023 and 2022, capital stock consists of the following:

	Number of Shares			
	Authorized (₱1 par value)		**Issued and Outstanding**	
	2023	2022	**2023**	2022
Issued	**3,978,265,025**	3,978,265,025	**3,651,021,310**	3,651,021,310
Less: Treasury stock	**–**	–	**(281,471,952)**	(281,471,952)
Issued and Outstanding	**3,978,265,025**	3,978,265,025	**3,369,549,358**	3,369,549,358

As of December 31, 2023 and 2022, the Company has 3,978,265,025 authorized common stock with ₱1 par value. Issued and outstanding common stock of 3,369,549,358 and 3,369,549,358 are held by 3,089 and 3,109 shareholders as of December 31, 2023 and 2022, respectively.

Below is the summary of capital stock movement of the Company:

Year	Date of Transaction	Common Stock Transactions	
1993		185,800,356	
1994	August 3,1994	93,304,663	(a)
1995	April 7, 1995	1,116,420,076	(b)
1997	February 25, 1997	5,950,650	(c)
1998		20,042,392	(c)
1999		1,804,979	(c)
2000	July 21, 2000	229,582,173	(d)
2000	December 14, 2000	45,252,983	(d)
2001	Various	21,950,505	(c)
2002	Various	195,891,163	(c)
2006	March 17, 2006	47,857,244	(d)
2007	June 28, 2007	1,963,857,184	(e)
2008	July 29, 2008	(767,310,502)	(f)
2014	March 24, 2014	340,000,000	(g)
2016	Various	(74,973,600)	(h)
2016	Various	70,810,600	(h)
2017	Various	(26,592,400)	(i)
2017	Various	27,864,600	(i)
2018	Various	(19,655,200)	(j)
2018	Various	4,200,000	(j)
2019	Various	(34,676,500)	(k)
2019	Various	5,181,000	(k)
2019	Various	4,120,492	(l)
2020	Various	(87,133,500)	(m)
		3,369,549,358	

(a) On July 28, 1994, the SEC approved the Company's declaration of a 50% stock dividend.
(b) On April 7, 1995, the SEC approved a 5-for-1 stock split for the common stock, effectively reducing the par from ₱10.00 to ₱2.00.
(c) This is the result of the conversion of Company's preferred shares to common shares. Conversion of shares was made at various dates within the year.
(d) Information on the offer price is not available since the shares were not issued in relation to the public offering.
(e) On June 28, 2007, the SEC approved the 2-for-1 stock split for the common stock, effectively reducing the par value from ₱2.00 to ₱1.00.
(f) On July 29, 2008, the company retired its shares amounted to ₱991.76 million.
(g) On March 24, 2014, the Company issued additional 340.00 million shares.
(h) Purchased 74.97 million shares into treasury amounting to ₱313.68 million on various dates in 2016. Re-issued 70.81 million treasury shares amounting to ₱302.23 million on various dates in 2016 resulting in excess of issue price over the cost of treasury shares amounting to ₱8.71 million which is presented under "Additional paid-in capital" account in equity.
(i) Purchased 26.59 million shares into treasury amounting to ₱121.80 million on various dates in 2017. Re-issued 27.86 million treasury shares amounting to ₱129.80 million on various dates in 2017 resulting in excess of issue price over the cost of treasury shares amounting to ₱2.14 million which is presented under "Additional paid-in capital" account in equity.
(j) Purchased 19.66 million shares into treasury amounting to ₱92.76 million on various dates in 2018. Re-issued 4.20 million treasury shares amounting to ₱20.68 million on various dates in 2018 resulting in excess of cost of treasury shares over the issue price amounting to ₱0.22 million which is presented under "Additional paid-in capital" account in equity.

(k) Purchased 34.68 shares into treasury amounting to ₱167.24 million on various dates in 2019. Re-issued 5.18 million treasury shares amounting to ₱24.23 million on various dates in 2019 resulting in excess of cost of treasury shares over the issue price amounting to ₱1.16 million which is presented under "Additional paid-in capital" account in equity.

(l) This is the result of issuance of shares of the Parent Company, as a consideration for the merger, 4,120,492 shares were issued to the minority shareholders and 146,496,952 shares were considered as treasury shares.

(m) Purchased 87.13 million shares into treasury amounting to ₱382.86 million on various dates in 2020.

Retained earnings
The details of the Company's declaration of cash dividends follow:

Date of Board Approval	Amount (in millions)	Amount per share	Record date	Payment date
October 10, 2023	₱200.00	₱0.059355	October 24, 2023	November 21, 2023
June 14, 2023	300.00	0.089033	June 29, 2023	July 25, 2023
January 05, 2023	350.00	0.103871	January 19, 2023	February 14, 2023
September 1, 2022	200.00	0.059355	September 15, 2022	October 11, 2022
June 27, 2022	260.59	0.077335	July 11, 2022	August 4, 2022
January 12, 2022	394.02	0.116936	January 26, 2022	February 22, 2022

Equity reserve
On July 31, 2018, the Board of Directors (BOD) of the Parent Company approved the upstream merger among the Parent Company (the Surviving Corporation) and certain subsidiaries (the Absorbed Corporations). On January 31, 2019, the SEC has approved the said merger.

As a result of merger, the Parent Company has acquired the net assets including previous share of noncontrolling interest and possessed all the right, privileges and immunities of the Absorbed Corporations. All properties and receivables due to the Absorbed Corporations shall be taken and deemed to be transferred to and vested in the Parent Company without further act or deed.

The Parent Company considered the legal merger as, in substance, the redemption of shares in the subsidiaries, in exchange for the underlying assets of such subsidiaries. As a result, the acquired assets and assumed liabilities of the Absorbed Corporations were recognized at the carrying amounts in the consolidated financial statements as of the date of the merger. This includes any goodwill, intangible assets, or purchase price allocation adjustments that were recognized when the subsidiaries were originally acquired, less the related amortization, depreciation or impairment losses, as applicable, as well as the revaluation increment on the property, plant and equipment, of the Absorbed Corporations.

The shares issued by the Parent Company is currently classified as treasury shares. The difference between the consideration paid by the Parent Company and the net assets acquired of the Absorbed Corporations was accounted for as "Equity Reserve" in the parent company statements of financial position.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.

On May 3, 2023, the BOD resolved and approved to retire the treasury shares by decreasing Company's authorized capital stock, for the purpose of eliminating the unlisted treasury shares. As of April 11, 2024, the application with SEC is currently ongoing.

16. Cost of Goods Sold

This account consists of:

	2023	2022
Raw materials used and changes in inventories (Note 7)	**₱8,823,515**	₱8,697,320
Outside services	**504,490**	457,003
Utilities	**265,661**	292,553
Repairs and maintenance	**214,306**	197,242
Depreciation and amortization (Note 9)	**214,291**	200,500
Personnel costs (Note 19)	**161,770**	135,932
Rental (Note 14)	**18,802**	52,180
Taxes and licenses	**17,147**	15,903
Direct labor	**12,664**	13,199
Others	**184,665**	191,746
	₱10,417,311	₱10,253,578

17. Selling and Marketing Expenses

This account consists of:

	2023	2022
Advertisement and promotions	**₱1,113,150**	₱688,884
Freight and handling	**542,955**	461,214
Outside services	**514,047**	460,788
Personnel costs (Note 19)	**100,954**	101,540
Rental (Note 14)	**95,646**	99,456
Provision for expected credit losses (Note 6)	**63,398**	55,830
Depreciation and amortization (Note 9)	**57,205**	55,950
Utilities	**11,517**	9,088
Transportation and travel	**9,956**	6,403
Commissions	**5,530**	26,744
Taxes and licenses	**275**	345
Others	**59,550**	49,591
	₱2,574,183	₱2,015,833

18. General and Administrative Expenses

This account consists of:

	2023	2022
Personnel costs (Note 19)	**₱291,060**	₱369,897
Provision for expected credit losses (Note 6)	**37,000**	20,000
Taxes and licenses	**49,511**	37,010
Depreciation and amortization (Note 9)	**46,552**	49,799
Directors' fees	**21,664**	27,069
Outside services	**18,466**	21,924
Utilities	**17,151**	16,433
Professional fees	**6,245**	5,839
Fuel and oil	**4,370**	4,194
Office Supplies	**3,240**	1,984
Transportation and travel	**2,965**	2,916
Representation and entertainment	**2,235**	1,553
Rental (Note 14)	**356**	292
Others	**91,497**	30,663
	₱592,312	₱589,573

Other expenses include insurance, repairs and maintenance, donations and other miscellaneous expenses.

19. Personnel Costs

This account consists of:

	2023	2022
Salaries and wages	**₱387,797**	₱375,674
Retirement benefit cost (Note 22)	**14,562**	18,326
Other employee benefits	**151,425**	213,369
	₱553,784	₱607,369

The distribution of the above amounts follows:

	2023	2022
General and administrative expenses (Note 18)	**₱291,060**	₱369,897
Cost of goods sold (Note 16)	**161,770**	135,932
Selling and marketing expenses (Note 17)	**100,954**	101,540
	₱553,784	₱607,369

20. **Other Income and Expenses**

Interest Income

	2023	2022
Cash and cash equivalents (Note 5)	**₱1,718**	₱3,630
Investment in FVOCI (Note 11)	**88,625**	57,374
	₱90,343	₱61,004

Interest Expense and Financing Charges

	2023	2022
Interest expense on lease liability (Note 14)	**₱655**	₱1,368
Others	**67**	52
	₱722	₱1,420

Other Income (Loss) - net

	2023	2022
Foreign exchange (loss) - net	**(₱1,094)**	(₱23,464)
Gain on sale of property, plant and equipment (Note 9)	**1,691**	1,538
Others - net	**59,377**	1,524
	₱59,974	(₱20,402)

21. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other related party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Terms and Conditions of Transactions with Related Parties
There have been no guarantees provided or received for any related party receivables or payables. These accounts are non-interest bearing, generally unsecured and will be settled in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Company's transactions and account balances with related parties follows:

		2023		2022				
Related Parties	Transaction	**Amount**	**Outstanding receivable (payable)** (Notes 6 and 13)	Amount	Outstanding receivable (payable) (Notes 6 and 13)	Statement of Financial Position Account	Terms	Conditions
Joint venture								
URICI	Management service income	**₱18,649**	**₱10,606**	₱21,747	₱11,176	Trade receivables	Noninterest-bearing, collectible on demand	Unsecured, no impairment
	Dividend income	**713,605**	**189,134**	1,094,530	–	Dividend receivables	-do-	-do-
	Commission Income	**1,798**	–	1,818	–	Trade receivables	-do-	-do-
-do-	Service fees	**–**	**(1,289)**	–	(1,289)	Trade payables	Noninterest-bearing	Unsecured
Subsidiaries								
FWBC	Sale of goods	**–**	**13,808**	–	13,808	Trade receivables	Noninterest-bearing, collectible within 60 days	Unsecured, fully impaired

(Forward)

		2023		2022				
Related Parties	Transaction	**Amount**	**Outstanding receivable (payable)** (Notes 6 and 13)	Amount	Outstanding receivable (payable) (Notes 6 and 13)	Statement of Financial Position Account	Terms	Conditions
Subsidiaries								
RLC	Purchases of Services	**₱**3,810	**(₱5,065)**	₱3,387	(₱5,546)	Trade payables	-do-	Unsecured
REI	Current advances	**–**	**(36,852)**	–	(36,888)	Advances from related parties	Non-interest bearing	Unsecured
Entities under major shareholder group								
RFM Canning	Current advances	**–**	**34,813**	–	34,813	Advances to related parties	Noninterest-bearing	Unsecured, no impairment
Philtown	Current advances	**–**	**107,689**	–	107,689	-do-	-do-	Fully secured - with collateral of real properties, fully impaired
Joey Pepperoni	Sale of goods	**–**	**1,396**	–	1,396	Trade receivables	Noninterest-bearing	Unsecured, no impairment
Kettle Korn	Sale of goods	**423**	**1,912**	496	1,489	Trade receivables	-do-	-do-
Republic Consolidated	Purchase of services	**–**	**(22,542)**	–	(22,542)	Trade payables	-do-	Unsecured
Others	Purchase of services	**–**	**(7,829)**	2,114	(8,092)	Trade payables	-do-	-do-
-do-	Advances	**–**	**(144)**	–	(115)	Advances from related parties	-do-	-do-
-do-	Current advances	**–**	**10,840**	53	10,758	Advances to related parties	-do-	Unsecured, no impairment
-do-	Sale of goods	**–**	**427**	–	427	Trade receivables	-do-	-do-

The parent company statements of financial position for the years ended December 31, 2023 and 2022 include the following amounts resulting from transactions with related parties:

	2023	2022
Trade receivables (Note 6)	**₱28,149**	₱28,296
Dividends receivable (Note 6)	**189,134**	–
Advances to related parties (Note 6)	**153,342**	153,260
Trade payables (Note 13)	**36,725**	37,469
Advances from related parties (Note 13)	**36,996**	37,003

Significant transactions of the Company with subsidiaries and joint venture are as follows:

a. Distribution services provided by the Company to URICI for the export of frozen dairy dessert/mellorine whereby URICI pays service fees equivalent to 7% of the total net sales value of goods distributed. Service fees amounted to ₱18.65 million and ₱21.75 million for the years ended December 31, 2023 and 2022, respectively.

b. The Company utilizes RLC for its lighterage requirements. Service fees charged by RLC amounted to ₱19.60 million and ₱3.39 million for the years ended December 31, 2023 and 2022, respectively.

Compensation of key management personnel of the Company by benefit type follows:

	2023	2022
Salaries and other short-term benefits	**₱97,940**	₱93,280
Retirement benefits costs	**3,885**	5,380
	₱101,825	₱98,660

In 2023 and 2022, the Company has allowance on expected credit losses on its advances to related parties amounting to ₱48.62 million (see Note 6).

22. Retirement Benefits

The Company's retirement fund is a noncontributory defined benefit plan covering all regular employees which is in compliance with Republic Act 7641, *Retirement Pay Law*. Benefits are based on the employee's years of service and final plan salary. The Company's latest actuarial valuation report is as at December 31, 2023.

a. Retirement Benefit Costs

The components of retirement benefit cost recognized in the parent company statements of income for the years ended December 31, 2023 and 2022:

	2023	2022
Current service cost	**₱16,327**	₱18,104
Net interest cost (income)	**(1,765)**	222
Retirement benefits cost	**₱14,562**	₱18,326

Portions recognized in:

	2023	2022
Cost of goods sold (Note 16)	**₱7,438**	₱6,526
Selling and marketing expenses (Note 17)	**4,466**	4,485
General and administrative expenses (Note 18)	**2,658**	7,315
	₱14,562	₱18,326

b. Net Retirement Liability (Asset)

The details of the net retirement liability (asset) recognized in the parent company statement of financial position as of December 31, 2023 and 2022.

	2023	2022
Present value of defined benefit obligations	**₱275,284**	₱269,581
Fair value of plan assets	**271,698**	283,427
Net retirement liability (asset)	**₱3,586**	(₱13,846)

Changes in the present value of the defined benefit obligation:

	2023	2022
January 1	**₱269,581**	₱282,335
Current service cost	**16,327**	18,104
Interest cost	**16,456**	13,276
Re-measurement loss (gain) due to:		
Experience adjustments	**8,821**	(949)
Changes in financial assumptions	**15,502**	(35,473)
Benefits paid from retirement fund	**(49,246)**	(3,982)
Benefits paid out of Company's funds	**(2,157)**	(3,730)
December 31	**₱275,284**	₱269,581

Changes in the fair value of plan assets:

	2023	2022
January 1	**₱283,427**	₱264,940
Interest income included in net interest cost	**18,221**	13,054
Contributions	**24,000**	24,000
Benefits paid	**(49,246)**	(3,982)
Re-measurement loss	**(4,704)**	(14,585)
December 31	**₱271,698**	₱283,427

Changes in net retirement liability (asset):

	2023	2022
January 1	**(₱13,846)**	₱17,395
Retirement benefits cost	**14,562**	18,326
Re-measurement loss (gain)	**29,027**	(21,837)
Contribution	**(24,000)**	(24,000)
Benefits paid	**(2,157)**	(3,730)
December 31	**₱3,586**	(₱13,846)

The following table presents the breakdown of the plan assets:

	2023	2022
Assets		
Investments in:		
Bonds	**49.18%**	64.07%
Debt securities other than bonds	**31.81%**	27.61%
Real estate	**3.32%**	3.18%
Cash and cash equivalents	**15.18%**	4.70%
Receivables	**0.55%**	0.47%
	100.04%	100.03%
Liabilities	**0.04%**	0.03%
	100.00%	100.00%

The plan assets are held by a trustee bank. The investing decisions of these plan assets are made by the authorized officers of the Company.

As of December 31, 2023 and 2022, the principal assumptions used in determining retirement obligations of the Company follow:

	2023	2022
Discount rate per annum	**6.10%**	7.16%
Future annual increase in salary	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023 and December 31, 2022, assuming if all other assumptions were held constant:

	2023		2022	
	Increase/ (Decrease) in Basis Points	**Effect on Defined Benefit Retirement Obligation**	Increase/ (Decrease) in Basis Points	Effect on Defined Benefit Retirement Obligation
Discount rate	**+100**	**(₱14,673)**	+100	(₱13,059)
	-100	**16,875**	-100	14,798
Salary increase rate	**+100**	**18,163**	+100	16,309
	-100	**(16,089)**	-100	(14,649)

The following are expected payments to be made out of the defined benefit plan obligations in the future years:

	2023	2022
One year and less	**₱107,836**	₱79,148
Between 1 and 5 years	**78,070**	138,612
Between 5 and 10 years	**124,672**	112,558
Between 10 and 15 years	**132,533**	132,022
Between 15 and 20 years	**130,900**	124,068
Beyond 20 years	**319,774**	293,021
Total expected payments	**₱893,785**	₱879,429

The average duration of the defined benefit plan obligations as of December 31, 2023 and 2022 is 9.26 years and 8.20 years, respectively.

The Parent Company expects to contribute ₱21.43 million to the retirement fund in 2024.

The cumulative remeasurement losses on the defined benefit plan recognized in retained earnings follow:

	2023	2022
Cumulative remeasurement loss on defined benefit plan	**₱128,356**	₱99,328
Tax effect	**(32,089)**	(24,832)
	₱96,267	₱74,496

23. Income Taxes

a. The provision for current income tax represents RCIT.

b. A reconciliation of the provision for income tax computed at the statutory income tax rate based on income before income tax to the provision for income tax computed at the Company's effective income tax rate follows:

	2023	2022
Provision for income tax at the statutory income tax	**₱347,658**	₱305,950
Additions to (reductions in) income tax resulting from:		
Dividend income exempted from income tax	**(178,401)**	(273,633)
Interest income subjected to final tax	**(22,588)**	(15,251)
Nondeductible portion of interest expense and other expenses	**180**	359
Movement in deferred tax and others	**(18,566)**	11
Provision for income tax	**₱128,283**	₱17,436

c. The components of the Company's net deferred income tax liabilities as of December 31 follow:

	2023	2022
Deferred income tax items recognized in profit or loss		
Deferred income tax assets on:		
Provision for profit bonus	**₱132,389**	₱170,104
Allowance for:		
Expected credit losses	**108,349**	108,357
Inventory obsolescence	**6,641**	13,603
Unamortized past service cost	**14,907**	17,384
Lease liability	**1,387**	9,518
Others	**5,089**	–
	268,762	318,966

(Forward)

	2023	2022
Deferred income tax liabilities on:		
Accrued retirement benefits	**(₱31,192)**	(₱28,293)
ROU asset	**(1,328)**	(9,294)
Others	**(1,097)**	(12,972)
	(33,617)	(50,559)
	235,145	268,407
Deferred income tax items recognized in OCI:		
Revaluation increment on land (Note 9)	**(1,003,230)**	(748,351)
Cumulative actuarial loss on defined benefit plan	**32,089**	24,832
	(971,141)	(723,519)
Total deferred income tax liabilities	**(₱735,996)**	(₱455,112)

24. Contracts and Commitments

a. The Company entered into license agreements with Sunkist Growers, Inc., Rovio Entertainment Ltd., and Turner Broadcasting System Asia Pacific, Inc. whereby the licensors granted the Company the non-exclusive license to manufacture, market, distribute and sell the licensed products. The Company agreed to pay a fixed amount of royalty every year, as stipulated in the agreements. Unpaid royalties, included under "Accrued expenses" account, amounted to ₱1.22 million and ₱4.40 million as of December 31, 2023 and 2022, respectively (see Note 13).

b. The Company entered into the following non-cancellable lease agreements:

- Lease of warehouse space to Edenfield Resources & Development Corp. located at Molson Park, C.A. Yulo Ave., Canlubang Industrial Park, Calamba, Philippines with a monthly rental fee of ₱2.33 million with 5% annual escalation clause. The lease contract shall be for a period of three (3) years and commenced on March 1, 2017 and to expire on February 28, 2020 and was renewed for another two (2) years upon mutual agreement prior to expiration of the lease term. The contract was further renewed for another two (2) years commencing on March 1, 2022 until February 28, 2024 with 3% annual escalation clause. Thereafter, the contract was renewed for another two (2) years.

- Sublease of warehouse space from Fast Services Corporation located at Bldg. 2 PPFC Compound, Brgy. Pulo, Cabuyao Laguna. The sublease shall be for a term of one (1) year commencing on July 1, 2020 and expiring on June 30, 2021, renewable for another two (2) years, subject to mutual agreements on the terms and conditions. The contract was renewed for another two (2) years and the monthly rental fee is ₱4.18 million with 4% annual escalation clause beginning 2021. Thereafter, the contract was renewed for one (1) year.

25. Earnings Per Share

	2023	2022
Net income (a)	**₱1,262,349**	₱1,206,364
Weighted average number of common shares outstanding (b)	**3,369,549,358**	3,369,549,358
Basic/diluted earnings per share (a/b)	**₱0.37**	₱0.36

The Company does not have potentially dilutive common shares as of December 31, 2023 and 2022. Therefore, basic/dilutive earnings per share are the same.

26. Financial Instruments

	2023	2022
Financial Assets		
Cash and cash equivalents	**₱2,513,761**	₱2,969,578
Trade receivables	**1,350,077**	981,171
Advances to related parties and nontrade receivables	**130,875**	216,773
Dividends receivable	**189,134**	–
Advances to officers and employees	**14,746**	15,554
Other receivables	**12,550**	17,842
	4,154,143	4,200,918
Financial assets at FVOCI	**1,861,975**	1,806,403
	₱6,016,118	₱6,007,321
Other Financial Liabilities		
Accounts payable*	**₱646,736**	₱768,763
Accrued expenses	**3,249,361**	2,701,733
Advances from related parties	**36,996**	37,003
Lease liabilities	**5,549**	38,071
	₱3,938,642	₱3,545,570

**Exclusive of payables to government agencies and customer deposits amounting to ₱262.73 million and ₱185.65 million as of December 31, 2023 and 2022, respectively.*

Cash in banks, cash equivalents, trade receivables, nontrade receivables, advances to officers and employees, advances to related parties, other receivables, accounts payable and accrued liabilities, and advances from related parties. The carrying amounts of these instruments approximate their fair values due to their short-term maturities and demand features.

Financial Assets at FVOCI. The fair value of the investments as of December 31, 2023 and 2022 amounted to ₱1,861.98 million and ₱1,806.40 million, was determined by reference to level 2 quoted market bid prices of bonds with similar terms and nature at the close of business on the reporting date.

27. Financial Risk Management Objectives and Policies

General Objectives, Policies and Processes

The BOD has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The BOD receives monthly reports from the Company's Finance Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the BOD is to set polices that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks, which result from its operating, investing and financing activities. The Company's principal financial instruments comprise of cash on hand and in banks, cash equivalents, trade and other payables, and advances from related parties. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and financial liabilities arise directly from operations.

Company policies and guidelines cover credit risk, liquidity risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's results and financial position. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment is not significant.

Customer credit risk is managed by managing and analyzing the credit risk for each new customer before standard payment and delivery terms and conditions are offered. Outstanding receivables are regularly monitored. The credit quality of the Company's financial assets that are neither past due nor impaired is considered to be good quality and expected to be collectible without incurring any credit losses. Credit risk from balances with banks is managed by ensuring that the Company' deposit arrangements are with reputable and financially sound counterparties.

Set out below is the information about the credit risk exposure on the Company's financial assets using provision matrix as of December 31, 2023 and 2022:

December 31, 2023:

			Trade receivables							
				Days past due						
	Cash in banks and cash equivalents	Financial Assets at FVOCI	Current	< 30 days	<30-60 days	<61-90 days	<91-365 days	>365 days	Impaired Financial Assets	Total
Expected credit loss rate	–%	–%	0.01%-1.98%	0.01%-3.95%	0.01%-15.00%	0.06%-30.00%	3.27%-80.00%	52.63%-100%		
Estimated total gross carrying amount at default	**₱2,513,762**	**₱1,861,975**	**₱808,592**	**₱496,888**	**₱76,547**	**₱13,872**	**₱17,215**	**₱31,589**	**₱226,633**	**₱1,667,336**
Expected credit loss	**₱**–	**₱**–	**₱15,971**	**₱19,331**	**₱11,293**	**₱4,095**	**₱13,611**	**₱30,881**	**₱226,077**	**₱321,259**

December 31, 2022:

			Trade receivables							
				Days past due						
	Cash in banks and cash equivalents	Financial Assets at FVOCI	Current	< 30 days	<30-60 days	<61-90 days	<91-365 days	>365 days	Impaired Financial Assets	Total
Expected credit loss rate	–%	–%	0.01%–-0.09%	0.01%–1.18%	0.01%–5.55%	0.06%–21.52%	3.27%–44.26%	52.63%–100%		
Estimated total gross carrying amount at default	₱2,969,578	₱1,806,403	₱454,360	₱432,049	₱149,496	₱26,712	₱16,084	₱19,306	₱261,453	₱1,359,460
Expected credit loss	**₱**–	**₱**–	₱1,358	₱21,263	₱21,924	₱18,091	₱15,280	₱18,920	₱261,453	₱358,289

Liquidity risk
This represents the risk or difficulty in raising funds to meet the Company's commitment associated with financial obligation and daily cash flow requirement. The Company is exposed to the possibility that adverse exchanges in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Company's approach to manage its liquidity profile are: through prudent financial planning and execution to meet the funding requirements of the various operating divisions with the Company; through long-term and short-term debts obtained from financial institutions; through strict implementation of credit and collection policies, particularly in containing trade receivables; and through capital raising, including equity, as may be necessary.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2023 and 2022 respectively, based on the contractual undiscounted payments.

December 31, 2023

	Less than 1 year	**1 to less than 2 years**	**Total**
Financial Liabilities			
Account payable and other current liabilities*	**₱3,933,093**	**₱–**	**₱3,933,093**
Lease liabilities	**5,556**	**–**	**5,556**
	₱3,938,649	**₱–**	**₱3,938,649**

**Exclusive of payables to government agencies and customers' deposits amounting to ₱262.73 million.*

December 31, 2022

	Less than 1 year	1 to less than 2 years	Total
Financial Liabilities			
Account payable and other current liabilities*	₱3,507,499	₱–	₱3,507,499
Lease liabilities	33,177	5,556	38,733
	₱3,540,676	₱5,556	₱3,546,232

** Exclusive of payables to government agencies and customer deposits amounting to ₱185.60 million.*

The Company's other financial liabilities may be settled using cash and cash equivalents aggregating to ₱2,513.76 million and ₱2,969.58 million and trade and other receivables amounting to ₱1,640.38 million and ₱1,231.34 million as of December 31, 2023 and 2022, respectively.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency). The principal currency risks to which the Company is exposed involve the U.S. Dollar (US$).

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2023		2022	
	US Dollar	**Philippine Peso equivalent**	US Dollar	Philippine Peso equivalent
Cash in bank	**$6,183**	**₱342,375**	$13,259	₱739,257
Receivables	**1,674**	**92,681**	798	44,517
	$7,857	**₱435,056**	$14,057	₱783,774

The Company is exposed to foreign exchange currencies. The following table demonstrates the sensitivity to reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Company's profit before tax.

The results of the model are constrained by the fact that only monetary items which are denominated in USD are included in the analysis.

		Effect on profit before tax	
	Change in foreign currency rates	**2023**	2022
Cash in bank	+10%	**₱34,237**	₱73,926
	-10%	**(34,237)**	(73,926)
Receivables	+10%	**9,268**	4,452
	-10%	**(9,268)**	(4,452)

The exchange rate of the Peso to the US Dollar is ₱55.37 and ₱55.76 as of December 31, 2023 and 2022, respectively.

There is no other impact on the Company's equity other than those affecting the parent company statements of income.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Parent Company's exposure to the risk of changes in market interest rates relates primarily to the Parent Company's short and long-term government debt securities with floating discount rates.

The following table demonstrates the sensitivity to reasonably possible change in the discount rates of government securities, with all other variables held constant, of the Parent Company's other comprehensive income.

		Effect on other comprehensive income	
	Change in discount rates	**2023**	2022
Investment in FVOCI	+5%	**(₱8,879)**	(₱13,162)
	-5%	**8,942**	13,300

The discount rates of government securities held by the Company as of December 31, 2023 and 2022 ranges from 2.63% to 4.88% and 0.94% to 3.85%, respectively.

28. Capital Management

It is the objective of the Company to maintain a capital base that adequately services the needs of its present and future operations while keeping within the capital level required by creditors. The capital base is also sufficient to address present and future uncertainties and risks inherent in the business and changes in the economic conditions. Payment of dividends, return of capital, or issuance of shares to increase capital shall be made accordingly and as may be necessary. No changes were made in the objectives, policies and processes as of December 31, 2023 and 2022.

The table below summarizes the total capital considered by the Company:

	2023	2022
Capital stock	**₱3,651,021**	₱3,651,021
Additional paid-in capital	**2,060,383**	2,060,383
Treasury stock	**(758,777)**	(758,777)
Retained earnings	**6,350,857**	5,960,277
	₱11,303,484	₱10,912,904

29. Events After the Reporting Date

Declaration of Dividends
On January 24, 2024, the Company's BOD declared cash dividends amounting to ₱250 million or ₱0.074194 per share to stockholders of record as of February 7, 2024. The cash dividends were paid on March 5, 2024.

30. Notes to Statement of Cash Flows

Noncash investing activity
In 2022, the Company has non-cash additions to property, plant and equipment amounting to ₱63.73 million arising from additional right-of -use assets.

Changes in liabilities arising from financing activities

December 31, 2023

	Dividends payable	**Lease Liabilities**
Beginning of the year	**₱31,064**	**₱38,071**
Dividend declaration	**849,999**	**–**
Cash flows	**(844,741)**	**(33,177)**
Amortization of interest expense	**–**	**655**
End of year	**₱36,322**	**₱5,549**

December 31, 2022

	Dividends payable	Lease Liabilities
Beginning of the year	₱29,061	₱5,612
Dividend declaration	854,605	–
Cash flows	(852,602)	(32,637)
Amortization of interest expense	–	1,368
Addition	–	63,728
End of year	₱31,064	₱38,071

31. Supplementary Tax Information Required Under RR 15-2010

In compliance with the requirements set forth by RR No. 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year ended December 31, 2023:

a. Value-Added Tax (VAT)

The table below shows the net sales/receipts and output VAT declared in the Company's VAT returns.

	Net sales	Output VAT
VATable sales	₱13,371,112	₱ 1,604,533
Zero-rated sales[1]	272,898	–
Exempt sales[2]	811,662	–
	₱14,455,672	₱1,604,533

1. Zero-rated sales arising from sale of goods from Philippines to foreign countries which are payable in acceptable foreign currency are subject to VAT zero-rating pursuant to section 106 (A) (2) of the National Internal Revenue Code of 1997, as amended.

2. Exempt sales pertain to sales of pollard (fish feeds), which are exempt from VAT pursuant to Section 109 (3) of NIRC of 1997, as amended.

The table below shows the movements of input VAT for the year ended December 31, 2023:

At January 1	₱–
Excess from previous period to be carried over	–
Current year's domestic purchases/payments or importations for:	
Domestic purchase of goods other than capital goods	339,150
Domestic purchase of services	454,135
Importations	205,419
Input tax allocable to Exempt Sales	(5,126)
Deferred input tax amortization	115
	993,693
Less: Application against output VAT	1,604,533
	–

b. Importations

Landed cost of imports	₱1,636,378
Customs duties	208,130
	₱1,844,508

c. Other Taxes and Licenses

Real estate taxes	₱20,398
Business taxes	40,922
Taxes and licenses	191
Vehicle registration	4,129
Other taxes	1,293
	₱66,933

d. Withholding Taxes

Compensation and benefits	₱50,041
Expanded withholding taxes	125,019
Fringe benefit tax	1,902
Final withholding taxes	44,110
	₱221,072

Tax Assessment and Cases

As at December 31, 2023, the Company has no pending final assessment notices. The Company is not aware of any tax case under preliminary investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
RFM Corporation
RFM Corporate Center
Pioneer corner Sheridan Streets
Mandaluyong City

We have audited the accompanying parent company financial statements of RFM Corporation (the Company) as at December 31, 2023 and for the year ended, on which we have rendered the attached report dated April 11, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has 3,051 stockholders each owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.

Ma. Emilita L. Villanueva
Partner
CPA Certificate No. 95198
Tax Identification No. 176-158-478
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-141-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082036, January 6, 2024, Makati City

April 11, 2024

A member firm of Ernst & Young Global Limited