



**DRAFT**

## **SL AGRITECH CORPORATION**

### **Php 2,000,000,000 Commercial Paper Issue Issue Price: Discount to face value**

SL Agritech Corporation ("SLAC", the "Company" or the "Issuer") is seeking authority from the Securities and Exchange Commission to issue up to Php 2,000,000,000 worth of commercial papers (the "CPs"). The Initial Issuance of Series G, H and I will carry Discount Rates of 4.7500% to 5.5000%<sup>1</sup>, 4.7500% to 5.5000%<sup>1</sup>, and 4.7500% to 5.5000%<sup>1</sup>, respectively, calculated on a true-discount basis. (See "Terms and Description of the CPs – Discount Rate"). The Initial Issuance will have the following tenors: 90 days, 180 days, and 360 days for Series G, H, and I, respectively.

The CPs shall be offered to the public (the "Offer") at discount to face value and in one lump sum or in tranches through the Underwriter and the Selling Agents as may be designated subject to certain conditions in the Issue Management and Underwriting Agreement executed between the Issuer and the Issue Manager/Underwriter. The CPs are intended to be listed at the Philippine Dealing & Exchange Corp. (PDEX) for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants. The Issuer has been assigned a credit rating of PRS Aa (Corp.) by the Philippine Ratings Services Corporation ("PhilRatings") on October 12, 2017. A credit rating is not a recommendation to buy, sell, or hold the securities and may be subject to revision, suspension, or withdrawal at any time by PhilRatings.

*Issue Manager and Underwriter / Arranger*

### **Multinational Investment Bancorporation**

January 23, 2018

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

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<sup>1</sup> Note that the rates are indicative and are presented for illustration purposes only. The rates may change depending on the benchmark rates on pricing date.

**SL AGRITECH CORPORATION**  
**STERLING PLACE 2302 PASONG TAMO EXTENSION**  
**MAKATI CITY 1231, PHILIPPINES**  
**+632 813 7828**

**SL AGRITECH CORPORATION** (the “Issuer” or the “Company”) is offering Commercial Papers (the “CPs”) in the aggregate principal amount of ₱2,000,000,000.00 (the “Offer”). The CPs, which may be issued in lump sum or in tranches, shall have an interest rate fixed prior to issuance. The succeeding tranches, if any, may be issued within three (3) years from the date of effectivity of the registration statement.

After the close of the Offer and within three (3) years following the issuance of the CPs, the Company may, at its sole discretion, offer any or all of the remaining balance of the face value of the CPs covered by such registration statement, in one or more subsequent series under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur, and to issue CPs depending on its financing needs. Subsequent issuances are subject to a rating by PRS.

The CPs will be unsecured obligations of the Company and will rank *pari passu* without any preference amongst themselves and at least *pari passu* with other unsecured and unsubordinated obligations of the Company, present and future, other than obligations preferred by law. The CPs will be effectively subordinated in right of payment to all secured debt of the Company to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

The Company expects the Net Offer proceeds to amount to approximately Php1,879,584,750.89. Such proceeds will be used by the Company to refinance existing debt of the company, and finance working capital requirements. See “*Use of Proceeds*” on page 32. The Underwriter will receive 0.50% per annum of the aggregate value of the CPs issued. Such amount shall be inclusive of the underwriting and selling agency fees and shall be deductible from the net proceeds of the Offering.

The Company was registered with the SEC on September 11, 2000 with an authorized capital stock of Php100,000,000.00 divided into 1,000,000 common shares with a par value of Php100.00. On September 28, 2010, the SEC approved the increase in the Company’s authorized capital stock to Php1,000,000,000.00 divided into 1,000,000,000 common shares with a par value of Php1.00 per share. On July 9, 2012, the SEC approved the increase in the Company’s authorized capital stock to Php2,000,000,000.00 divided into 2,000,000,000 common shares with a par value of Php1.00 per share. On September 4, 2017, the SEC approved the increase in the Company’s authorized capital stock to Php2,070,000,000.00 divided into 2,070,000,000 common shares with a par value of Php1.00 per share. Previous to the approval of SEC, the Board of Directors of the Company approved to further increase the authorized capital stock from Php2,070,000,000.00 to Php4,570,000,000.00.

The Company is the only Philippine producer of SL-8H hybrid rice seeds with fully integrated operations, while the other companies only sell imported hybrid rice seeds from other countries. The Company operates two business segments: the production of

hybrid rice seeds and premium rice. The majority of the Company's business is currently derived from hybrid rice seeds, after its first product, SL-8H, was successfully developed and distributed. Another objective of the Company is to develop premium rice from its hybrid rice seed products. The Company currently conducts research and propagates proprietary hybrid rice seed varieties, and distributes premium rice products under the brand names "Doña Maria", "Cherry Blossom" and "Willy Farms."

The Company was granted by the BOI non-pioneer status for its hybrid rice production in Nueva Ecija in March 2015 and pioneer status for its seeds production in Lupon, Davao Oriental in February 2009 and Matanao, Davao Del Sur in May 2017. The Company's main activities are covered under the Investment Priority Plan of the Board of Investments and thereby granted BOI incentives. The hybrid seed production in Lupon, Davao Oriental is registered as a pioneer producer of hybrid rice seed with an annual capacity of 3.2 million tons, while the rice processing plant in Talavera, Nueva Ecija is registered as a new producer of hybrid rice with an annual capacity of 29,225 metric tons. As a registered company, it is entitled to certain benefits including Income Tax Holiday for a period of five (5) years from the date of registration with an extension of two (2) years. The Company further avails of BOI benefits under the law as a result of the additions to and expansion of its production facilities.

The Company's Board of Directors (the "Board") is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares. The Company intends to declare as a policy at least 5% of its prior year's net income as dividends whether in stock or in cash, subject to statutory limitations. See "*Dividend Policy*" on page 87.

Unless otherwise stated, all information contained in this Prospectus has been supplied by the Company. The Company, through its Board, having made all reasonable inquiries, accepts full responsibility for the information contained in this Prospectus and confirms that this Prospectus contains all material information with regard to the Company, its business and operations and the CPs, which as of the date of this Prospectus is material in the context of the Offer; that, to the best of its knowledge and belief as of the date hereof, the information contained in this Prospectus are true and correct and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and, that there are no other facts, the omission of which makes this Prospectus, as a whole or in part, misleading in any material respect. The delivery of this Prospectus shall not, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

Multinational Investment Bancorporation, the Issue Manager and Underwriter / Arranger, warrants that it has, to the best of its ability, exercised the level of due diligence required under existing regulations in ascertaining that all material information contained in this Prospectus are true and correct, and that to the best of its knowledge, no material information was omitted, which was necessary in order to make the statements contained in this Prospectus not misleading. Except for its failure to

exercise the required due diligence, the Issue Manager and Underwriter / Arranger assumes no liability for any information supplied by the Company.

Market data and certain industry information used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Issue Manager and Underwriter / Arranger makes any representation as to the accuracy and completeness of such information.

In making an investment decision, applicants are advised to carefully consider all the information contained in this Prospectus, including the following key points characterizing potential risks in an investment in the CPs:

### **Risks relating to the Company and its business**

- Dependence on programs developed or supported by the Department of Agriculture of the Philippines
- Risk of non-acceptance of the Company's hybrid rice seed products
- Risk of being affected by changes in the preferences or purchasing power of consumers
- Risks of the Company not executing its sales strategy efficiently
- Dependence on its proprietary rights on hybrid seeds and rice
- The Company's business is affected by seasonality
- Revocation of BOI Registration
- Risk of non-availability of land for the Company's operations.
- Dependence on key personnel, the loss of which could adversely affect its business and growth
- Dependence on certain key managers of Sterling Paper Enterprise, Inc.
- The Company's plan of action when high ranking employees and scientists leave
- Reliance on third parties
- Risk of products not meeting customers' requirements
- Increased amount of debt

### **General Risks**

- Political or social instability
- Slowdown in the Philippine economy
- Natural catastrophe and calamity

### **Risks Relating to the Commercial Papers**

- Liquidity Risk – the Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets
- Price Risk – the CPs market value moves (either up or down) depending on the change in interest rates

- Retention of Ratings Risk – there is no assurance that the rating of the CPs will be retained throughout the life of the CPs

For a more detailed discussion on the risks in investing, see section on “*Risk Factors*” beginning on page 22 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the CPs.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectation and projections about future events and financial trends affecting its business and operations. Words including, but not limited to “believe”, “may”, “will”, “estimates”, “continues”, “anticipates”, “intends”, “expects” and similar words are intended to identify forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances in this Prospectus may or may not occur. The Company’s actual results could differ significantly from those anticipated in the Company’s forward-looking statements.

The contents of this Prospectus are not to be considered as legal, business or tax advice. Each prospective purchaser of the CPs receiving a copy of this Prospectus acknowledges that he has not relied on the Issue Manager and Underwriter / Arranger or Selling Agents in his investigation of the accuracy of such information or his investment decision. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of a purchase of the CPs.

The CPs are offered solely on the basis of the information contained and the representations made in this Prospectus. No dealer, salesman or other person has been authorized by the Company or by the Issue Manager and Underwriter / Arranger to issue any advertisement or to give any information or make any representation in connection with the Offer other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or by the Issue Manager and Underwriter / Arranger.

The laws of certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the CPs. Persons into whose possession this Prospectus or any of the CPs come must inform themselves about, and observe any such restrictions. Neither the Company, the Issue Manager/Underwriter and the Selling Agents, nor any of its or their respective representatives are making any representation to any prospective purchaser of the CPs as to the legality of any investment in the CPs by such prospective purchaser under applicable legal investment or similar laws or regulations.

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.**

The Company is organized under the laws of the Republic of the Philippines. Its principal office is located at Sterling Place 2302 Pasong Tamo Extension Makati City 1231, Philippines with telephone number **+632 813 7828**. Any inquiry regarding this

Prospectus should be forwarded to the Company, or to Multinational Investment Bancorporation.

**SL AGRITECH CORPORATION**

By:

**HENRY LIM BON LIONG**

Chairman

SUBSCRIBED AND SWORN to before me this \_\_\_\_th day of \_\_\_\_\_  
2017 in \_\_\_\_\_, Philippines, affiant exhibiting to me his  
\_\_\_\_\_ issued on \_\_\_\_\_ in  
\_\_\_\_\_

Doc. No \_\_\_\_\_;  
Page No \_\_\_\_\_;  
Book No \_\_\_\_\_;  
Series of 2017.

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## DEFINITION OF TERMS

Banking Day.....	A day (except Saturdays, Sundays and holidays) on which banks in the Philippines are open for business
BIR.....	Bureau of Internal Revenue
BOI.....	Board of Investments
BPI.....	Bureau of Plant and Industry
BSP.....	Bangko Sentral ng Pilipinas, the central bank of the Philippines
Company.....	SL Agritech Corporation
Corporation Code.....	Batas Pambansa Blg. 68, otherwise known as "The Corporation Code of the Philippines"
CP.....	The Commercial Papers, an evidence of indebtedness registered with the SEC with maturity of three hundred and sixty five (365) days or less
CP Holder.....	A purchaser of the CPs
DA.....	Department of Agriculture
DENR.....	Philippine Department of Environment and Natural Resources
Directors.....	The members of the Board of Directors of the Company
Government.....	The Government of the Republic of the Philippines
GRT.....	Gross receipts tax
Initial Issuance.....	The first issuance of the Commercial Paper
Issue Date.....	A date at which the CPs or a portion thereof shall be issued by the Issuer, which date shall be set by the Issuer in consultation with the Issue Manager and Underwriter / Arranger. For the avoidance of doubt, an Issue Date shall at any time be a date which is within the validity of the SEC Permit to Sell.
Listing Date.....	The date at which the CP shall be listed with PDEX



Lim Family.....	Mr. Henry Lim Bon Liong, Mr. Joseph Lim Bon Huan, Mr. Gerry Lim Bon Hiong, and Mr. Ruben Lim Bon Siong.
MAO.....	Municipal Agriculture Office
NFA.....	National Food Authority
Offer.....	Up to Php2,000,000,000 Commercial Papers
Offer Price.....	Discount to face value
₱ or P.....	or Php or Philippine Pesos, the lawful currency of the Republic of the Philippines
PDEX.....	Philippine Dealing & Exchange Corp.
PDST-R2.....	PDS benchmark reference rates as reported in the website of the PDS Group
PDTC.....	The Philippine Depository and Trust Corporation
PFRS.....	Philippine Financial Reporting Standards
Philratings.....	Philippine Ratings Services Corporation
Prospectus.....	This Prospectus together with all its annexes, appendices and amendments, if any
SEC.....	The Philippine Securities and Exchange Commission
SLAC or SL Agritech.....	SL Agritech Corporation
Subsequent Issuance.....	Issuances subsequent to the Initial Issuance
Issue Manager and Underwriter / Arranger .....	Multinational Investment Bancorporation
SRC.....	Republic Act No. 8799, otherwise known as “The Securities Regulation Code”
Term Deposit Facility....	The Term Deposit Facility (TDF) is a key liquidity absorption facility, commonly used by central banks for liquidity management. Due to the BSP’s inability to issue its own debt instruments, the TDF will be tasked to withdraw a large part of the structural liquidity from the financial system to bring market rates closer to the BSP policy rate.

Underwriter.....	Multinational Investment Bancorporation
Underwriting Agreement.....	The agreement entered into by and between the Company and the Underwriter, indicating the terms and conditions of the Offer and providing that the Offer shall be underwritten by the Underwriter on a best efforts basis
USD.....	U.S. Dollars, the lawful currency of the United States of America
VAT.....	Value Added Tax

## EXECUTIVE SUMMARY

*The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto, appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the CPs, see the section entitled "Risk Factors" beginning on page 22 of this Prospectus.*

### OVERVIEW OF THE COMPANY

SL Agritech Corporation, incorporated in 2000, is the only Philippine producer of hybrid rice seeds with fully integrated operations. The Company operates two business segments: the production of hybrid rice seeds and premium rice. The majority of the Company's business is currently derived from the hybrid rice seeds business, after its first product, SL-8H, was successfully developed and distributed. Another objective of the Company is to develop premium rice from its hybrid rice seed products. The Company currently conducts research and propagates proprietary hybrid rice seed varieties, and distributes premium rice products under the brand names "Doña Maria", "Cherry Blossom" and "Willy Farms."

The Company's fully integrated operations, which begins with hybrid rice seed research and ends with the sale of premium rice products, provides an advantage over traditional rice producers. This structure enables the Company to develop its proprietary hybrid rice seed varieties to either sell to local and international markets or to mass produce as premium rice. Having a fully integrated operation allows the Company to utilize its technology while simultaneously maximizing volume production with consistent quality.

The Doña Maria brand of rice is positioned as premium quality rice targeting the High and Middle income consumers. The Company's second brand, Cherry Blossom, aims to attract the lower middle income consumers. All of the Company's rice products also originate from its proprietary hybrid rice seeds. The premium rice business currently has five (5) Doña Maria variants, one (1) Cherry Blossom variant and three (3) Willy Farms variants. The Doña Maria products currently compete in the market against the Thai Jasmine rice varieties, while Cherry Blossom aims to compete against the local varieties. The Company recently launched a third brand, Willy Farms, targeting the middle income pricing range.

The Company was founded by the Lim Family and is affiliated with Sterling Paper Enterprise which is simultaneously headed by Mr. Henry Lim Bon Liong, as Chairman. The Company is positioning itself to be the Philippines' leading proponent of hybrid rice farming technology and industry model for sound farm management practices. Its objectives are to help the country to achieve rice self-sufficiency and improve the livelihood of local farmers.

## **COMPETITIVE STRENGTHS**

The Company believes that its strengths lie in the following:

- Innovation of high yielding rice technology
- Superior and consistent product quality
- Fully integrated operations
- Attractive growth prospects
- Strong market position

Additional information on the Company's Competitive Strengths may be found in the "*The Company*" beginning page 52.

## **BUSINESS STRATEGY**

The Company plans to further strengthen its position as the only local producer of high-yielding hybrid rice seeds and increase its market share of its premium rice products. The Company intends to achieve this by pursuing the following strategies:

- Increase brand awareness
- Improve operational efficiency
- Maintain product leadership
- Improve customer and market knowledge
- Develop new products
- Expand market share

## **RISKS OF INVESTING**

Before making an investment decision, investors should carefully consider the risks associated with an investment in the CPs. These risks include:

### ***Risks relating to the Company and its business***

- Dependence on programs developed or supported by the Department of Agriculture of the Philippines
- Risk of non-acceptance of the Company's hybrid rice seed products
- Risk of being affected by changes in the preferences or purchasing power of consumers
- Risks of the Company not executing its sales strategy efficiently
- Dependence on its proprietary rights on hybrid seeds and rice
- The Company's business is affected by seasonality
- Revocation of BOI Registration
- Risk of non-availability of land for the Company's operations.
- Dependence on key personnel, the loss of which could adversely affect its business and growth
- Dependence on certain key managers of Sterling Paper Enterprise, Inc.
- Reliance on third parties
- Risk of products not meeting customer's requirements
- Increased amount of debt

### ***Risks relating to the Commercial Papers***

- Liquidity Risk
- Price Risk
- Retention of Ratings Risk

### ***General Risks***

- Political or social instability
- Slowdown in the Philippine economy
- Natural catastrophe and calamity
- Risk of non- availability of land

Please refer to the section entitled “*Risk Factors*” beginning on page 22 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the CPs.

### **CORPORATE INFORMATION**

The Company’s principal place of business is at Sterling Place, 2302 Pasong Tamo Extension, Makati City 1231, Philippines with telephone number +632 813 7828. The information and prospectus of the Company may be obtained at <http://www.sl-agritech.com/> and at <http://www.sl-agritech.com/myslagri/files/slacprospectus/Prospectus%202017.pdf> respectively.

## SUMMARY FINANCIAL INFORMATION

The selected financial information set forth in the following table has been derived from the Company's unaudited interim financial statements as of November 30, 2017 and the Company's audited financial statements for fiscal years ended May 31, 2017, 2016 and 2015. These should be read in conjunction with the financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition" and other financial information included herein.

The Company's financial statements were prepared by SyCip Gorres Velayo & Co. (SGV) a member practice of Ernst & Young Global, in accordance with PFRS. The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

<b>INCOME STATEMENT DATA (IN PHP)</b>				
	<b>Nov 30 2017 Unaudited</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenues	1,343,312,746	3,336,750,855	2,552,208,495	2,046,803,293
Cost and Expenses	1,143,973,221	2,706,787,107	1,985,409,470	1,676,895,034
Other Income/ (Charges)	(76,636,948)	(119,758,339)	(107,699,819)	(115,440,747)
Income/ (Loss) Before Tax and Other Items	122,702,577	510,205,409	459,099,206	254,467,512
Tax Income (Expense)	-	(979,749)	(108,383)	(53,689)
<b>Net Income</b>	<b>122,702,577</b>	<b>509,225,660</b>	<b>458,990,823</b>	<b>254,413,823</b>

<b>FINANCIAL POSITION DATA (IN PHP)</b>				
	<b>Nov 30 2017 Unaudited</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	577,630,138	241,765,185	346,006,634	291,206,938
Receivables	3,984,246,676	2,868,450,804	2,046,115,560	1,485,294,377
Inventories	2,408,048,916	2,572,852,779	2,598,422,936	1,703,827,173
Biological assets	26,355,316	48,533,184	12,950,147	-
Prepayments and other current assets	51,917,066	65,128,302	52,441,877	19,414,690
<b>Total Current Assets</b>	<b>7,048,198,112</b>	<b>5,796,730,254</b>	<b>5,055,937,154</b>	<b>3,499,743,178</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	1,181,487,147	1,089,420,608	643,201,577	520,490,627
Development Costs	1,290,517,596	1,300,478,026	1,307,518,047	920,143,664
Security Deposits	14,014,943	8,620,959	9,983,636	7,089,348
Deferred tax assets	-	971,196	-	-
Other noncurrent assets	229,943,957	224,781,294	7,334,436	-
<b>Total Non-current Assets</b>	<b>2,715,963,643</b>	<b>2,624,272,083</b>	<b>1,968,037,696</b>	<b>1,447,723,639</b>
<b>Total Assets</b>	<b>9,764,161,755</b>	<b>8,421,002,337</b>	<b>7,023,974,850</b>	<b>4,947,466,817</b>

	<b>Nov 30 2017 Unaudited</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts and other payables	333,096,830	267,899,294	182,180,736	158,027,140
Trust receipts payables	837,355,456	573,592,825	669,126,206	791,601,644
Short term notes payable	5,882,494,560	5,084,714,022	4,207,365,323	2,493,526,576
Deposit for future stocks subscription	17,500,000	17,500,000	-	-
<b>Total Current Liabilities</b>	<b>7,070,446,845</b>	<b>5,943,706,141</b>	<b>5,058,672,265</b>	<b>3,443,155,360</b>
<b>Non-current liabilities</b>				
Pension liability	21,276,261	20,250,887	10,674,781	13,216,506
Deferred tax liability		-	1,362,609	-
Total Non-current Liabilities		20,250,887	12,037,390	13,216,506
<b>Total Liabilities</b>	<b>21,276,261</b>	<b>5,963,957,028</b>	<b>5,070,709,655</b>	<b>3,456,371,866</b>
<b>Equity</b>				
Capital stock-Common	1,160,000,001	1,160,000,001	810,000,001	710,000,000
Stock dividend distributable	625,000,000	625,000,000	-	-
Retained earnings	894,194,595	677,830,059	1,143,604,399	784,613,576
Remeasurement loss on pension liability	(6,755,947)	(5,784,751)	(339,205)	(3,518,625)
<b>Total Equity</b>	<b>2,672,438,649</b>	<b>2,457,045,309</b>	<b>1,953,265,195</b>	<b>1,491,094,951</b>
<b>Total Liabilities and Equity</b>	<b>9,764,161,755</b>	<b>8,421,002,337</b>	<b>7,023,974,850</b>	<b>4,947,466,817</b>

## THE OFFER

*The following do not purport to be a complete listing of all the rights, obligations and privileges of the CPs. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective note holders are enjoined to perform their own independent investigation and analysis of the Issuer and the Commercial Papers. Each prospective note holder must rely on its own appraisal of the Issuer and the proposed financing and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the proposed financing and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective note holder's independent evaluation and analysis.*

*The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the CP. Accordingly, any decision by a prospective investor to invest in the CPs should be based on a consideration of this Prospectus as a whole, which provides the material rights, obligations and privileges of a CP Holder. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.*

The following are the terms and conditions of the Offer:

Issuer	: SL Agritech Corp.
Instrument	: Negotiable Commercial Papers ("CPs") registered with the SEC
Issue Size	: Up to ₱2,000,000,000.00 to be issued in one lump sum or multiple tranches, at the determination of the Issuer in consultation with the Issue Manager and Underwriter / Arranger.
Issue Manager and Underwriter / Arranger	: Multinational Investment Bancorporation
Use of Proceeds	: Refinance existing debt of the company; finance working capital requirements
Issue or Offer Price	: Discount to face value of the CPs
Issue Date	: In one or more dates to be set by the Issuer in consultation with the Issue Manager and Underwriter / Arranger on a "when and as needed" basis. The target issue date for the sole or first tranche, as the case may be, is 4Q2017. For the avoidance of doubt, an Issue Date shall at any time be any date which is



within the validity of the SEC Permit to Sell.	
Tenor/Term of the Initial Issuance	<p>Up to three hundred sixty (360) days; provided portions of the issuance of the CPs may, as determined by the Issuer in consultation with the Issue Manager and Underwriter / Arranger, have the following tenor/term. The day count convention is Actual/360. If the maturity date falls is not a business day, principal repayment shall be made by the Issuer on the next succeeding business day, without adjustment to the amount to be paid.</p> <p>Series G: 90 days Series H: 180 days Series I: 360 days</p>
Tenor for Subsequent Issuance/s	A minimum of ninety (90) days
Denomination on Initial Issuance	<p>For Series G and H Minimum of Pesos: Five Million (P5,000,000) face value and increments of Pesos: One Hundred Thousand (P100,000)</p> <p>For Series I Minimum of Pesos: Five Hundred Thousand (P500,000) face value and increments of Pesos: One Hundred Thousand (P100,000)</p>
Minimum Denomination for Secondary Trading	Minimum of Pesos: One Hundred Thousand (Php 100,000) face value and increments of Pesos: Ten Thousand (Php 10,000)
Discount Rate for Initial Issuance	<p>The sum of the Base Rate and the Credit Spread determined prior to the Issue Date (the “Rate Setting Date”); provided in no case shall the Discount Rate be below the BSP policy rate at the Rate Setting Date.</p> <p>The following are the indicative discount rates for the Initial Issuance based on the 7-day Term Deposit Facility Rate of BSP as of Jan 8, 2018:</p> <p>Series G: 4.7500% to 5.5000%<sup>2</sup> Series H: 4.7500% to 5.5000%<sup>2</sup></p>

<sup>2</sup> Note that the rates are indicative and are presented for illustration purposes only. The rates may change depending on the benchmark rates on pricing date.

Series I: 4.7500% to 5.5000% <sup>2</sup>							
Discount Rate of Subsequent Issuance/s	: The discount rate of the subsequent issuance/s shall be set by the Issuer in consultation with the Issue Manager and Arranger						
Base Rate	: The base rate is the higher of a) the three-day average PDST-R2 Reference Rate of the corresponding tenor; or b) the rate of the closest tenor of the Term Deposit Facility of the BSP.  The PDST-R2 Reference rate for each series is as follows:						
<table border="1"> <tr> <td>Series G:</td><td>PDST-R2 3Mos</td></tr> <tr> <td>Series H:</td><td>PDST-R2 6Mos</td></tr> <tr> <td>Series I:</td><td>PDST-R2 12Mos</td></tr> </table>		Series G:	PDST-R2 3Mos	Series H:	PDST-R2 6Mos	Series I:	PDST-R2 12Mos
Series G:	PDST-R2 3Mos						
Series H:	PDST-R2 6Mos						
Series I:	PDST-R2 12Mos						
In the event that the PDST-R2 reference rates are replaced by a different calculation methodology, the applicable replacement reference rates shall apply.							
Credit Spread	: The Credit Spread for the Initial Issuance of each series is as follows:  Series G: 150 to 225 bps Series H: 150 to 225 bps Series I: 150 to 225 bps						
Discount Rate Computation	: The Interest/Discount Rate will be calculated on a true-discount basis						
Manner of Purchase	: The CPs will be available for sale from the Underwriter / Arranger and Selling Agents, if any, subject to minimum purchase amount and denomination.						
Acceptance / Rejection of the Application	: The Issuer and the Issue Manager and Underwriter / Arranger reserve the right to accept or reject any application for CPs. In case of over-subscription, the Issuer and the Issue Manager and Underwriter / Arranger reserve the right to allocate the CPs available to the investors in a manner they deem appropriate.						
Delivery of CP	: Delivery of the CPs will be made upon full payment of the Offer Price to the Underwriter / Arranger and/or Selling Agents						
Principal Repayment	: The principal amount of the CPs will be repaid in full at the Principal Repayment Date.						
Principal Repayment Date	: The date of maturity of a CP as stated in the CP						

	certificate, at which the Issuer shall effect payment in full of the CP. If such Principal Repayment is due on a day that is not a Banking Day, the Principal Repayment Date shall be made on the immediately succeeding Banking Day. No additional interest will be paid in such case.
Status	: The CPs will constitute direct, unconditional, unsubordinated, general and unsecured obligations of the Issuer ranking at least <i>pari passu</i> in all respects and without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.
Form	: The CPs shall be issued scripless and will be maintained in electronic form with the Registrar.
Taxation on the Discount	: Generally, the Discount on the CPs shall be subject to a 20% final withholding tax. A CP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit the following: (i) certified true copy of the tax exemption certificate issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates and agreeing to indemnify and hold the Issuer free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities. The Issuer reserves the right to withhold the required tax on the discount of a CP Holder otherwise representing itself to be a tax-exempt institution in the event that such CP Holder fails to comply with or submit the foregoing documentary requirements.
Documentary Stamps on Original Issuance	: The cost of the documentary stamps on the original issuance of the CPs shall be for the account of the Issuer.
Registrar and Paying Agent	: PDTC
Secondary Trading	: The CPs are intended to be listed at the PDEX for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants.

Liabilities	<p>: The Company as the CP issuer is liable and responsible for any and all obligations arising from the sale of the CP as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as in the Underwriting Agreement and related agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CP.</p>
Credit Rating	<p>: The Issuer has a rating of PRS Aa (Corp.) as assigned by Philratings effective October 12, 2017.</p> <p>Philratings assigned an issuer credit rating of PRS Aa (corp.) for SL Agritech Corporation based on the following considerations:</p> <ul style="list-style-type: none"> <li>• Market position as frontrunner in hybrid rice technology in the Philippines;</li> <li>• Sustained high-growth trajectory, with profitability margins expected to improve going forward;</li> <li>• Strong shareholder support; and</li> <li>• Potential upside given favourable regulatory environment, complemented by its international business expansion – but with a need for careful monitoring of related risks in relation to its entry into other markets outside of the Philippines</li> </ul> <p>The assigned rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the CPs are outstanding.</p>
Facility Agent	<p>: AB Capital and Investment Corporation – Trust Department</p> <p>The Facility Agent has no direct relations with the Issuer.</p>
Security	<p>: Negative pledge on the Company's existing and future assets, except (i) to secure statutory obligations, (ii) to enable the Company to continue to enter into its usual transactions in the ordinary course of business, (iii) those imposed by law or arising out of pledges or deposits under workmen's compensation laws or other social security or retirement benefits or similar</p>

	legislation, and (iv) those created for the purpose of paying current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof.
Cross Default	: The Company shall be considered to be in default in case the Company fails to pay or defaults in the payment of any installment of the principal or interest relative to, or fails to comply with or to perform, any other obligation, or commits a breach or violation of any of the terms, conditions or stipulations, of any agreement, contract or document with any persons to which the Company is a party or privy, whether executed prior to or after the date hereof, or under which the Company has agreed to act as guarantor, surety or accommodation party, which, under the terms of such agreement, contract, document, guaranty or suretyship, including any agreement similar or analogous thereto, shall constitute a default thereunder after allowing for all applicable grace periods.
Other Terms and Conditions	: <ol style="list-style-type: none"> <li>1. The CPs will not be convertible to any other security or equity of the Issuer.</li> <li>2. The Issuer will not set up any sinking fund for the redemption of the CPs.</li> <li>3. Substitution of the CP with another type of security will not be permitted.</li> <li>4. Other terms and conditions as may be agreed upon among the Issuer, the Issue Manager and Underwriter / Arranger.</li> </ol>

# **RISK FACTORS**

## **GENERAL RISK WARNING**

*The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance.*

*There is an extra risk of losing money when securities are issued by smaller companies. There may be a big difference between the buying price and the selling price of these securities.*

*Investors deal in a range of investments each of which may carry a different level of risk.*

## **PRUDENCE REQUIRED**

*The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the CPs and the Company from the SEC and PDEX.*

## **PROFESSIONAL ADVICE**

*An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high risk securities.*

## **RISK FACTORS**

*An investment in the CPs described in this Prospectus involves a certain degree of risk. A prospective purchaser of the CPs should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether to invest in the CPs. This Prospectus contains forward-looking statements that involve risks and uncertainties. SLAC adopts what it considers conservative financial and operational controls and policies to manage its business risks. The Company's actual results may differ significantly from the results discussed in this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of SLAC, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.*

*Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the CPs. The*

*Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors.*

## **RISKS RELATING TO THE COMPANY AND ITS BUSINESS**

*The following discussion is not intended to be a comprehensive description of all applicable risk considerations, and is not in any way meant to disclose all risk considerations or other significant aspects of participation in the CPs. Prospective participants are encouraged to make their own independent legal, financial, and business examination of the Company.*

### **EXTERNAL SOURCES**

***The Company's business may be affected by any program developed or supported by the Department of Agriculture of the Philippines.***

The Company currently derives the majority of its profits from sales of hybrid rice seeds in the Philippines. Any agricultural program that the Department of Agriculture develops for the farmers of the country may affect the Company's business. The Department of Agriculture creates programs that affect certain inputs required for rice planting, such as irrigation, subsidies, and financial support. In the event that the Government is unable to effectively implement its programs, this might result in a slowdown of the Company's business as farmers might not have the required resources to purchase the Company's products. There is no guarantee that the Philippine government will not change or prioritize these programs in the coming years.

The Philippines may also opt to support the importation of rice, which would make it difficult for the Company's products to compete in both the hybrid rice seed and premium rice markets. In this event, the Company may have difficulty in selling its hybrid rice seed products to farmers as their use is not supported by the Government. The demand for the Company's premium rice products may also diminish as cheaper imported substitutes may be made available to the market. In the past years, the Philippine government has been supporting rice importation, but the Company has been able to grow its business despite having little support.

To mitigate this risk, the Company communicates regularly with the Department of Agriculture regarding any policies or programs developed for the rice industry. This allows the Company to take an active participation in Government programs which promote the use of hybrid rice as a means of obtaining rice self-sufficiency. It also enables the Company to express its opinions on the DA's ongoing or future policies or programs.

The Company also conducts its own marketing activities to promote the use or consumption of its products. These marketing activities are done in order to introduce the products and to convince customers of either the usefulness of the hybrid rice seeds or the superior quality of the premium rice products. The Company intends to strengthen its marketing efforts in the event that the Government does not actively support the use of hybrid rice technology or the cause of rice self-sufficiency.

***There is no guarantee that the Company's hybrid rice seed technology will be accepted by Filipino farmers.***

The Philippines has had access to hybrid rice seed varieties since its inception in the 1970s. However, the technology was not adapted by local farmers as the earlier varieties were not as high yielding or adaptive to Philippine conditions. Some farmers were also unwilling to forego old habits and processes which utilize more traditional ways of farming. In 2009, plantation of hybrid rice only composed 4.2% of the total rice plantation area of the Philippines. The Company however is presenting a new variety to the market, one that is high yielding and adaptable to the tropical conditions of the Philippines. Along with the Company's sales efforts to promote the use of hybrid rice seeds, the Company provides seminars to local farmers to explain the proper cultivation and effects of planting hybrid rice seeds. Details on the Company's products and marketing, sales, and distribution may be found beginning page 65.

***The Company's business and operations may be affected by any changes in the preferences or purchasing power of consumers.***

The Company's ability to increase or maintain sales is dependent on the public's acceptance of its products. Changes in demographic, social or health proclivity may alter the demand for the Company's products. For its hybrid rice seed products, demand for specific types of rice may dictate the planting trend of farmers. Likewise, for its premium rice products, consumer preferences may change due to the influence of social trends or perceptions of health. Young and health conscious consumers may opt to shift to organic rice or healthier carbohydrates, instead of the Company's products.

In addition, the price of premium rice may not be as inelastic as the price of ordinary rice. Any adverse downturn in the economy of the Philippines may cause consumers to opt for cheaper or more affordable types of rice. Cheaper alternatives are supplied by the Government and the private sector, both of which are readily available in the market. The Company prices its premium rice products in between the cheaper local rice and the costly imported varieties, targeting the high to mid-income consumers. This market is believed to be less sensitive to price fluctuations, as consumers belonging to this demographic are willing to spend for quality products. The Company also provides options for its products, such as varying sizes and varieties, which may attract a loyal following from certain niche markets.

The variety of hybrid rice seeds that the Company produces is considered to be of high quality, and thus demands a higher price than inbred seeds. The yield of the Company's hybrid rice seeds may conservatively yield 5 tons per hectare which is equivalent to 100 cavans (cav) of palay or 5,000 kl. The technology may provide a substantial increase in farmers' production and income. The potential increase in income is what encourages farmers to select the Company's product over the local inbred varieties.

***The Company may not efficiently execute its strategy to increase sales volume.***

The Company intends to grow its sales in both hybrid rice seeds and premium rice products through continuous research on higher-yielding hybrid rice seeds, release of new products, increased exportation, additional tie-ups, and aggressive marketing



activities. The success of these strategies cannot be guaranteed. As discussed earlier, farmers in the Philippines are used to traditional methods of farming rice, thus they may not be susceptible to the change presented by hybrid-rice production. Similarly, many rice consumers purchase other brands due to its affordability. The Company must be able to convince a portion of this market to purchase its products in order to grow its premium rice business. Failure to change the mindset of its target market may hinder the Company's growth in both the hybrid rice seeds and premium rice products.

The Company employs innovative marketing and sales activities in order to encourage customer loyalty and patronage. These initiatives include promos, sampling, and booting for both the hybrid rice seed and premium rice products. To ensure its continuous growth and strength in sales, the Company intends to hire additional manpower for its sales and marketing team. Details on the Company's marketing, sales, and distribution may be found beginning page 65.

***The Company's business is dependent on its proprietary rights on hybrid rice seeds and premium rice products. The infringement on the proprietary rights of these products may lead to the loss of the Company's advantage over its competitors.***

The Company has obtained Certificates of Plant Variety Protection from the Bureau of Plant Industry for its hybrid rice varieties to protect their biological features from any infringement. The Company's continued success is dependent on the research and development initiatives of its breeding program. Failure to ensure the secrecy of the breeding program could be detrimental to the Company's success. The production of the hybrid rice seeds is dependent on the hybrid rice seed formula, which was discovered and known only to the Company's researchers and scientists. In the event that competitors are able to gain access to this particular line of rice plants, they may develop similar hybrid rice seeds that could lessen the Company's current market share. In order to circumvent this risk, researchers and scientists employed were professionally trained and were made to sign confidentiality agreements, thus guaranteeing the protection of the Company's hybrid rice seed formula.

The Company also packages its hybrid rice seeds in specially designed sacks that are marked with the brand names "Doña Maria", or "Willy Farms" and the Company's name. Competitors may copy the design of the sacks, which may lead to market confusion amongst hybrid rice seeds or premium rice buyers. Unscrupulous individuals may also obtain the Company's old or discarded sacks, repack them with non-hybrid or low yield seeds, and then sell them to farmers. This event may damage the reputation of the product and the Company in the particular area the fraud was committed, and cause an adverse effect on the Company's sales and revenue targets. The Company has obtained the necessary certifications and trademarks for both its hybrid rice technology and its marketing materials. It shall be responsible for filing the necessary court documents pertaining to the infringement of its products.

The Company has also obtained the necessary registration of its Plant Variety Trademarks from the Intellectual Property Office. These serve as protective measures which give the Company the exclusive rights to produce and reproduce its products and marketing materials. If there is an attempt to infringe on any of the Company's

intellectual properties, the Company is prepared to take the proper legal action to protect itself and its products.

In addition, the Company also continues to conduct research and development initiatives for both its hybrid rice seed and premium rice business. It has advanced in its research efforts, and in the future may discover better products. The presence of a strong research and development team to develop products may mitigate the risk of losing its business in the event that a competitor reproduces one of the Company's products.

***The Company's performance is affected by weather and seasonality.***

The Company's sales and production of hybrid rice seeds are affected by the seasonality of the *palay* planting process. In the Philippines, farmers are limited to two planting seasons, as the climate dictates a 120-day cultivation time on the crops. Typically, rice yield is higher during the dry season, which in the Philippines occurs on the first half of the year, from January to May. Output during the second half of the year is less due to less sunlight resulting to lower photosynthesis.

In order to mitigate the effects of unexpected seasonality or weather changes, the Company has broadened its operation areas to different areas within and outside the Philippines. The Company has strategically located its breeding and/or production hubs in Laguna, Nueva Ecija, and Davao to produce both its hybrid rice seed and premium rice products. The weather in Davao is milder as rainfall in this area of the Philippines is evenly distributed throughout the year, as compared to the weather in Luzon which may experience pronounced dry and wet seasons. As typhoons and other adverse weather conditions normally follow a northwesterly direction, Mindanao is normally not hit directly by the majority of typhoons or other phenomena that enter the Philippines. The locations of the Company's operations are essential to ensure the continuity of its business. In the event that one of its hybrid rice seed production sites is damaged, the other will still be able to sustain the business.

***The Company currently benefits from income tax holidays due to its BOI registration.***

If the Company did not have the benefit of income tax holidays its profitability may be affected, as it will have to pay regular income tax at the prevailing rates.

***Risk of non-availability of land for the Company's operations.***

Non-availability of agricultural land may impact the Company's operations. Risk of agrarian reform and non-renewal of leased land will make it difficult for the Company to produce the amount of rice needed to meet demand from a growing population.

In the event of non-renewal of lease contracts of land, SLAC can do contract farming as a substitute, ensuring steady supply of rice products. The Company has entered into a seed production agreement with a Bangladesh government-owned agricultural company. SLAC also has agreements in place with private companies from Myanmar for the cultivation of rice and rice seeds and also has a seed supply agreement with a private company from Papua New Guinea.

***The Company depends on key personnel, the loss of which could adversely affect its business and growth.***

The Company's future growth is largely anchored on the continuous development of new varieties of hybrid rice seeds. The Research and Development Department of the Company is dependent on key researchers and scientists. The resignation of these personnel could disrupt the normal business operations of the Company, and finding replacements could be difficult. The head researcher and scientist of the Company was trained by Professor Yuan Longping, the scientist considered as the father of hybrid rice. The Company currently has an exclusivity contract with the researchers and scientists with a non-compete clause that bars researchers and scientists from joining competitor firms in the future.

***The Company's operation is dependent on certain key managers of Sterling Paper Enterprise, Inc.***

Some departments and employees of the Company are currently being shared with its affiliate, Sterling Paper Enterprise, Inc. The Management Information System and Human Resources departments are currently being shared by both Companies, while the Chairman is concurrent for both the Company and Sterling Paper Enterprise, Inc. In the event that Sterling Paper Enterprise, Inc. is not able to provide the necessary services to the Company, there is no guarantee that the Company will be able to immediately employ the required employees. Business and operations may be affected if the shared employees will be unable to fulfill their duties to the Company.

To ensure the continuity of its operations, the Company banks on a succession planning strategy. SLAC created a development process in order to fill management positions with required competencies. This will promote sustainability of services required to keep business operations in place.

***The Company's plan of action when high ranking employees and scientists leave.***

SL Agritech Corporation, being a technology and research company, keeps itself abreast with the latest development in agriculture. It continues to maintain its alliance with the Father of Hybrid rice in China, Prof. Huan Long Ping.

To ensure the continuity of its operations, succession planning is in place especially in the technical aspect. There is a continuous transfer of knowledge and technology from the Chinese scientists to the locals. In fact, some of the areas planted are managed by Filipinos who undergone stringent trainings and mentoring from the Chinese scientists.

To further augment our technical capability, local consultants, who have expertise in hybrid rice seed technology has been commissioned.

***The Company's reputation, business, and financial condition will be affected if the products do not meet customer requirements***

Meeting customer expectations determines the Company's ability to provide quality products to the market. There is a risk that the Company may not consistently meet market standards, as well as adhere to regulatory requirements.

The business of the Company is reliant on the quality of the hybrid rice seeds or premium rice products that it produces. The hybrid rice seeds are expected to be substantially higher yielding as compared to the in-bred seeds, while the premium rice products must be of higher palate quality than that of ordinary rice. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to reduce its capital outlays from internally generated funds. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To mitigate this risk, SLAC implements strict quality control standards to consistently exceed customer expectations. Internal control standards and ISO standards are applied in order to maintain the quality of the Company's products. The Company's ISO 9001:2008 certification was renewed this year.

***The Company may not always be able to employ reliable third parties to provide its various service requirements.***

The Company relies on independent third parties such as contract growers, farmers, transport service providers, local cooperatives, and distributors to provide various services, including planting, harvesting, deliveries, distribution, and sales of the Company's hybrid rice seeds and premium rice products. Failure to find or engage reliable third parties for a particular planting season may result in additional costs or lesser output. There can be no assurance that the services rendered will always be satisfactory or match the Company's requirements for quality. Third party service providers may also experience financial or other difficulties, and shortages or increases in the cost of their inputs, any of which may decrease the output of either seeds or rice for the Company. Any of these factors could have a material adverse effect on the Company's business, financial condition, and results of operations. The Company mitigates this risk by ensuring proper documentation that states the expected output is in place. The Company also selects third party service providers based on experience, financial resources, previous relationship with the Company, reputation for quality, and track record. Finally, the Company has reduced its dependence on such third parties by embarking on its own production and distribution system.

***Increased amount of debt***

The increase in debt of the Company could have certain adverse consequences. For example it could:

- reduce the Company's ability to service its existing debt obligations, including the CPs;
- limit the Company's ability to obtain additional financing for working capital, capital expenditures, debt service and other purposes;
- require the Company to divert a substantial portion of its cash flow from operations to debt service; or
- place the Company at a competitive disadvantage to its competitors that have less debt.

The Company's ability to refinance or repay its debt depends on its successful financial and operating performance, which will be affected by a number of factors, many of

which are beyond its control. If the Company is unable to refinance its debt, obtain necessary waivers or obtain new financing under these circumstances, the Company would have to consider various other financing options such as sale of assets, procuring additional capital and other options available to the Company under applicable law. The Company might also have to modify, delay or abandon its development and expansion plans. See "Management's Discussion and Analysis of Financial Condition and Results of Operation."

Some of the Company's short term debts are partially secured by current inventories and real estate mortgage.

The Terms and Conditions for the CPs and agreements for certain of the Company's other debt contain covenants that may limit its ability to, among other things:

- incur additional debt to the extent that such additional indebtedness results in a breach of a required financial ratio;
- materially change its nature of business;
- merge, consolidate, or dispose of substantially all its assets;
- materially change its ownership and control of its capital stock; and
- encumber, mortgage or pledge certain of its assets.

Complying with these covenants may cause the Company to take actions that it otherwise would not take or not take actions that it otherwise would take. The Company's failure to comply with these covenants would cause a default, which, if not waived, could result in the debt becoming immediately due and payable. In this event, the Company may not be able to repay or refinance such debt on terms that are acceptable to the Company or at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Certain Debt" and "Description of CPs."

The triggering of certain events of default under the Company's other debts could make it difficult for the Company to repay the CPs.

A significant portion of the debt of the Company contains terms which allow a lender to accelerate the Company's debt if any event or change in circumstances occurs which, in the sole opinion of such lender, would materially impair the Company's ability to repay its debt. If any amount outstanding were to be accelerated, it could potentially trigger a cross-default under substantially all of the Company's debt, in which case the Company may not be able to perform its payment obligations under the CPs.

The CPs will be effectively subordinated in right of payment to all secured debt of the Company to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines. Debt notarized under Philippine law could have effective priority over the CPs.

Under Philippine law, in the event a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a public instrument as provided in Article 2244(14) of the Civil Code of the Philippines will rank ahead of unsecured debt not evidenced by a public instrument. Debt becomes evidenced by a public instrument when it has been acknowledged by

the creditor and the debtor before a notary or any person authorized to administer oaths in the Philippines.

## **RISKS RELATING TO THE PHILIPPINES**

### ***A slowdown in the Philippine economy could adversely affect the Company.***

Results of operations of the Company have generally been influenced, and will continue to be influenced by the performance of the Philippine economy. Consequently, the Company's income and results of operations depend, to a significant extent, on the performance of the Philippine economy.

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso and debt restructuring, and has been significantly affected by economic volatilities in the Asia-Pacific region. The Company cannot assure prospective investors that one or more of these factors will not negatively impact Philippine consumers' purchasing power, which could materially and adversely affect the Company's financial condition and results of operations.

In addition, global financial, credit and currency markets have, since the second half of 2007, experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and the global economy, which would be likely to cause economic conditions in the Philippines to deteriorate.

A slowdown in the Philippine economy may adversely affect consumer sentiment and lead to a reduction in demand for the Company's products. There is also no assurance that current or future Government administrations will adopt economic policies conducive to sustaining economic growth.

### ***Political or social instability could adversely affect the financial results of the Company.***

The Philippines has experienced political and military instability. In the past decade, political instability has been observed headlined by impeachment proceedings against former presidents Joseph Estrada and Gloria Macapagal-Arroyo, and public and military protests arising from alleged misconduct by previous administrations. There is no assurance that acts of election-related violence will not occur in the future and such events have the potential to negatively impact the Philippine economy. An unstable political environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the Company's business, financial condition and results of operations.

### ***The occurrence of natural catastrophes may materially disrupt the Company's operations.***

The Philippines has experienced a number of major natural catastrophes over the years, including droughts, typhoons, volcanic eruptions and earthquakes, which may materially disrupt and adversely affect the business operations of the Company. While The Company maintains a comprehensive business insurance against natural

catastrophes, there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from natural catastrophes.

## **RISKS RELATING TO THE COMMERCIAL PAPERS**

### ***Liquidity Risk***

The Philippine securities markets are substantially smaller, less liquid and more concentrated than major securities markets. The Company cannot guarantee that the market for the CPs will always be active or liquid. Even if the CPs are listed in the PDEX, trading in securities such as the CPs may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors. There is no assurance that the CPs may be easily disposed of at prices and volumes and at instances best deemed appropriate by their holders.

### ***Price Risk***

The CP's market value may move (either up or down) depending on the change in interest rates in the market. The CPs when sold in the secondary market may be worth more if interest rates drop. Conversely, if the prevailing interest rates rise, the CPs may be worth less when sold in the secondary market. In such instance, an investor faces possible loss if he decides to sell.

### ***Retention of Ratings Risk***

There is no assurance that the rating of the Issuer will be retained throughout the life of the CPs. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

## **MANAGEMENT OF RISKS**

In general, the Company believes that the risk factors discussed herein are mitigated by its competitive strengths and business strategies. See discussion on Competitive Strengths on page 68 and Business Strategy on page 69 of this Prospectus.

## USE OF PROCEEDS

The Company estimates that its net proceeds from the Offer is expected to be approximately **Php 1,879,584,750.89** after deducting the applicable fees and expenses.

Expenses related to the Offer, all of which will be for the account of the Company, are broken down as follows:

### Estimated Net Proceeds from the CP Issuance

<b>Face Value of the Offer</b>	<b>PHP 2,000,000,000.00</b>
Discount (indicative based on 4.75% and 360 days assuming true discount computation)	(90,692,124.11)
Gross Proceeds	1,909,307,875.89
Less:	
SEC Filing and Legal Research Fees	1,073,125.00
Documentary Stamp Tax (maximum assuming P2 billion is issued for one year)	15,000,000.00
Underwriting and Selling Fees (maximum assuming P2 billion is issued for one year)	10,000,000.00
Issue Management Fee	2,000,000.00
Philratings credit rating report fees	1,260,000.00
PDTC Registry fees*	150,000.00
PDEX listing maintenance fees*	50,000.00
Facility agency fees	125,000.00
Estimated Costs of Printing and Publication	65,000.00
Total expenses	PHP (29,723,125.00)
<b>Net Proceeds**</b>	<b>PHP 1,879,584,750.89</b>

\* Discount, DST, Underwriting, Selling, PDTC and PDEX fees are estimates

\*\*The actual net proceeds will depend on the amount issued per tranche

In the event that the actual expenses relating to the Offer differ from the above estimates, the actual net proceeds to the Company from the Offer may be higher or lower than the expected net proceeds set forth above. Any increase or decrease in the net proceeds to the Company shall be addressed by making a corresponding increase or decrease, as the case may be, to the Company's provision for working capital requirements.

The Company intends to use the proceeds from the Offer to refinance existing debt, and to finance working capital requirements. They will use the net proceeds of the Offer 1) to payout some of its short-term obligations maturing in 2018, 2) to purchase *palay* and seed inventories from contract growers (see "Production Process" on page 61 for the contract growing model) and 3) to finance its operating expenses.



Purpose*	Amount (PHP)
To payout some of its short-term obligations	1,481,162,180.77
To purchase palay and seed inventories from contract growers	198,422,570.12
To finance its operating expenses	200,000,000.00
<b>TOTAL</b>	<b>1,879,584,750.89</b>

*\*the purpose are arranged in order of priority*

Presented below is a list of some of the Company's short-term loans maturing in 2018.

**Partial Maturing Short-term obligations of SLAC:**

MATURITY DATE	FUNDER	RATE	TENOR	PRINCIPAL	MATURITY VALUE	TYPE OF LOAN
3/9/2018	Metrobank Trust Banking Group	4.00%	60	456,000,000.00	458,432,000.00	Unsecured
4/3/2018	Sterling Bank of Asia Trust Group	4.00%	63	104,800,000.00	105,386,880.00	Unsecured
4/16/2018	Development Bank of the Philippines	4.30%	180	200,000,000.00	204,429,000.00	Secured
4/17/2018	Development Bank of the Philippines	4.30%	180	200,000,000.00	204,429,000.00	Secured
6/4/2018	Development Bank of the Philippines	4.30%	178	50,000,000.00	51,094,947.22	Secured
7/3/2018	Land Bank of the Philippines	4.29%	135	250,000,000.00	253,937,486.88	Secured
9/3/2018	Land Bank of the Philippines	4.20%	151	200,000,000.00	203,452,866.67	Secured
<b>TOTAL</b>				<b>1,460,800,000.00</b>	<b>1,481,162,180.77</b>	

Short term loans are availed to finance the Company's 1) purchase of inventory and 2) expenses.

For the list of SLAC's assets that were made as a collateral to short term obligations, please see ANNEX B.

**Breakdown of allocation for SLAC's rice and seed inventory purchase:**

Indicative Date	Amount (PHP)	Purpose
February 2018	100,000,000.00	Seed Inventory Purchase
	98,422,570.12	Rice Inventory Purchase
<b>TOTAL</b>	<b>198,422,570.12</b>	

**Breakdown of allocation to finance the SLAC's operating expenses:**

<b>Operating Expenses</b>	<b>Amount (PHP)</b>
Personnel Expenses	30,000,000.00
Fertilizer Seed Inputs	100,000,000.00
Other Operation Expenses (Transportation, Light Water & Utilities, Rent, Repairs & Maintenance, Security Services)	70,000,000.00
<b>TOTAL</b>	<b>200,000,000.00</b>

*Note: Above tables assume that the entire Two Billion Pesos (Php2,000,000,000.00) CP will be fully issued by the Company.*

Issuance of the CPs is opportunistic and fund raising is not “all or nothing”. The primary purpose of the short term availments of the company is to finance its working capital requirements. See “Liability Subject to Real Estate Mortgage” on page 84. No portion of the proceeds will be used to acquire major assets or finance the acquisition of other business nor will the proceeds be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advanced or otherwise. The Issue Manager and Underwriter / Arranger shall not receive any amount from the proceeds other than the underwriting and selling fees.

The Sole Issue Manager, Arranger and Underwriter shall not receive any amount from the proceeds other than the underwriting, issue management and selling fees.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's disbursement plan, including force majeure, the Company will carefully evaluate the situation and may reallocate the proceeds and/or hold such funds on short term deposit whichever is better for the Company's and its shareholders' interest taken as whole. In such event, the Company will issue an announcement if there is any material change in the above proposed use of proceeds.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and the PDex.

## DETERMINATION OF THE OFFER PRICE

The CPs shall be issued at a discount to face value.

Below is an illustration of the computation of the Offer Price for an Issuance:

	<b>Series G</b>	<b>Series H</b>	<b>Series I</b>
Tenor (in Days)	90	180	360
Discount Rate*	4.7500%	5.12500%	5.500%
<b>Cost Breakdown</b>			
Face Value	500,000,000.00	500,000,000.00	1,000,000,000.00
Discount	(5,867,819.64)	(12,492,382.69)	(52,132,701.42)
Tax on Discount	1,173,563.93	2,498,476.54	10,426,540.28
Cost	495,305,744.29	490,006,093.85	958,293,838.86
Offer Price	99.06115%	98.00122%	95.82938%

*\*Estimates based on assumed rates only*

*The discount rates used are for illustration purposes only and are subject to change. The discounts are computed based on the discount rate formula, which sets the base rate as the higher of a) the three-day average PDST-R2 Reference Rate of the corresponding tenor (ending January 8, 2018); or b) the weighted average accepted yield of the 7-day tenor of the Term Deposit Facility of the BSP as of January 8, 2018.*

## **PLAN OF DISTRIBUTION**

The Company plans to issue the CPs in one lump sum or several tranches, through the designated issue manager, underwriter and selling agents. The sole issuance or first issuance, as the case may be, shall be in the 4<sup>th</sup> quarter of 2016 for such amount as shall be determined by the Issuer in consultation with the designated issue manager and underwriter.

### **ISSUE MANAGER/UNDERWRITER AND UNDERWRITING OBLIGATION**

The Company has engaged Multinational Investment Bancorporation as its Underwriter pursuant to an Underwriting Agreement (the "Underwriting Agreement"). The Underwriter has agreed to act as the Underwriter for the Offer and as such, distribute and sell the CPs at the Offer Price, and has committed to underwrite the CPs on a best-effort basis, in either case subject to the satisfaction of certain conditions and in consideration of certain fees and expenses. Any unsold portion would be sold at a future date, since the issuance is under a three-year validity of registration.

The Underwriter is duly licensed by the SEC to engage in distribution of securities to the public. The Underwriter may, from time to time, engage in transactions with and perform services in the ordinary course of business with the Company and its related companies.

Multinational Investment Bancorporation is the oldest existing independent investment house in the Philippines. It provides a full range of investment banking services that include debt and equity underwriting, loan syndication and financial advisory services for mergers and acquisitions, corporate reorganization and financial restructuring.

The Underwriter has no direct relations with the Company in terms of ownership. The Underwriter has no right to designate or nominate any member of the Board of the Company.

### **SALE AND DISTRIBUTION**

The distribution and sale of the CPs shall be undertaken by the Underwriter who shall sell and distribute the CPs to third party buyers/investors. Nothing herein shall limit the rights of the Underwriter from purchasing the CPs for its own account. There are no persons to whom the CPs are allocated or designated. The CPs shall be offered to the public at large and without preference. The allocation to the investors will depend on their orders which will be subject to scaling done in case of oversubscription.

Unless otherwise terminated, the engagement of the Issue Manager and Underwriter / Arranger shall subsist so long as the SEC Permit to Sell remains valid.

### **FEES AND COMMISSIONS**

The Company will pay the Underwriter a fee of 0.50% per annum on the aggregate face value of the CPs issued, which is inclusive of the underwriting and the selling

agency fees. The fees shall be deductible from the net proceeds of the Offer for a particular tranche on a relevant Issue Date.

The Company will also pay the Issue Manager a flat fee of Pesos: Two Million (Php 2,000,000.00).

#### **OFFER PERIOD**

The Offer Period shall commence upon or immediately after approval by the SEC of, and will end on or before the expiry of the license to sell for, the CPs.

## DESCRIPTION OF THE SECURITIES TO BE REGISTERED

Instrument	:	Negotiable Commercial Papers (“CPs”) registered with the Securities and Exchange Commission						
Issue Size	:	Up to ₱2,000,000,000.00 to be issued in one lump sum or multiple tranches, at the determination of the Issuer in consultation with the Issue Manager and Underwriter / Arranger.						
Issue or Offer Price	:	Discount to face value of the CPs						
Discount Rate for Initial Issuance	:	<p>The sum of the Base Rate and the Credit Spread determined prior to each Issue Date (the “Rate Setting Date”)</p> <p>The following are the indicative discount rates for the Initial Issuance based on the 7-day Term Deposit Facility Rate of BSP as of Jan 8, 2018:</p> <p>Series G: 4.7500% to 5.5000%<sup>3</sup> Series H: 4.7500% to 5.5000%<sup>3</sup> Series I: 4.7500% to 5.5000%<sup>3</sup></p>						
Discount Rate of Subsequent Issuance/s	:	The discount rate of the subsequent issuance/s shall be set by the Issuer in consultation with the Issue Manager and Arranger						
Base Rate	:	<p>The base rate is the higher of a) the three-day average PDST-R2 Reference Rate of the corresponding tenor; or b) the rate of the closest tenor of the Term Deposit Facility of the BSP</p> <p>The PDST-R2 Reference rate for each series is as follows:</p> <table><tr><td>Series G:</td><td>PDST-R2 3Mos</td></tr><tr><td>Series H:</td><td>PDST-R2 6Mos</td></tr><tr><td>Series I:</td><td>PDST-R2 12Mos</td></tr></table> <p>In the event that the PDST-R2 reference rates are replaced by a different calculation methodology, the applicable replacement reference rates shall apply.</p>	Series G:	PDST-R2 3Mos	Series H:	PDST-R2 6Mos	Series I:	PDST-R2 12Mos
Series G:	PDST-R2 3Mos							
Series H:	PDST-R2 6Mos							
Series I:	PDST-R2 12Mos							

<sup>3</sup> Note that the rates are indicative and are presented for illustration purposes only. The rates may change depending on the benchmark rates on pricing date.

Credit Spread	: The Credit Spread for the Initial Issuance of each series is as follows Series G: 150 to 225 bps Series H: 150 to 225 bps Series I: 150 to 225 bps
Tenor/Term of the Initial Issuance	: Up to three hundred sixty (360) days; provided portions of the issuance of the CPs may, as determined by the Issuer in consultation with the Issue Manager and Underwriter / Arranger, have the following tenor/term. The day count convention is Actual/360.  Series G: 90 days Series H: 180 days Series I: 360 days
Tenor for Subsequent Issuance/s	: A minimum of ninety (90) days
Manner of Purchase	: The CPs will be available for sale from the Underwriter / Arranger, subject to minimum purchase amount and denomination.
Delivery of CP	: Delivery of the CPs will be made upon full payment of the Offer Price to the Underwriter / Arranger
Principal Repayment	: The principal amount of the CPs will be repaid in full at the Principal Repayment Date
Principal Repayment Date	: The date of maturity of a CP as stated in the CP certificate, at which the Issuer shall effect payment in full of the CPs. If such Principal Repayment is due on a day that is not a Banking Day, the Principal Repayment Date shall be made on the immediately succeeding Banking Day. No additional interest will be paid in such case.
Taxation on the Discount	: Generally, the Discount on the CPs shall be subject to a 20% final withholding tax. A CP Holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit the following: (i) certified true copy of the tax exemption certificate issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status,

	<p>undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates and agreeing to indemnify and hold the Issuer free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities. The Issuer reserves the right to withhold the required tax on the discount of a CP Holder otherwise representing itself to be a tax-exempt institution in the event that such CP Holder fails to comply with or submit the foregoing documentary requirements.</p>
Documentary Stamps on Original Issuance	: The cost of the documentary stamps on the original issuance of the CPs shall be for the account of the Issuer.
Secondary Trading	: The CPs are intended to be listed at the PDEX for secondary trading of the CPs and upon such listing, all secondary trading may be coursed through eligible PDEX Trading Participants
Liabilities	: The Company as the CP issuer is liable and responsible for any and all obligations arising from the sale of the CP as provided under pertinent sections of the Negotiable Instruments Law, the SRC and applicable laws of the Philippines as well as in the Underwriting Agreement and related agreements. In addition, the Issuer is responsible for complying with all reportorial requirements of the SEC in connection with the issuance of the CP.
Credit Ratings	<p>: The Issuer has a rating of PRS Aa (Corp.) as assigned by Philratings effective October 12, 2017.</p> <p>Philratings assigned an issuer credit rating of PRS Aa (corp.) for SL Agritech Corporation based on the following considerations:</p> <ul style="list-style-type: none"> <li>- Market position as frontrunner in hybrid rice technology in the Philippines;</li> <li>- Sustained high-growth trajectory, with profitability margins expected to improve going forward;</li> <li>- Strong shareholder support; and</li> </ul>



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- Potential upside given favorable regulatory environment, complemented by its international business expansion – but with a need for careful monitoring of related risks in relation to its entry into other markets outside of the Philippines

The assigned rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the CPs are outstanding.

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## **INTEREST OF NAMED EXPERTS AND COUNSEL**

The validity of the CPs and tax matters pertaining thereto were passed upon by Tamayao & Affiliates, *Attorneys-at-law* (T&A), the independent legal counsel for the issuance. The independent legal counsel has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company in accordance with the standards on independence required in the Code of Professional Responsibility and as prescribed by the Supreme Court of the Philippines.

The Philippine Depository & Trust Corporation, the Registrar and Paying Agent, has no direct and indirect interest in the Company.

The financial statements of the Company for the periods ended May 31, 2017, 2016 and 2015 appearing in this Prospectus have been audited by SyCip Gorres Velayo & Co., independent auditor, as set forth in their report thereon appearing elsewhere herein. The partner-in-charge for the periods ended May 31, 2017, 2016 and 2015 is Ms. Jennifer D. Ticlao, CPA.

Pacis and Reyes, Attorneys is the legal counsel for the Company. The legal counsel for the Company has no shareholdings or any interest, direct or indirect, in the Company, or any right, whether legally enforceable or not to nominate persons or to subscribe to the securities of the Company.

There is no arrangement that experts shall receive a direct or indirect interest in the Company or was a promoter, underwriter, voting trustee, director, officer, or employee of Company.

## INDUSTRY OVERVIEW AND COMPETITIVE OVERVIEW

*The information and data contained in this section have been taken from sources in the public domain. The Company does not have any knowledge that the information herein is inaccurate in any material respect. Neither the Company nor the Issue Manager and Underwriter / Arranger nor any of their respective affiliates or advisors has independently verified the information included in this section.*

Rice is the staple food of more than 60 percent of the world population. About 90 percent of all the rice grain in the world is produced and consumed in Asia. In India alone, rice is cultivated on more than 44.0 million hectares with an average productivity of 3.4 metric tons per hectare (MT/hectare). In countries such as China, where rice is cultivated on nearly 29.2 million hectares, average productivity is about 6.6 MT/hectare. Such differences in productivity depend mainly on the genotypes used, the quality of the seeds, the management practices adopted and the climatic conditions during the crop growth period. A superior quality seed not only increases productivity per unit area, but it also helps produce uniform crops without any admixtures - important for obtaining high prices in the market. In order to increase crop productivity, significant efforts in breeding new conventional rice varieties and hybrid rice seeds have been made.

Hybrid rice seeds are produced by crossing two genetically fixed inbred varieties of rice. Hybrid varieties express what is called *heterosis* or *hybrid vigor*, the tendency of a crossbred variety to have qualities superior to those of either parent, particularly in terms of yield. However, the heterosis effect (i.e., high yield) disappears after the first generation (F1). As seeds produced from a hybrid crop will no longer exhibit the same superior qualities, farmers need to purchase new F1 seeds every planting season to get the heterosis effect each time. This has made hybrid rice seed production a growing industry.

### HYBRID RICE SEED TECHNOLOGY

In 1970, Chinese researchers discovered a male sterile rice plant growing naturally within a population of wild rice (*Oryza sativa f. spontanea*) on Hainan Island. This plant had a particular cytoplasm - the material surrounding the cell nucleus - that induces male sterility through interaction with the nucleus. The plant was named *wild rice with abortive pollen* (WA). Scientists in China then began crossing WA with other rice varieties to determine whether this male sterility could be passed on to subsequent generations. Those that came out male sterile, called maintainer lines, were then repeatedly backcrossed until a stable sterile plant was achieved. This plant is called a *cytoplasmic male sterile* (CMS line). CMS lines form one of the parental lines for producing hybrid rice seeds. The other is known as the restorer line, as it restores fertility to the CMS line when it is crossed. The seeds from this cross are the F1 hybrid seeds. The CMS system is known as the three-line system since it requires three lines of rice: a CMS line, a maintainer line, and a restorer line. This system is what is being used in every country working on hybrid rice at present.

Researchers are now experimenting with new methods of hybrid rice production. One is called *environment-sensitive genetic male sterility*, which uses either *photoperiod-sensitive genetic male sterility* (PGMS) or *thermo-sensitive genetic male sterility* (TGMS). PGMS lines are sterile lines that regain fertility with daylight fluctuations. Therefore, they can only be used in temperate zones. TGMS lines regain fertility when the temperature fluctuates, which means they can be used in the highlands of the tropics. These methods are known as two-line systems since they do not require maintainer lines and any fertile line can be used as a pollen parent. Proponents maintain that this offers a wider choice of parental lines, but both PGMS and TGMS suffer from similar limitations to the CMS lines. Sources of PGMS and TGMS are exceedingly rare and by 1994, only 12 had been identified.

There is still another method which the Chinese call the one-line system. This refers to the long-term goal of transferring *apomixis* into rice, in this case hybrid rice. Apomixis is the capacity of a plant to reproduce asexually. Apomictic plants develop seeds, but without the merger of male and female reproductive cells. So the seeds are clones of a single parent plant. Apomixis is common in weeds but rare in crop plants. It doesn't exist in the *Oryza* genus but it does exist in *Pennisetum* and scientists have been hoping to transfer the genes for apomixis from pearl millet.

The developments in hybrid rice in China encouraged the International Rice Research Institute (IRRI) to explore the potentials and challenges of the technology in other parts of Asia. In collaboration with the Chinese Academy of Agricultural Sciences (CAAS), IRRI organized training courses on hybrid rice technology as early as 1980 and 1981 to train scientists from several Asian countries. The next few years have been an assessment of the potential of this new technology particularly in irrigated environments outside China. The first commercial hybrid rice outside China that was developed by IRRI was released in Vietnam in 1993. This has been subsequently followed by limited releases in India and the Philippines. Other countries like Myanmar, Indonesia, Thailand and South Korea, are starting their evaluation and assessment of the technology but notably slow in promotion and adoption.

## **ASIAN MARKET**

Hybrid rice technology may not be as important to the rest of the world as it is in Asia. Since rice remains the staple food in the region, it is therefore imperative to develop and utilize technologies that would ensure more food that concretely translates to more rice. Most major rice cultivating markets in Asia established collaborations and partnerships between the public and private sectors for hybrid rice research and development. To encourage private sector involvement in the development and production of hybrid parental lines, legislations were made to protect intellectual property rights. Hence, the private sector plays a primary role in technology dissemination as it leads the importation, local production, and distribution of hybrid seeds.

While academic studies on hybrid rice claimed increased productivity in Asian markets, similar studies also show that there have been declines in area cultivated with hybrid

seeds. China still remains as the biggest producer of hybrid rice in the world. Despite years of research, hybrid rice technology remains in initial stages in most countries in the region. Table 1 shows the status of hybrid rice research and development and its adoption and commercialization in several countries in Asia.

Table 1. Status of Hybrid Rice in Asian Markets		
	Cultivation	Adoption
<b>Indonesia</b>	Vulnerability to pests and diseases lead to indifference of grain quality between hybrid and inbred rice.	Government is yet to produce a clear policy stance for industry support. Current subsidy program is poorly targeted.
<b>Bangladesh</b>	Most varieties, imported from China, are not well adapted under local conditions	Lack of effective campaign in hybrid rice production which resulted to non-familiarity of farmers in hybrid rice cultivation techniques.
<b>Philippines</b>	Low seed production volume relative to consumption requirements.	Limited credit assistance extended by Government to farmers.
<b>India</b>	Limited choice of hybrids suited to local conditions	Weak institutional mechanism for production and supply of seed of public sector bred hybrids
<b>Vietnam</b>	While current hybrids are resistant to blast disease, these are susceptible to major diseases.	Reluctance of small farmers to use hybrid seeds due to lack of proper ware house and high financial requirement
<b>China</b>	Demographic shifts such as increased migration from rural to urban areas cause an asynchronous development in agricultural mechanization.	Stringent industrial policy and commercial environment holds as a barrier for market access by new varieties.

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*Source: Hybrid Rice: The Technology and The Status of its Adoption in Asia*

Outside China, only Vietnam and the Philippines have so far shown major increases in hybrid rice production areas in varying degrees and in particular conditions. Yet hybrid rice production in Vietnam is confined to the North and still dominated by seeds imported from China. Meanwhile, hybrid rice production in the Philippines is heavily supported by state subsidies.

## TRENDS IN HYBRID RICE SEEDS TRADE

Official statistics rarely pay attention to the trade in rice seeds which is insignificant compared to the trade in rice grains as a commodity. Rice grain is traditionally traded more than the rice seeds, except when a country or region is in dire need of seeds for planting coming from other areas due to natural or man-made calamities. The introduction of hybrid rice in Asia, however, is changing such trend. Since the potentials of the technology may be optimized only if new seeds are used in each planting season, it implies the need for an efficient seed industry that produces sufficient seeds for domestic use.

In cases when the domestic requirements for hybrid rice cannot be met by local production, the national seed industry should be able to source out seeds from other countries. This case is similar to Vietnam where at least 80% of the hybrid seeds requirements are imported by state-controlled and private seed enterprises from neighboring China where a strong hybrid seeds industry can meet the demand. This would have been the case in Indonesia, too, had it not been for the difference in agro-climatic conditions. Imported hybrid rice varieties from China would be unable to thrive in the warmer and more humid environment of Indonesia. Interestingly, the agro-climatic factor that deters directly exporting hybrid rice seeds from China to the tropical countries in East Asia is the same reason that motivates private enterprises in the Philippines to engage in hybrid rice seeds development and marketing. These private enterprises have been exporting hybrid seeds to other countries with similar conditions. From these emerging trends, barring agro-climatic, ecological and technological factors, hybrid rice clearly has the potential to give birth to a rice seeds industry in the region that could bring revolutionary changes in the future of rice breeding and development.

The developments and trends in hybrid rice performance and adoption in China would have far-reaching implications in the rest of Asia. The rate of adoption and contribution of the technology to the overall rice production of China in the coming years are expected to steadily decline. The reasons for this are: (1) the yield plateau in most commercially available hybrid rice varieties, (2) the continuing challenge on the grain quality of hybrid rice and (3) the policy to give the farmers their individual responsibility to decide on their farm.

This may not mean the end of hybrid rice technology because hundreds of public enterprises involved in the hybrid rice business in China are interested in expanding their interest on to the export market. The only obvious limitation to this potential is the agro-climatic conditions that would bar Chinese hybrids from growing productively in other areas with more tropical climates. In the short-term, the countries in the Indo-China region at the doorstep of China are the most logical targets for aggressive marketing of Chinese hybrids. Other countries that have achieved some successes in the development of promising locally-adapted hybrid rice varieties, such as the Philippines are already exploring export possibilities in other countries in the region with similar agro-climatic conditions.

## **HYBRID RICE IN THE PHILIPPINES**

### ***Domestic Supply and Demand Situation***

Rice is a staple food among Filipino households. Statistics in 2012 from the Philippine Statistics Authority (PSA) show that, on average, 12% of a Filipino family's income is spent for cereals and cereals preparations. From a supply perspective, rice crops accounted for 34.3% of total crop production value in the Philippines for the last five years (2011-2015).

### ***Rice Supply and Consumption in the Philippines***

Growth in local rice production was stable from 2012 to 2015. During said period, rice production registered a 4-year compounded annual growth rate of 0.16%. Yet, growth in total rice supply was affected by declines in import volume. From 6.7% in 2012, rice imports represented 9.2% of total rice supply in 2015. Following this, import dependency ratio fell to 2.6% in 2015 from 3.2% in 2012.

With average annual exponential population growth rate for years 2014 through 2020 pegged at 1.64%, there are pressures to exert policy support for national rice production to attain rice self-sufficiency. By 2020, there will be 111,784,600 Filipinos. The potential expansion in the hybrid rice industry is needed to cater to the increased requirements given the foregoing projected population base.

Through 2000 to 2015, rice yields improved from 3.07 Metric Tons (MT)/hectare (ha) in 2000 to 4.00 MT/hectare in year 2015. This was accompanied by an increased rice production at an annual average growth of 3.09% per annum from 1212.39 million MT in 2000 to 1837.63 million MT in year 2015. Average rice yields steadily increased through 2007 until it declined in 2008. Thereafter, in 2009, average rice yield went back to 2005 levels at 3.59 MT/ha. While the registered average rice yield of 4.00 MT/ha in 2015 was the highest since 2000, this is far from the Asian productivity average of 4.31.

### ***Hybrid Rice Production in the Philippines***

Increasing rice yields per unit area and unit time is an obvious strategy for increasing rice production. Clearly, new technologies are needed to spur further yield growth.

As demonstrated in China, and more recently in India and Vietnam, rice hybrids can be used to increase rice production with such consequent positive benefits as generating rural employment and land savings. The attainable increment in grain yield from excellent hybrids over the best comparable inbred is at least 15% per hectare. This translates to about 750 kg of additional produce per 5,000 kg of rough rice harvest. A 15% increase in yield per unit area implies saving 15% of these arable lands for other agricultural production purposes. A more diversified and efficient agricultural land use can, therefore, be promoted with the adoption of hybrid rice. Excellent hybrids offer higher income opportunities to rice farmers. This can be achieved through hybrid rice

commercial production wherein additional income can be obtained. Both hybrid rice commercial and seed production system contribute to the generation of new jobs especially in rural areas. At most three jobs can be created for every hectare. This is equivalent to 270 man-days of additional farm labor.

Industry experts have predicted that demand for hybrid rice technology in the Philippines will increase as a result of the country's high labor-to-land ratio and the high proportion of irrigated rice land.

### ***High Yield Technology Adoption Project***

The Government's renewed sentiment towards the adoption of hybrid rice seeds among local farmers led to the establishment of the High Yield Technology Adoption (HYTA) Project. The project aims to improve farm level productivity through the introduction of yield-enhancing technologies and the provision and utilization of high quality hybrid and inbred rice seeds. The project started in the dry season of Crop Year 2014-2015 and will be pursued in the succeeding crop seasons.

The HYTA is implemented in fully irrigated rice farms to ensure attainment of high yield and avoidance of crop failure due to moisture stress. Under the HYTA, each farmer is entitled to a bag of hybrid (15-18 kilograms) or inbred (40 kilograms) seeds per hectare. The main consideration of varieties to be provided is according to the beneficiaries' preference. Alongside the seeds, two bags (50 kilograms per bag) and other soil ameliorants such as Zinc may be provided per hectare.

The HYTA is rolled out in conjunction with institutional partners for the distribution of seeds and fertilizers under a "Grant-Recovery-Roll Over" scheme. Implementation is spearheaded by the DA-National Rice Program and implemented by DA Regional Field Offices (RFOs).

To further incentivize farmers to promote high productivity, farmer groups that achieve excellent results under the HYTA program will be rewarded with hand tractors with trailers, four-wheel drive tractors, threshers, water pumps, warehouses, combine harvesters, and dryers.

### ***Development of Hybrid Varieties***

In the Philippines, experimental hybrids must exhibit at least 15% higher yield relative to standard inbred check cultivars before they can be recommended by the National Seed Industry Council (NSIC) for commercial cultivation.

Hybrid rice breeding activities in the country are undertaken by both the public and private sectors. In the public sector, IRRI began hybrid rice research and development (R&D) activities in the late 1970s. Two commercially usable cytoplasmic male sterile lines, IR58025A and IR62829A, and numerous restorer lines adapted to the tropics were bred at IRRI within the period 1980 to 1998. In 1989, the Philippine Rice Research Institute (PhilRice), which is the sole agency mandated to establish and



coordinate all national rice R&D activities, established a hybrid rice breeding project. Since then, some experimental hybrids developed by PhilRice have entered the national yield trials.

**Table 2. Agronomic Characteristics of Commercially Produced Hybrid Seeds**

	<b>SL Agritech</b>	<b>Bayer</b>	<b>Pioneer</b>	<b>Syngenta</b>
Variety	SL-8H	Arize H64	PhB 77	Frontline Gold
	180-200	155-175	150-170	
Ave. Yield/ha	cav/ha	cav/ha	cav/ha	130 cav/ha
Potential				
Yield	17.0 MT	12.9 MT	11-13 MT	9.80 MT
Maturity	105-115 days	100-105 days	115-119 days	115 days

*Source: Information provided by management*

In the private sector, there are four companies which manufacture and distribute hybrid rice seeds in the local market. These are Bayer, Pioneer, Syngenta, and SL Agritech. Table 2 shows the comparative agronomic characteristics of these brands.

### ***Demand for Hybrid Rice and Hybrid Seeds***

The total domestic consumption of hybrid rice seeds is primarily dependent on the promotion efforts of the Philippine Government through the HYTA and the DA. While there is a lack of relevant available information to reasonably estimate the future demand for hybrid rice and hybrid rice seeds, there are several indicators that illustrate the sustainability of the hybrid rice and hybrid rice seeds industry.

### ***Indicators of Demand***

#### **Unabated Increase in Domestic Rice Consumption**

The Philippines is entering a demographic sweet spot where there is a rising proportion of young, consumption-driven workforce. With one of the fastest growing populations in the region, the Philippine market for rice consumers have grown.

#### ***Diminishing Rice Plantation Area***

Total rice plantation area has been growing at a rate of 2.5%, on the average, per annum in the last 14 years. The deceleration of the total rice plantation area is due to land conversion owing to rapid urbanization and industrialization. With or without globalization, the increasing opportunity cost of land will shift its use from rice production to more profitable endeavors. Given that the total area available for rice cultivation is nearing its limit, there is a need to improve rice yields through the propagation of hybrid rice varieties.

Data from Bureau of Agricultural Statistics shows that the average yield advantage of hybrid rice over ordinary seeds is at least 38% or 2,500 kg/hectare.

### ***Combined Yield and Price Advantage of Hybrid Rice***

Yield distribution shows that there are more farmers achieving hybrid rice yields of 5 MT/hectare and above as compared to an average of 3 MT/hectare for inbred varieties. Hybrid rice also has a price advantage of around 30 centavos per kg over inbred rice. This indicates good market acceptability of milled hybrid rice due to its higher palate quality.

The combined yield and price advantage of hybrid rice are the source of income growth among hybrid rice farmers. The cost difference in producing hybrid and inbred rice has also been narrowed as hybrid rice farmers become more familiar with the technology. These benefits from the farm level have established a considerable demand for hybrid rice seeds.

### ***Continued Support from the Philippine Government***

The Philippine Government will continue to support the hybrid rice and hybrid rice seed industry through R&D efforts, training and credit assistance to farmers, as well as marketing support to private hybrid rice seed producers. According to the DA, the total area allotted to hybrid rice plantation is targeted at 600,000 hectares.

As the rice plantation area earmarked for hybrid rice propagation increases, the demand for commercially available hybrid rice seeds likewise increases. Approximately 20 kgs of hybrid rice seeds is needed per hectare of hybrid rice plantation. Given the targeted hybrid rice plantation area of the Government, the demand for hybrid rice seeds is estimated to be approximately 12,000 MT.

### ***Growing Exportation of Hybrid Rice Seeds***

There is also a growing demand for hybrid rice seeds in other countries. Aside from the Philippines, only China, India, and the United States have advanced in terms of hybrid rice technology. The Philippines now exports hybrid rice seeds to Indonesia, Vietnam, Myanmar, Papua New Guinea and Bangladesh.

### ***Market Outlook***

Given the continued growth in population base and rice consumption per capita, the Philippines will continue to experience rice shortages at the current rice production growth rates. Government initiatives towards increased productivity and self-sufficiency have increased the potential for the hybrid rice industry to expand. Despite Government efforts for self-sufficiency, around 20% of domestic consumption is catered by imports.

Table 3. Market Demand Estimates					
	2014A	2015A	2016E	2017E	2018E
Implied demand for hybrid rice	1,360,769	1,248,650	4,500,000	5,400,000	6,300,000
<i>Growth in hybrid rice volume</i>		-8.2%	260.4%	20.0%	16.6%
Area needed to cultivate hybrid seeds	236,000	208,125	247,031	350,000	500,000
<i>Growth in plantation area</i>		-11.8%	18.7%	41.7%	42.9%
Potential demand for hybrid seeds	4,717	4,246	4,941	5,946	8,100
<i>Growth in hybrid seeds volume</i>		-9.9%	16.4%	20.3%	36.22%

*Source: Company estimates, Bureau of Agricultural Statistics*

*Notes: Hybrid seeds and rice is expressed in MT while Area needed to cultivate hybrid seeds is in Ha*

Table 3 shows that to cater to the implied demand for hybrid rice, the hybrid rice plantation area should increase to 500,000 hectares by 2018 from 236,000 hectares in 2014—assuming that the average hybrid rice yield is 6 MT/hectare. This increase in acreage should be accompanied by an increase in demand for hybrid rice seeds from 4,717 MT in 2014 to 8,100 MT in 2018.

This does not include the potential of exporting hybrid rice seeds to other countries, such as Vietnam which imports a large part of its hybrid rice seed requirements from China, and Bangladesh, Myanmar and Indonesia which have lagged behind in hybrid rice seed technology.

# THE COMPANY

## COMPANY OVERVIEW

The Company, registered with the SEC on September 11, 2000, is engaged in the production of hybrid rice seeds and buys and sells rice grains. It also conducts research and development for the production of aromatic super hybrid rice. The rice grains are marketed to domestic channels under the following brands: *Dona Maria*, *Cherry Blossom*, and *Willy Farms*.

The Company maintains production hubs in three strategic locations: Nueva Ecija, Laguna, and Davao. These locations enable the Company to market its products through dealers and distributors situated across the Philippines. The Company also caters to foreign markets and exports a fraction of its production volume to countries such as Bangladesh, Vietnam, Myanmar and Indonesia. For the fiscal year ending May 31, 2015, 2016, and 2017, and for the 6-month period ending November 30, 2017, the percentage to total sale contributed by sales to foreign countries is 4.5%, 3.0%, 1.0% and 2.36.% respectively.

The Company was granted by the BOI non-pioneer status for its hybrid rice production in Nueva Ecija in March 2015 and pioneer status for its seeds production in Lupon, Davao Oriental in February 2009. The Company's main activities are covered under the Investment Priority Plan of the BOI and thereby granted incentives. The hybrid seed production in Lupon, Davao Oriental is a registered as a pioneer producer of hybrid rice seed with an annual capacity of 33.2 million tons, while the rice processing plant in Talavera, Nueva Ecija is registered as a new producer of hybrid rice with an annual capacity of 29,225 metric tons. As a BOI-registered company, the Company is entitled to certain benefits including Income Tax Holiday for a period of five (5) years from the date of registration with an extension of two (2) years. The Company further avails of BOI benefits under the law as result of the additions and expansion of its production facilities.

Since 2010, the Company has been certified as implementing a quality management system that conforms to ISO 9001:2008. This certification supports the Company's ability to provide quality products that meet customer and applicable statutory and regulatory requirements. The Company has already renewed its certification last April 12, 2016 which will expire on September 15, 2018.

## HISTORY

The Company initially began its operations as a non-registered entity that conducted research on the development of hybrid rice seeds in 1998. The Chairman and President of the Company, Mr. Henry Lim Bon Liong, took inspiration from China's accomplishments in the production of hybrid rice. In 1997, China was already the top producer and net exporter of rice, despite initially having food shortage problems after

the Second World War. The demand for rice in the Philippines has always been greater than its domestic supply, which compels the Government to import rice. The Lim family considered entering into the hybrid rice market, as this specific breed of rice generates high crop yield and could potentially alleviate the Philippines' rice shortage problem.

Mr. Henry Lim Bon Liong sought the expertise of Professor Yuan Longping, a Chinese agricultural scientist and educator considered to be the "Father of Hybrid Rice" in China, as he is known for developing the first hybrid rice variety in China in 1973.

Under the tutelage of Professor Yuan Longping, Henry Lim Bon Liong engaged Professor Zhang Zhaodong, to test the viability of the Chinese hybrid rice in the Philippines. The performance of the Chinese varieties under Philippine conditions was poor, due to the differing weather conditions between the two countries. A new variety, one that would adapt to the tropical climate and land conditions of the Philippines, would have to be developed locally. In October 1999, Henry Lim Bon Liong and Professor Zhang Zhaodong began developing several parental lines in a parcel of land leased from the provincial government of Laguna. Shortly after, Henry Lim Bon Liong procured a 40 hectare property in Barangay Oogong, Santa Cruz, Laguna and built a research and development facility especially dedicated to the production of hybrid rice.

On September 11, 2000, SL Agritech Corporation was officially registered with the Securities and Exchange Commission with the primary objective of cultivating and growing rice seeds, *palay*, corn, and other agricultural grains. The Company conducts research and development activities for the production of aromatic hybrid rice and cereals. Two months after its registration, the Company discovered that it had successfully bred its first tropical hybrid rice variety, SL-8H. The new variety was high yielding, sturdy, and resistant to diseases. The Company immediately began to propagate the SL-8H seeds for the market. Later in the same year, the Company purchased its second facility, in Banay-banay, Davao Oriental in anticipation of the mass production of SL-8H which included a 1.7 hectare facility for seed processing.

Having successfully demonstrated the ability of SL-8H to thrive on local conditions for both the wet and dry seasons, the National Seed Industry Council granted the Company full accreditation in the year 2002. The accreditation allows the Company to commercially produce and distribute the SL-8H variety to farmers. Shortly after, the Company began marketing and selling activities to re-introduce the use of hybrid rice and SL-8H. The Company also sponsored harvest festivals in order to educate local farmers on the advantages of using the SL-8H hybrid rice. Farmers in key areas such as Regions 1, 2, 3, 4, and other parts of the Philippines began their use of SL-8H, and were satisfied as their yield increased significantly. Encouraged by the growing acceptance of its product, the Company expanded its seed production to Davao and Laguna.

The Company continued its research efforts which resulted in the discovery of two more varieties, SL-7H and SL-9H. Compared to its predecessor, the new seed varieties are of higher palate quality, but produce less yield. As a result of these new varieties, the

Company decided to expand its business by producing rice. Under the brand name Doña Maria, named after the matriarch of the Lim family, the Company currently produces five kinds of premium rice, Jasponica, Jasponica Brown, Jasponica Plus, Miponica, and Miponica Brown. The Company's rice products are considered as premium or of higher grade than that of ordinary rice. The products are currently available in leading grocery stores nationwide and are also being used by caterers and Japanese restaurants in Metro Manila.

At present, the Company has also begun to export SL-8H to neighboring countries with similar tropical weather conditions, such as Indonesia, Bangladesh and Vietnam. It is also under negotiations with other countries such as India and Myanmar. With the increasing demand for both its hybrid rice seed and premium rice products, the Company intends to expand its operations by increasing its lot area for production and by building facilities such as the milling plant in Talavera, Nueva Ecija and the soon to be constructed Bulk Grain Storage Facilities in the same area.

## PRODUCTS

### *Hybrid Seeds*

The Company began marketing its seed products in 2003, introducing the SL-8H variety to the market. SL-8H is a high-yield resilient rice variety that allows farmers to harvest more produce at the end of each cropping season. The Company has distributed the SL-8H hybrid seed variety across several provinces in the Philippines, particularly in Regions 1, 2, 3 and 4. The Company has tested the viability of the SL-8H seeds in different areas in the Philippines to ensure its adaptability to local conditions. This resulted in its certification by the National Seeds Industry Council in 2004 as the "pioneer hybrid rice variety in the tropics, with high yielding potential and multiple resistance."

Aside from Philippine testing, SL-8H has also been tested in other countries such as Vietnam, Malaysia, China, Madagascar, Indonesia, Myanmar, India, Nigeria and Bangladesh. All of which have resulted in acceptable yields. Following the success of SL-8H, the Company is continuing its research efforts to develop other varieties of hybrid rice to be distributed commercially.

Currently, revenues from the sale of hybrid rice seeds contribute 60% of the Company's 2017 fiscal year revenues. Table 7 below sets forth each of the Company's products, organized by variety, and includes a description of the product, its packaging and countries where it is exported.

Table 4. List of SLAC's Commercially Available Seed Varieties				
Variety		Description	Packaging	Country
SL-8H		Hybrid seed with high heterotic performance,	18kg	Philippines Bangladesh

	good disease resistance, excellent adaptability to tropical conditions, good palate qualities, good milling qualities, and easy hybrid seed production.			Indonesia Vietnam
SL-7H	Used for the Company's premium rice products. For contract growing		15kg	Philippines
SL-9H	Used for the Company's premium rice products. For contract growing		15kg	Philippines
SL-12H	Hybrid seed with a potential yield ranging from 7 up to 12 metric tons or equivalent to 140 to 240 cavans per hectare and is suitable for wet and dry season. Used for commercial planting.		5kg	Philippines
SL-18H	Hybrid seed with a potential yield ranging from 230 to 300 cavans per hectare and is suitable for wet and dry season. Used for commercial planting		5kg	Philippines

### ***Premium Rice***

The Company's premium rice products contributed 40% of the Company's 2017 fiscal year revenues. The rice products are currently under three brands, Doña Maria, Cherry Blossom and Willy Farms, each targeting a specific market segment. All rice products were developed through the Company's hybrid seed research, and were planted specifically to be marketed as rice ready for cooking. Upon discovery that the produce of SL-7H and SL-9H were of superior palate quality, the Company opted not to distribute the seeds to the public.

The succeeding table sets forth each of the Company's rice products, organized by variety, and includes a description of the product, its targeted market segment and packaging.

**Table 5. List of SLAC's Rice Brands**

<b>Variant</b>	<b>Description</b>	<b>Market Segment</b>	<b>Packaging</b>
Doña Maria® Jasponica Rice	Doña Maria® Jasponica Rice possesses the best features of aromatic and delectable Jasmine rice and the excellent quality of Japanese rice. When cooked, Jasponica's long grain bursts into a tender, chewy texture, releasing the fullness of its flavor and aroma.	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg 25.0 kg
Doña Maria® Jasponica Brown Rice	Doña Maria® Jasponica Brown Rice is the healthier brown rice counterpart of Jasponica White. It is rich in nutrients such as Fiber, Magnesium, Selenium, Vitamin B1, B3, and B6. It helps you become fit while enjoying the aromatic nutty and chewy texture of its Jasponica Brown variety.	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg
Doña Maria® Jasponica Plus	Doña Maria® Jasponica Plus strikes the perfect balance between yummy white and healthy brown. An innovation that answers the query for mothers who want to introduce their kids to a healthy and balanced diet.	High to mid income segment	2.0 kg 5.0 kg
Doña Maria® Jasponica Congee	Doña Maria® Jasponica Congee can be used as an alternative to <i>malagkit</i>	High to mid income segment	2.0 kg 5.0 kg



*rice*. Perfect for congee, risotto, maki, and other sticky rice dishes.

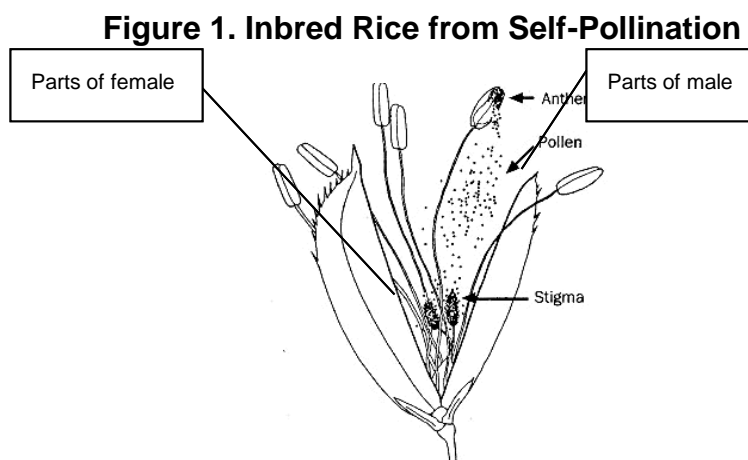
Doña Maria®Miponica Rice	Doña Maria® Miponica Rice combines the clear, translucent, long and slender quality of Philippine Milagrosa and the exceptional eating quality of Japanese rice. It is soft,fluffy and sticky with a pleasant aroma.	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg 25.0 kg
Doña Maria®Miponica Brown Rice	Doña Maria® Miponica Brown Rice is the healthier counterpart of Miponica White. It is rich in fiber and other nutrients,slightly sticky and full to the bite without the coarse texture and strong aftertaste usually present in other brown rice.	High to mid income segment	2.0 kg 5.0 kg 10.0 kg
Willy Farms® Premium Dinorado Rice	Willy Farms® Premium Dinorado Rice is the special all-occasion rice. It is soft and delicious and can be enjoyed as plain rice or fried rice.	Mid income segment	2.0 kg 5.0 kg 10.0 kg 25.0 kg
Willy Farms® Sticky Jasmine Rice	Willy Farms® Jasmine Rice contains the fragrance of Jasmine in sticky rice and is ideal for Paella and Arroz ala Valenciana.	Mid income segment	2.0 kg 5.0 kg 25.0 kg

Willy Farms® Long Grain Japanese Textured Rice	Willy Farms® Long Grain Japanese Textured Rice possesses the superb eating quality and texture of Japanese rice but in long grains.	Mid income segment	2.0 kg 5.0 kg
Willy Farms® Deliciously Healthy Brown Rice	Willy Farms® Deliciously Healthy Brown Rice contains rice that is tasty, chewy and nutty in flavor. It is a good source of fiber, iron, protein and B+. It can be cooked as plain rice, fried rice or mixed rice.	Mid income segment	2.0 kg 5.0 kg 25.0 kg

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## RESEARCH AND DEVELOPMENT

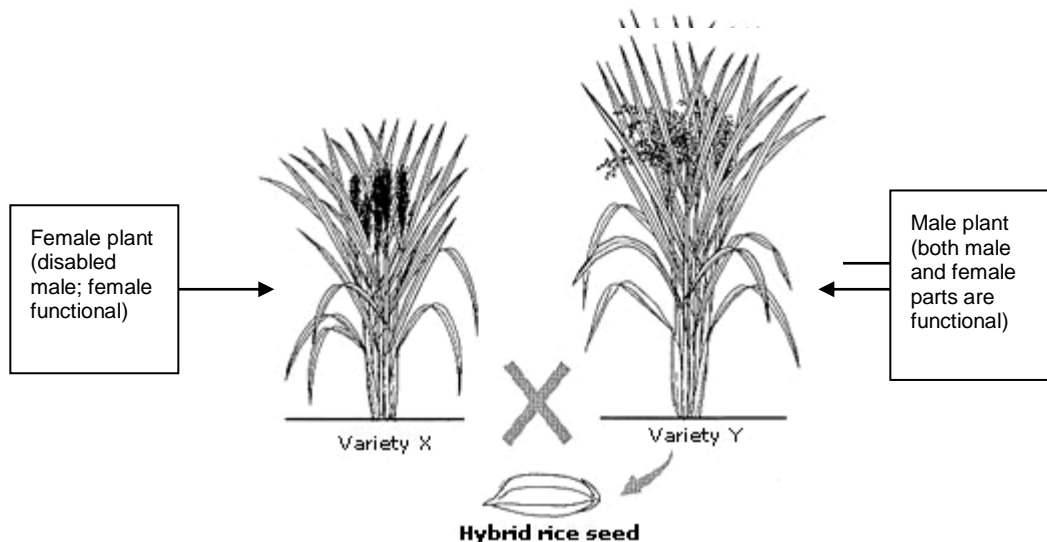
The rice consumed or used for cooking is technically the fruit of the rice plant, resulting from a sexual cross between male and female organs of the plant. The reproductive parts of rice grow side by side in the flower of a single plant. Given that the plant can pollinate itself, the reproductive process can be completed within the floret of the plant almost immediately after the pollen is released from the anther, as illustrated in Figure 1 below. Due to its self-fertilization in reproduction, the offspring is genetically similar, hence the term “inbred”. Inbred rice is also referred to as conventional or regular rice.



A “hybrid”, on the other hand, is an offspring that comes from cross-breeding two genetically different individuals, as seen in Figure 2 below. To produce hybrid rice, an

individual male with functional male and female parts, and a created female (disabled male; female functional) are cross-pollinated, which results in the female plant bearing hybrid rice seeds as offspring. Hybrid rice seed is the first filial (“F1”) of a cross of two genetically different varieties of rice.

**Figure 2. Hybrid Rice from Diverse Parents**



Unlike inbreds, hybrid cultivars usually possess unique heterosis or hybrid vigor, which is the tendency of hybrids to perform better than each of its parents. It has been proven that offspring from more diverse parents produce even higher hybrid vigor. Not only do hybrids fare better than their parents, they also outperform inbred varieties in characteristics like seed quality and yield. As a result of the outcome of mix breeding different plants, one of the early hybrids adapted in the Philippines was named Mestizo rice.

As a biological phenomenon, heterosis is present in most plant species. Currently, it is a major factor for increased crop production in most crop and vegetable species such as maize, sorghum, pear millet, cotton, sunflower, tomato, eggplants, chilies, onion, and sugar beet. It is widely recognized as the main component of the world's multi-billion dollar agri-business.

Knowledge about the phenomenon of heterosis in rice has been developed for a number of decades but its application has been hampered by the self-pollinating characteristics of the plant. Since each plant consists of both male and female parts (versus a male plant and a female plant), even if one brings together different varieties, pure cross-pollination will not be possible.

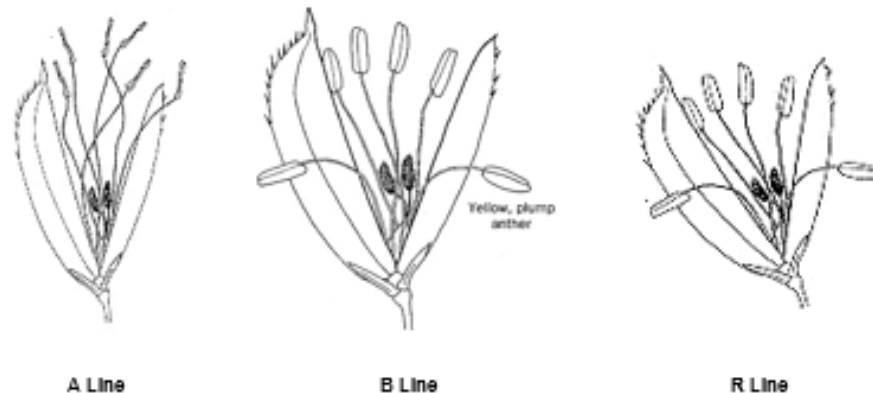
In 1972, a group of Chinese scientists led by Professor Yuan Long Ping succeeded in creating a genetic cytoplasmic male-sterile (“CMS”) line, a feat similar to placing an off switch on the anther of the plant, thereby making its male part sterile while its female

part performs its normal function. This CMS-line is also called the “A-line” or, more specifically, the female parent.

The reproduction process of the A-line is completed by crossing it with a partner from a B-line. The “B-line”, also called the Maintainer line, is similar to A except that its male parts are not sterile and its pollen are viable, as illustrated in Figure 3 below. It maintains the original genetic make-up of the A-line and multiplies A-line as parental lines for commercial hybrid rice seed production.

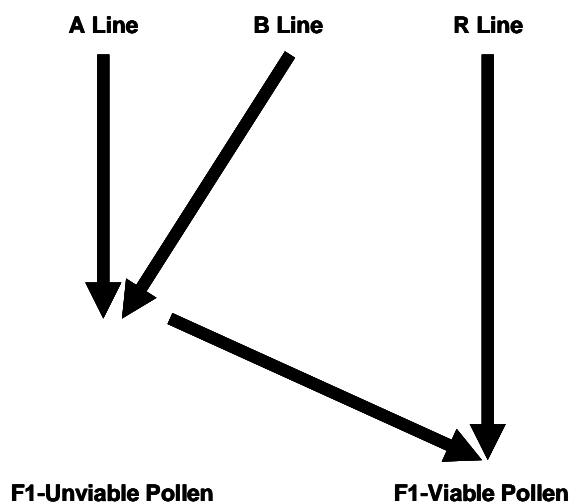
Using the CMS A-line, the group of Professor Yuan Longping successfully forged a hybrid combination using a Restorer line (“R line”), which is genetically different from the A-line. The R-line restores the fertility of the pollen in the offspring. The offspring in turn, is the source of the first generation “F1” seed used to plant commercial hybrid rice.

**Figure 3. A-line, B-line, and R-line flowers**



The hybrid rice seeds produced through the A, B, and R lines are called hybrid rice of 3-line methods. The production combinations of 3-line hybrid rice seeds are shown in Figure 4 below, where A x B crosses produce A-line parents, then the A x R crosses produce commercial hybrid rice F1 seeds with viable pollen, and B and R lines multiply by themselves much like inbred lines.

**Figure 4. A-Line, B-Line, and R-Line Flowers**



Hybrid seeds are F1 offspring. The seeds harvested from F1 rice are called “F2” and are used for consumption only. Unlike the inbred varieties, F2 seeds cannot be replanted again due to lack of uniformity and productivity. As such, farmers have to purchase F1 seeds every cropping season.

In the past three years, the Company has spent a total of approximately ₱613 million on its research and development activities. These costs were incurred for the development and further enhancement of the Company’s existing and commercially viable hybrid rice seeds. Aside from SL-7H, SL8H, and SL-9H, the Company is developing the following varieties: SLs 5, 11, 12, 16, 18 and 19.

**Table 6. Research & development cost and percentage to revenues for 2015-2017**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenue	3,336,750,855	2,552,208,495	2,046,803,293
Development Costs	42,970,410	409,417,910	160,626,005
Percentage	1.29%	16.04%	7.85%

The latter are hybrid rice seeds that have been initially determined as viable having gone through several testing and experimentation stages that stabilized the parental lines. Currently, the Company is preparing for bigger volume of production of parental lines for further enhancement prior to commercial production to make the hybrid seeds tolerant to tropical conditions and it followed the same processes involved in the development of SLs 7, 8 and 9.

## **PRODUCTION PROCESS**

Hybrid rice seed production is more complicated, as compared to inbred seed production. Expertise on rice cultivars and extensive knowledge on breeding and plant anatomy are extremely important in high-yield production, not to mention the proper crop management and fair weather condition. The researchers and scientists personally train the farmers that are involved in the preparation, planting, and harvesting

of the hybrid rice seeds. As discussed in the previous section, the process begins with the process of crossing the A-line and B-line. This produces an A-line offspring that is to be crossed once again with the R-line, which results in the F1 seeds to be sold and planted by the Company. Due to the multiple breeding processes, two planting seasons are required to produce hybrid seeds.

The process of producing the seeds begins with the normal land preparation activities such as irrigation and cleaning. The A-line and B-line, or A-line and R-line seedlings are then planted in rows adjacent to each other. This allows the different lines to breed each other through air pollination. As the seedlings grow, certain fertilizers are applied to ensure the plant's health and maximum seed yield. To illustrate further, the general steps in hybrid rice seed production are outlined in the table below.

**Table 7. Step by Step Process in Seed and Rice Propagation per Hectare**

Steps	Duration (Hours)		Number of Workers
	Hybrid Seed	Hybrid Rice	
Land Preparation			
Dike Cleaning & Preparation	8	8	5
Canal Preparation	8	8	2
Irrigation	8	8	1
Plowing	8	8	1
Harrowing	8	8	1
Rat & Snail Control	8	8	1
Finishing	8	8	1
Seed Bed Preparation			
Canal Cleaning	8	4	5
Lot Leveling	8	4	3
Seed Bed Plotting	8	4	3
Pre- Germination			
Soaking	8	8	1
Incubation	8	8	1
Sowing	8	8	1
Chemical Application	8	8	1
Transplanting			
Pulling of Seedlings	8	5.5	10
Distribution of Seedlings	8	5.5	10
Planting of Seedlings	8	5.5	25
Chemical & Insecticide Application	8	5.5	2
Fertilizer Application	8	5.5	2
Water Management	8	5.5	1
Replanting	8	5.5	15
Weeding	8	5.5	2
Supplementary Pollination			
Pollination	8	-	2
Roughing	8	-	15
GA-3 Application	8	-	3
Harvesting / Processing			

**Table 7. Step by Step Process in Seed and Rice Propagation per Hectare**

Steps	Duration (Hours)		Number of Workers
	Hybrid Seed	Hybrid Rice	
Cutting	8	8	45
Threshing	8	8	10
Drying	3	8	10
Blowing / Cleaning	3	8	10
Packing	3	8	2
Hauling	3	8	10
Storage			
Distribution to dealers			
Purchase by Farmers			

*Source: Information provided by management*

Hybrid rice seed cultivation requires approximately 30% more labor or approximately 100 days per hectare. This is due to the supplementary procedures taken to produce the hybrid seeds. Additional processes include pollination, roughing, and growth enhancer application. Similarly, hybrid rice propagation as increased yield implies an increase in the labor force requirement, especially during the harvest seasons.

However, the difference in yield entails higher income for the farmer, which may cover the additional costs to plant and harvest hybrid rice. Notably, the use of hybrid seeds generates net income per hectare of P166,320, more than four times that of inbred seeds as shown in the table below. Approximately forty percent (40%) of seed production volume is done through contract farming under similar mechanics in the contract farming of the rice business as discussed below.

**Table 8. Economic Comparison of Hybrid and Inbred Seeds**

Yield per hectare (kgs.)	Hybrid			Inbred
	8,000	10,500	13,000	5,000
	(Low-end)	(Average)	(High-end)	(High-end)

*In Philippine pesos (₱)*

Sales price per kg.	17	17	17	17
<b>Total Sales</b>	<b>136,000</b>	<b>178,500</b>	<b>221,000</b>	<b>85,000</b>
<b>Production Costs</b>				
Labor Cost	30,910	30,910	30,910	23,275
Seedbed preparation and sowing	1,000	1,000	1,000	1,000
Land preparation	4,200	4,200	4,200	4,200
Pulling of seedlings	1,500	1,500	1,500	1,500
Transplanting	3,500	3,500	3,500	3,500
Harvesting	11,760	11,760	11,760	7,350
Hauling	1,600	1,600	1,600	1,000
Caretaking	7,350	7,350	7,350	4,725
Material Cost	21,070	21,470	22,070	19,270

Table 8. Economic Comparison of Hybrid and Inbred Seeds				
Yield per hectare (kgs.)	Hybrid			Inbred
	8,000	10,500	13,000	5,000
	(Low-end)	(Average)	(High-end)	(High-end)
Cost of seeds	4,500	4,500	4,500	3,300
Fertilizers	13,500	13,500	13,500	13,500
Pesticides	1,470	1,470	1,470	1,470
Sacks and twines	1,600	2,000	2,600	1,000
Other cost	1,700	1,700	1,700	1,700
Irrigation fee	1,700	1,700	1,700	1,700
<b>Total Costs</b>	<b>53,680</b>	<b>54,080</b>	<b>54,680</b>	<b>44,245</b>
<b>Net Income</b>	<b>82,320</b>	<b>124,420</b>	<b>166,320</b>	<b>40,755</b>
<b>Return on Investment</b>	<b>153%</b>	<b>230%</b>	<b>304%</b>	<b>92%</b>

*Source: Information provided by management*

The Company engages contract farming for the premium rice production. SLAC provides SL-7H and SL-9H seeds to contracted farmers (who own parcels of lands) together with the necessary fertilizers, pesticides, and other farm inputs. In other cases, the Company provides, instead, financing to contracted farmers for the expected farming costs. The entire farm produce will eventually be bought back by the Company at the prevailing market price less costs of inputs provided.

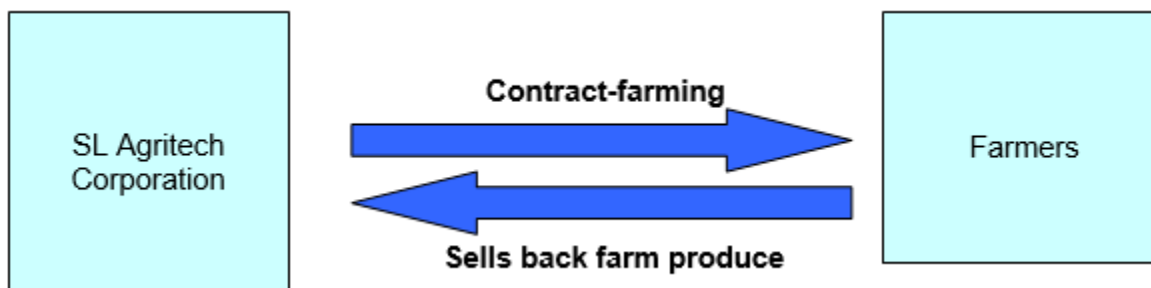
Table 9. Revenues Contributed by Foreign Sales				
		2017FY	2016FY	2015FY
Southern Asia	Seed	-	6,521,133.00	29,114,964.30
Southeast Asia	Seed	14,765,686.85	48,093,715.00	60,163,052.72
<i>Total Revenue from Seeds</i>		14,765,686.85	54,614,848.00	89,278,017.02

		2017FY	2016FY	2015FY
Persian Gulf Countries	Rice	13,675,958.06	19,195,799.85	3,618,058.98
Micronesia	Rice	6,474.66	5,748.64	-
Southeast Asia	Rice	-	129,178.00	-
USA	Rice	12,749,601.99	2,248,963.47	-
Australia	Rice	265,180.40	-	-
<i>Total Revenue from Rice</i>		26,697,215.11	21,579,689.96	3,618,058.98
<b>Total Revenue</b>		<b>41,462,902.00</b>	<b>76,194,537.96</b>	<b>92,896,076.00</b>

*Source: Information provided by management*

**Figure 5. Contract Farming Business Model**





As the Company production process is fully integrated, from research and development to producing premium rice varieties, the Company does not need as much raw materials since it relies mainly on internal operations. The Company is able to mill and process its SL-7H and SL-9H hybrid rice varieties into its premium rice products. Occasionally, the Company procures some items such as commercially available pesticides or fertilizers from different companies, and is not dependent on one source.

## **MARKETING, SALES AND DISTRIBUTION**

### ***Hybrid Seeds***

SL-8H seeds are currently commercially available and accessible to farmers nationwide. Aside from dealers and the Irrigator's Association, the seeds are also available through the MAO, who are currently responsible for the distribution of the seeds to the farmers. The selection of MAO compromise of the ff. criteria: 1) Farmer population, 2) Credit Standing, and 3) Reliability.

As the company is pushing on the visibility and availability of its hybrid rice seeds varieties in the market, SLAC treats the MAO as partners in the dissemination of hybrid rice technology to its local farmers. The local farmers usually visit the MAO for their agricultural needs and assistance. Hence, the company sees to it that its products are strategically positioned in every MAO.

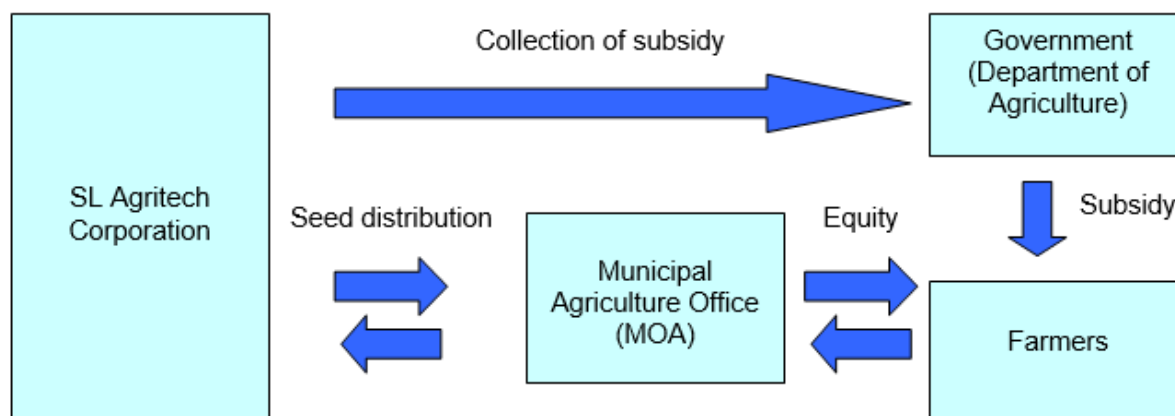
Farmers may also opt to obtain the SL-8H seeds from local dealers with which the Company has contracts with. There is also a need for dealers because certain areas such as Nueva Ecija and Cagayan are not eligible for the subsidies. As a result the supply of seeds to the farmers in these areas is not monitored by the MAOs, but instead must be coursed through dealers.

The Company's supply of hybrid seeds is currently located in its warehouse facilities in Laguna and Davao. The seeds are stored in large refrigerators that prolong its shelf life and prevent the growth of mites residing in the seeds. Standard shelf life of hybrid seeds is one year after harvest. But this depends on the storage facility or environment where the seeds are stored. Ideal environment to store seeds and preserve its viability is proper ventilation wherein seeds are not exposed to direct sunlight and water (rain) where its moisture will be affected. If seeds will be stored in Cold Storage, it will have a

longer shelf life. A fleet of delivery trucks deliver the seeds to the different MAOs for distribution to the farmers.

For the list of List of Accredited Municipal Agriculture Office (MAO), please see ANNEX A.

**Figure 6. Distribution Chain**



To increase farmers' knowledge on the product, the Company conducts several marketing activities in order to increase awareness for its products. The Company has released radio advertisements to promote the use of SL-8H. It also conducts and participates in harvest festivals not only to promote the product, but to also provide technical briefings, explain the process of procuring the seeds, and planting instructions.

### ***International Business Development***

The SL-8H hybrid rice seed of the Company was specifically developed for tropical countries such as those in South East Asia. Following its success as a high-yielding variety here in the Philippines, the Company began testing the viability of SL-8H in neighboring countries. SL-8H also produced high yields in countries such as Indonesia, Bangladesh, Myanmar, Papua New Guinea and Vietnam, which prompted the Company to export its parental line hybrid rice seeds to these countries.

In those markets, the Company partners with Government-affiliated agencies to roll-out the program. Agreements with these agencies involve hybrid rice seed production. In 2015, the Company sealed a partnership with Calmwind Pty. Ltd. in Papua New Guinea for the development of SL-12H, SL-8H and SL-18H. In a similar pursuit, the Company signed a Memorandum of Agreement (MOA) with the state-run Bangladesh Agricultural Development Corp. for a seed production collaboration. The Company previously worked with the Bangladeshi government for a seed production program. This recently signed MOA will strengthen said partnership by extending the program to 2019.

International sales comprise 1%, 3%, and 5% of the Company's hybrid rice seed revenue in 2017, 2015, and 2014, respectively.

### **Premium Rice**

The Doña Maria, Cherry Blossom, and Willy Farms rice products are distributed through retail stores, wholesalers, dealers, hotels, restaurants, and cafes. The retail stores, including supermarkets, groceries, and price clubs, make up about 80% of the Company's sales revenues. Wholesalers and dealers, who distribute the rice products to smaller channels such as drug stores, department stores, and market stalls, account for 10% of sales revenues. Lastly, the Company also provides rice to hotels, restaurants, and cafes, known collectively as "HORECA". The HORECA market comprises around 10% of the sales revenues.

### **COMPETITION**

<b>Table 10. Competitive Space and Price Points</b>					
<b>Company</b>	<b>Variety</b>	<b>Pack Size</b>	<b>SRP</b>	<b>Cost/kl</b>	<b>Per ha.</b>
Bayer	Arize Bigante Plus	3kg	965.00	321.67	4,825.00
	Arize Bigante (TEJ)	5kg	1,376.00	275.20	4,128.00
	Arize H 64	5kg	1,376.00	275.20	4,128.00
Pioneer	Phb 77,79,81	3kg	850.00	283.33	4,250.00
Syngenta	Frontline Gold	5kg	1,400.00	280.00	4,200.00
SL					
Agritech	SL-8H	5KG	1,470.00	294.00	4,200.00
		18KG	5,100.00	283.33	4,800.00

*Source: Information provided by management*

For its hybrid rice seed products, the Company faces competition from seven other hybrid rice seed varieties present in the Philippine market. These varieties are Phb77 by Pioneer Company, Bigante by Bayer Philippines, and Frontline Gold by Syngenta. Market data regarding hybrid rice seeds is not available, but the Company estimates that 80% of the market is using SL-8H. The Company differentiates its seeds business by providing farmers with the advantage of higher yield and cheaper cost of production.

In the Php450 billion market for rice, the Company estimates that only Php45 billion belongs to the premium packed rice market. The Company believes that its main competitors are the products of other companies which produce premium rice varieties such as Jasmine rice, Japanese rice, Thai Jasmine rice, Brown rice, Red rice, Long grain rice, and High-fiber rice. Brands that produce these varieties include Sunnywood, LH Cereal Corp. (Vita Rice), Northern Luzon (Farmer's Choice), Worthgold, and Qualigrains, among others. The Company believes that its premium rice business provides for consistent quality supported by monitoring and control systems that were ISO-certified.

## **COMPETITIVE STRENGTHS**

### ***Innovation of high yielding rice technology***

Through its researchers and scientists, the Company has successfully developed several hybrid rice seeds that are either sold or used for the Company's premium rice products. SL-8H, the Company's premier hybrid rice seed product, has been distributed around the country and has proven to be a true high-yield variety, acclimatized to Philippine conditions. The Company has marketed its SL-8H seeds nationwide and in other countries while varieties of competitors are still on the testing and development stages. The Company has also developed SL-7H and SL-9H, which are varieties with qualities comparable to Japanese, Milagrosa, and Jasmine rice.

### ***Fully integrated operations***

The Company began as a private agricultural research facility, and has now grown into a fully integrated hybrid rice seed and premium rice producer. It has the facilities for research and development, seed production, rice production, and packaging, and the resources for planning, marketing, and sales. The Company is able to efficiently conduct its research and development activities in Oogong, Laguna, whilst its hybrid rice seed and premium rice production is spread out to its different farms and contract growers. Marketing and sales of both the hybrid rice seeds and the premium rice are executed by separate teams. Hybrid rice seeds are marketed to farmers and local cooperatives through seminars and harvest festivals around the Philippines. On the other hand, the team for the premium rice promotes its products to the different stores, groceries, hotels, and restaurants.

### ***Attractive growth prospects***

The Philippines continues to import rice in order to satisfy its national demand. As the population of the country continues to grow, the demand for rice is estimated to continue to increase as well. Local varieties are currently unable to fulfill the demand for rice, and coupled with diminishing rice fields due to industrialization, the increasing demand for rice without concomitant increase in supply continues to be a national problem. The Company presents a possible solution to this problem through the introduction of hybrid rice. Being the only Company to achieve national success in marketing hybrid rice, the Company's products may lead the Philippines into self-sufficiency in rice.

### ***Strong market position***

The Company currently dominates the market for hybrid rice, as it has proprietary rights over several high-yielding varieties of hybrid rice seeds. The Company estimates that SL-8H currently captures 80% of the market share for hybrid rice. Competitors have yet to introduce a variety that can compete with the yield of SL-8H. Recently, the Company commercialized new varieties of hybrid rice seeds. SL-12H and SL-18H are suitable for

both wet and dry season. These hybrid rice seeds have robust panicles and stems that potentially give 250 to 300 cavans per hectare, establishing farmers' net income of P100,000 to P200,000 per hectare. The Company also employs aggressive and innovative marketing strategies, such as harvest festivals, seminars, technical farm demonstrations and contests, to further expand its market share. Competitors may find it difficult to enter the Philippine market for hybrid rice seeds, as the development of the products require extensive research that is both expensive and time consuming.

## **BUSINESS STRATEGY**

### ***Increase brand awareness***

As of the date of this Prospectus, the Company has developed three hybrid rice seed varieties and ten premium rice products. Both the hybrid rice seeds and premium rice products are marketed aggressively throughout the Philippines. The SL-8H hybrid rice is being marketed nationwide to farmers through seminars, harvest festivals, and contests. Doña Maria premium rice on the other hand is brought to the market through sampling booths, recipes, food kiosks, and television advertisements. The Company intends to continue its marketing efforts to further strengthen its brand and to attract a larger market for its products.

### ***Maintain its product leadership***

Based on Company data, the Company's hybrid rice seeds account for 80% of the total market share of hybrid rice, making it the current leader for hybrid rice seeds. The Company intends to maintain this through the development of better hybrid rice seed products and continuous marketing activities. Despite having the majority of the hybrid rice market, the Company would like to expand the overall market for hybrid rice seeds. This can be achieved through the continuous expansion of the Company's market reach in the different provinces of the Philippines. The Company also intends to strengthen its position in the premium rice market by capturing a larger share of the high to mid-income rice consumers.

### ***Improve customer and market knowledge***

The Company intends to take advantage of the increasing sophistication or changing lifestyles of its hybrid rice seed and premium rice customers. Farmers are slowly shying away from traditional methods of farming and are willing to try other products to improve their output. Farmers who have tried hybrid rice seeds of the Company have seen the benefits of investing in high-yielding varieties. The Company is aware that the willingness of farmers to use new products is sometimes hindered by existing traditions or Government policies. By conducting seminars, the Company is made aware of the issues of farmers, and thus is able to educate them on the best solutions. The Company is also aware of the Government policies and programs governing rice production, and thus ensures that farmers are educated on these as well.

The tastes and preferences of Filipino consumers are constantly changing. The target markets of the Company, the high to mid-income consumers, are becoming more sophisticated and are more particular on the products they purchase. As they become more quality, health, and price conscious, the Company intends to provide more premium rice products that would satisfy their needs. This would include products and recipes that are healthier, with better palate quality, and are worth their value for money.

### ***Development of new products***

The Company has developed several varieties of hybrid rice seeds, but is continuing its research and development activities to further develop better products. Research is simultaneously done for both the Company's hybrid rice seeds and premium rice products. Through the utilization of the Company's researchers and scientists, who have been trained by Professor Yuan Longping of China, the Company continues to develop new varieties of rice to expand the Company's brand portfolio. The Company aims to develop high-yielding rice products with good planting and palate quality.

### ***Expansion of market share***

The Company has employed several marketing strategies to increase its market share in its seed and rice business. For its seed business, the Company periodically introduces the products to farmers in the Philippines through seminars and demonstration activities. Farmers are then encouraged to continue the use of hybrid seeds through harvest festivals and contests. For its rice products, the Company currently employs the use of television commercials, booths, technical farm demonstration, and sampling to further introduce its products to the market. The Company has also developed the brands "Doña Maria", "Cherry Blossom", and "Willy Farms" to further distinguish itself from its competitors in the market. The Company aims to continue these marketing strategies to gain a larger share of the seed and rice markets.

### **NON-DEPENDENCE ON A SINGLE CUSTOMER**

In its three businesses, hybrid rice seeds, international business development, and premium rice, the Company's sales and growth is not dependent on a single customer. The Company employs different channels of distribution in order for its products to be known to the market, both here in the Philippines and in other countries.

The Company has several products in its pipeline for all three businesses. These, however, are still in the development stages and have no set launch dates as of the date of this Prospectus.

### **TRANSACTIONS WITH OR DEPENDENCE ON RELATED PARTIES**

Related party transactions are made in the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and

operating decisions and the parties are subject to common control or common significant influence. Related parties are corporate entities that are owned and controlled by the same owner of the Company (e.g. Sterling Paper Products Enterprises Inc. (SPPEI) and Mart One Supermarket), and neither a subsidiary or affiliate of the Company.

In the regular course of business, the Company's significant transactions with related parties include the following:

- a. At fiscal year ending November 30, 2017, the Company has outstanding receivables arising from sale of seeds and rice products with Mica-Genero Abundans Foundation, Inc. (P201,500), Central Bookstore (P3,080,389) and Mart One (P92,325). The foregoing entities have common shareholders with the Company.

*Terms and conditions of transactions with related parties*

Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Company has not recognized any impairment losses on amounts due from related parties for the quarters ended November 30, 2017, 2016 and 2015. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

**INTELLECTUAL PROPERTIES**

As of the date of this Prospectus, the Company has registered the following trademarks and/or copyrights with relevant authorities:

<b>DATE OF REGISTRATION</b>	<b>TITLE OF WORK</b>		<b>Principal Terms and Expiration Dates</b>
February 16, 2005	Copyright Registration and Deposit of SL- 8H Hybrid Rice Club-Busog Yaman Ka Dito! (National Commission for Culture and the Arts)	Created and Published: October 12, 2004	Lifetime of the author and for fifty (50) years after his death.
January 10, 2005	Copyright Registration and	Created and Published: October	Lifetime of the author and for

	Deposit of Dona Maria Jasponica Rice (National Commission for Culture and the Arts)	28, 2004	fifty (50) years after his death.
September 2, 2004	Registration of 'Mestiso 6' (Oryza sativa) (Bureau of Plant Industry)		
December 15, 2006	Certificate of Plant Variety Protection to SL-8R (Bureau of Plant Industry)		Twenty (20) years from December 15, 2006, unless sooner voided or cancelled as provided in the law and regulations.
December 15, 2006	Certificate of Plant Variety Protection to SL-8H (Bureau of Plant Industry)		Twenty (20) years from December 15, 2006, unless sooner voided or cancelled as provided in the law and regulations.
December 15, 2006	Certificate of Plant Variety Protection to SL-1B (Bureau of Plant Industry)		Twenty (20) years from December 15, 2006, unless sooner voided or cancelled as provided in the law and regulations.
July 13, 2007	Certificate of Plant Variety Protection to SL-1A (Bureau of Plant Industry)		Twenty (20) years from July 13, 2007, unless sooner voided or cancelled as provided in the law and regulations.
December 18,	Certificate of Plant		Twenty (20)



2008	Variety Protection to SL-9H(Bureau of Plant Industry, Philippines)		years from December 18, 2008, unless sooner voided or cancelled as provided in the law and regulations.
December 18, 2008	Certificate of Plant Variety Protection to SL-7R(Bureau of Plant Industry, Philippines)		Twenty (20) years from December 18, 2008, unless sooner voided or cancelled as provided in the law and regulations.
December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-11R (Bureau of Plant Industry, Philippines)		Twenty (20) years from December 7, 2012
December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-18R (Bureau of Plant Industry, Philippines)		Twenty (20) years from December 7, 2012
December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-11H (Bureau of Plant Industry, Philippines)		Twenty (20) years from December 7, 2012
October 9, 2009	Certificate of Plant Varieties Protection to SL-1A(Centre of Plant Varieties Protection, Indonesia)		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.
October 9, 2009	Certificate of Plant Varieties Protection		Twenty (20) years from

	to SL-1B(Centre of Plant Varieties Protection, Indonesia)		October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.
October 9, 2009	Certificate of Plant Varieties Protection to SL-8R(Centre of Plant Varieties Protection, Indonesia)		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.
October 9, 2009	Certificate of Plant Varieties Protection to SL-8SHS(Centre of Plant Varieties Protection, Indonesia)		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as provided in the law and regulations.
<b>DATE OF REGISTRATION</b>	<b>TITLE OF WORK</b>		<b>Principal Terms and Expiration Dates</b>
May 21, 2005	Trademark: Doña Maria (Intellectual Property Office)	For rice, corn, grains of all kinds, fresh fruits, natural plants and flowers, live animals, seeds, vegetables, horticultural growths.	Until October 1, 2021 unless sooner cancelled in accordance with laws and regulations.
May 13, 2016	Trademark of Yuan Long Ping with representation of rice stalk and grain within an arc. (Bureau of Trademarks)	For rice, corn, grains of all kinds, and other agricultural farm products, seeds, vegetables, and horticultural growths.	Five (5) years; until May 13, 2021.

December 18, 2006	Trademark: stylized Warak (Bureau of Trademarks)	For agricultural chemical (insecticide) for the control of chewing and sucking insect pests of rice, corn, tobacco, and other crops namely, cucurbits, onions, legumes.	Ten (10) years; until December 18, 2016. <i>(In progress for renewal).</i>
September 22, 2016	Trademark: SL- 8H (Bureau of Trademarks)	For rice.	Ten (10) years; until September 22, 2026.
September 22, 2016	Trademark: SL- 7H (Bureau of Trademarks)	For rice.	Ten (10) years; until September 22, 2026.
September 24, 2007	Trademark: Cherry Blossom Rice With The (Intellectual Property Office)		Until May 2, 2017 unless sooner cancelled in accordance with laws and regulations.
October 24, 2013	Trademark: Doña Maria Coco Shake (Intellectual Property Office)		Until April 18, 2023 unless sooner cancelled in accordance with laws and regulations.
November 14, 2013	Trademark: Doña Maria Rice Pao (Intellectual Property Office)		Until June 24, 2023 unless sooner cancelled in accordance with laws and regulations.
December 19, 2013	Trademark: Doña Maria Rice Surprise (Intellectual Property Office)		Until April 18, 2023 unless sooner cancelled in accordance with laws and regulations.
September 10,	Trademark: Gintong		Until September

2007	Butil & Device (Intellectual Property Office)		10, 2017 unless sooner cancelled in accordance with laws and regulations. <i>(In progress for renewal)</i> .
November 10, 2005	Trademark: Jasponica (Intellectual Property Office)		Until November 10, 2020 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
October 1, 2007	Trademark: Kristina (Intellectual Property Office)		Until January 16, 2017 unless sooner cancelled in accordance with laws and regulations. <i>(In progress for renewal)</i> .
August 28, 2005	Trademark: Logo (Registration No. 5626) (Intellectual Property Office)		Until August 3, 2021 unless sooner cancelled in accordance with laws and regulations.
March 24, 2011	Trademark: Miponica (Intellectual Property Office)		Until November 22, 2020 unless sooner cancelled in accordance with laws and regulations.
September 22, 2016	Trademark: SL-7H (Intellectual Property Office)		Until September 22, 2026 unless sooner cancelled in

			accordance with laws and regulations. Renewal has been applied for but is pending approval.
September 22, 2016	Trademark: SL-8H (Intellectual Property Office)		Until September 22, 2026 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
April 14, 2013	Trademark: SL-9H (Intellectual Property Office)		Until April 14, 2023 unless sooner cancelled in accordance with laws and regulations.
May 13, 2006	Trademark: Sterling (Intellectual Property Office)		Until May 13, 2021 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
July 21, 2015	Trademark: Willy Farms Farm Fresh Goodness! (Intellectual Property Office)		Until July 21, 2018 unless sooner cancelled in accordance with laws and /regulations. Renewal has been applied for but is pending

			approval.
August 30, 2012	Trademark: Willy and W Device (Intellectual Property Office)		Until May 16, 2022 unless sooner cancelled in accordance with laws and regulations.
September 2, 2004	Registration of 'SL-8H' (Oryza sativa) (Bureau of Plant Industry)		
August 11, 2015	Trademark: Doña Maria (US PTO)		August 11, 2025 Status: Registered
August 11, 2015	Trademark: Jasponica (US PTO)		August 11, 2025 Status: Registered
August 11, 2015	Trademark: Miponica (US PTO)		August 11, 2025 Status: Registered
February 11, 2014	Trademark: Jasponica (SG Registrar of TM)		Until February 11, 2024 Status: Registered
February 11, 2014	Trademark: Miponica (SG Registrar of TM)		Until February 11, 2024 Status: Registered
June 5, 2014	Trademark: Jasponica (UAE Ministry of Economy TM Department)		February 12, 2024 Status: Registered
June 5, 2014	Trademark: Miponica (UAE Ministry of Economy TM Department)		February 12, 2024 Status: Registered
June 5, 2014	Trademark: Dona Maria (UAE Ministry of Economy TM Department)		February 12, 2024 Status: Registered
Sep. 16, 2014	Trademark: Dona Maria (Taiwan IPO)		Sep. 15, 2024 Status: Registered
Sep. 16, 2014	Trademark:		Sep. 15, 2024

	Jasponica(Taiwan IPO)		Status: Registered
Sep. 16, 2014	Trademark: Miponica(Taiwan IPO)		Sep. 15, 2024 Status: Registered
April 28, 2015	Trademark: Dona Maria (China TO)		April 27, 2025 Status: Registered
April 28, 2015	Trademark: Miponica (China TO)		April 27, 2025 Status: Registered
April 28, 2015	Trademark: Jasponica(China TO)		April 27, 2025 Status: Registered
January 30, 2015	Trademark: Dona Maria (Korean IPO)		January 31, 2025 Status: Registered
January 30, 2015	Trademark: Jasponica (Korean IPO)		January 31, 2025 Status: Registered
January 30, 2015	Trademark: Miponica (Korean IPO)		January 31, 2025 Status: Registered
February 10, 2014	Trademark: Miponica (HK IPO)		February 9, 2024 Status: Registered
February 10, 2014	Trademark: Jasponica (HK IPO)		February 9, 2024 Status: Registered
February 10, 2014	Trademark: Dona Maria (HK IPO)		February 9, 2024 Status: Registered

#### **GOVERNMENT APPROVALS AND PERMITS**

All Government approvals and permits issued by the appropriate Government agencies or bodies which are material and necessary to conduct the business and operations of the Company, were obtained by SL Agritech and are in full force and effect.

The Company's operations and products are subject to standards and regulations set forth by the Government and regulatory agencies (DA and NFA), which may introduce new rules and policies or implement changes in the enforcement of existing laws and regulations, which could directly affect the operations and profitability of the Company and/or may be costly to comply with. Although the Company endeavors to maintain compliance with the required operational licenses, accreditations, and certifications, there can be no assurance that the aforementioned agencies will not introduce more stringent rules and regulations in the future. These and other legal or regulatory changes could materially and adversely affect the Company's financial condition and results of operations

The table below lists the Company's regulatory permits:

<b>REGULATORY PERMITS</b>	<b>ISSUE DATE</b>	<b>EXPIRY DATE</b>
<b>National Food Authority</b> Grains Business License- Retailing and Wholesaling	January 20, 2017	February 28, 2018
<b>National Food Authority</b> Grains Business License- Exporting	January 20, 2017	December 31, 2017
<b>National Food Authority</b> Grains Business License- Importing	January 20, 2017	December 31, 2017
<b>Department of Environment and Natural Resources</b> <b>Environment Compliance Certificate</b> (Talavera, Nueva Ecija) Drying, Milling, and Warehousing	January 7, 2011	
<b>Laguna Lake Development Authority</b> <b>CLEARANCE</b> Warehouse and Rice Mill Facility Project	May 8, 2008	
<b>Laguna Lake Development Authority</b> CERTIFICATE OF ENVIRONMENT COMPLIANCE COMMITMENT	May 8, 2008	

#### **EFFECT OF EXISTING OR PROBABLE GOVERNMENT REGULATIONS ON THE COMPANY'S BUSINESS**

The DENR is the primary agency responsible for the conservation, management, development, and proper use of the country's environment and natural resources and



the implementation of laws and regulations pertaining thereto. It also has the authority to promulgate additional regulations of its own.

The DA on the other hand is responsible for the promotion of agricultural development. The DA provides the policy framework and support services needed to effect its mandate.

Finally, the NFA is an agency of the Philippine Government under the Office of the President responsible for ensuring food security. The NFA is also mandated to ensure stability of rice supply and its prices.

The Company incurs expenses for the purpose of complying with the law that consists primarily of payments for regulatory fees to these agencies. Such fees are standard in the industry and are minimal. Costs related to securing the Environmental Compliance Certificates have no material impact on the financial position of the Company.

The operations of the Company is also monitored and to a certain extent, restricted by these agencies. The Company must always abide by the rules and programs set forth by said agencies. To the best of the Company's knowledge, it has complied with all applicable environmental laws.

In the event that such regulatory permits and licenses are not obtained or renewed, the Company's operations will be restricted depending on what permits were not renewed. In such event, the Company will carefully evaluate the situation and may reallocate its resources in other viable and related endeavors in order to have continued growth despite regulatory restrictions.

## **EMPLOYEES**

The SLAC organization is composed of 49 executives and managers, equivalent to 9% of the current workforce; the supervisors make up 23% of the pie, and the rank and file comprises the remaining 68%.

Over the years the SLAC management has maintained a harmonious relationship with the employees. None of its employees are subject to Collective Bargaining Agreements. The industrial peace that is enjoyed in the workplace is attributed to the overall compliance with Labor requirements especially where wages, employee welfare, and other statutory prescriptions are concerned.

The Human Resource team, in coordination with the Operations and other support teams, continues to roll out programs that are aimed at developing the competencies and skills of each individual employee, not only to be excellent professionals in their own fields but more so to be relevant members of society. It plans to increase its current number of employees by 5% within the next 12 months.

For the matrix of Employee benefits, please see table 12.

Table 11. List of SLAC's Employees		
Type of Employee	Number of Employees	Percentage to Total
Executives	8	1.5%
Consultants	7	1.3%
Managers	34	6.2%
Supervisors	124	22.8%
Rank & File	372	68.2%
TOTAL	545	100.0%

*Note: Includes regular, probationary, and contractual employees. Agency hires are excluded*

Table 12. Matrix of Employee Benefits				
List of Benefits	Rank & File	Sup/Ofcr	AM/M/Exec	Remarks
SSS	Y	Y	Y	
Philhealth	Y	Y	Y	
HDMF	Y	Y	Y	
13th Month Pay	Y	Y	Y	
Special Leave Benefit for Women	Y	Y	Y	
Solo Parent Leave	Y	Y	Y	
Paternity Leave	Y	Y	Y	
Maternity Benefit (c/o SSS)	Y	Y	Y	
Sickness Benefit (c/o SSS)	Y	Y	Y	
Vacation Leave	starts at 11 days up to max of 15 days	15 days	15 days	will be forfeited at the end of the year if unused
Sick Leave	starts at 11 days up to max of 15 days	15 days	15 days	converted to cash at the end of the year if unused
Medical / Dental				
HMO	25K MBL/Ward	50K MBL / Semi- Private	100K MBL / Private	not all regular rank & file employees are covered
In-house	500 Medical / 500 Dental	X	X	for those not covered by HMO; reimbursement type
Group Life	75K	150K	200K	

Insurance				
Christmas Gift	P500 worth for employees who have been with the company for 5 years and less; P600 worth for employees who have been with the company for more than 5 years	P1000 worth	P1200 worth	given to regular employees who have rendered 1 year of service from date of regularization
Notebook Subsidy	P300	P400	P500	
Discounts on Products	Y	Y	Y	ranges from 5% - 25% depending on type of products
T-Shirt Subsidy	X	8 pcs	10 pcs	
Diaries	X	3 pcs	4 pcs	
Company Loan	Y	Y	Y	
Bereavement Leave	Y	Y	Y	3 days if wake/burial is within the area; 5 outside the area of assignment
Bereavement Aide	Y	Y	Y	P2k for death of immediate family member
Death Benefit	P2500	P3500	P5000	
Meal, Transportation and Lodging Allowance	Y	Y	Y	
Calendar	Y	Y	Y	
Incentive	Y	Y	Y	upon successful achievement of company's target

*Note: Y – included in the benefits; X – not included in the benefits*

## PLANS AND PROGRAMS

The Company is expanding its hybrid rice production and strengthening its organization to effectively manage the high growth in demand. The Company intends to achieve this through:

- Capital expenditures – for the use of procuring production and delivery equipment, cold storage, bulk grain storage facility and build warehouses
- Manpower complement – to employ more researchers and scientists
- Research and development – continuous research and development of commercially viable hybrid rice seed varieties. Research on the market of premium rice, and to develop products depending on market needs.
- Sales and marketing – to increase its current number of employees to strengthen its sales and marketing group for both hybrid rice seeds and premium rice.

**Table 13. Percentage of R&D Cost to Total Revenue**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Capitalized Development Cost	42,970,405	409,417,910	160,626,005	221,148,334
Total Revenue	3,336,750,855	2,552,208,495	2,046,803,293	1,336,169,185
%	<b>1%</b>	<b>16%</b>	<b>8%</b>	<b>17%</b>

*\*Development cost figures based on the Capitalized development costs from investing activities*

## PROPERTIES

As of the date of this Prospectus, the Company owns four (4) parcels of land where the Company's existing production facilities are also found.

### **Bagong Silang, Talavera, Nueva Ecija**

A parcel of land situated in Bagong Silang, Talavera, Nueva Ecija containing an area of 6 hectares with at least 35 meters-wide frontage. This is also the major site used for producing Dona Maria rice. A 1600MT-grain silo is expected to be operational by end of 2016 to complement the existing 7000-sqm warehouse facility for rice.

### **Barangay Oogong, Santa Cruz, Laguna**

A parcel of land situated in Barangay Oogong, Santa Cruz, Laguna totaling 41 hectares with 150 meters-wide frontage. This site houses the facilities for seeds research and development as well as the processing facility for rice milling. Another warehouse with total area of 5000 sqm is being erected to complement the existing 7500-sqm facility. The R&D also takes pride to have the first Cool Greenhouse in the Philippines that is used for development of two-line hybrid rice seed varieties. This is with the objective of offering top of the line hybrid rice seeds varieties to uplift the lives of the farmers.

### **Lupon, Davao Oriental**

A parcel of land situated in Bagumbayan, Lupon, Davao Oriental containing an area of 15,998 square meters. The Company's production facility in the said area consists of sun drying area, office and processing facilities, warehouse, staff house, fumigation area and covered court.

Some of the real estate properties in Talavera, Nueva Ecija and Santa Cruz, Laguna referred to above are the subject of real estate mortgage in favor of certain bank creditors.

### **Barangay Cabligan Matanao Davao Del Sur**

A parcel of land newly acquired to house a 5000 sqm processing facility for the production of hybrid rice seeds. The site is strategically situated in the rice granary bowl of Davao Del Sur, providing an advantage of access areas for hybrid rice seeds production. This site is expected to be completed by end of 2016.

### **Leased Properties**

Aside from the properties owned by the Company, it also leases agricultural land in Lupon, Davao Oriental with an area of 600 hectares for purposes of seed production. The lease is for terms of up to three (3) years, at an average price of Php30,000.00 per hectare per season. The existing lease contracts will expire by 2018 but are renewable subject to renegotiation. The Company also leases warehouses in Talavera, Nueva Ecija with a total area of 8,600 square meters (sqm) at an average leasing rate of Php62 per sqm renewable every six (6) months subject to renegotiation.

Aside from the Company's owned land, SLAC also leases land particularly in Lupon, Davao Oriental and in Talavera, Nueva Ecija. These lands are used as warehouse sites for the Company's rice production. SLAC is looking to purchase more land on installment basis in order to expand its area of production.

Location	Status	TCTs	Actual owner	Area
Bagong Silang, Talavera, Nueva Ecija	Owned	Provided	SL Agritech Corporation	6 ha
Barangay Oogong, Santa Cruz,	Owned	Provided	SL Agritech Corporation	41 ha

Laguna				
Lupon, Davao Oriental	Owned	Provided	SL Agritech Corporation	15,998 sqm
Barangay Cabligan Matanao Davao Del Sur	Owned	Provided	SL Agritech Corporation	5,000 sqm
Lupon, Davao Oriental	Leased			600 ha
Talavera, Nueva Ecija	Leased			8,600 sqm

### **Liability Subject to Real Estate Mortgage**

Carrying value of property and equipment items that are pledged by the Company as security to short-term debt amounted to ₱533,940,228, in November 30, 2017.

Loans from local banks represent secured short-term borrowings with prevailing annual market rates ranging from 3.63% to 5.25%, 4.00% to 5.00% and 4.00% to 6.00% in 2017, 2016 and 2015, respectively, with maturity dates ranging from three (3) months to one (1) year.

### **Future Acquisition**

The Company is presently negotiating to acquire properties in Northern Luzon and Mindanao for purposes of expansion of its seed and rice production and construction of warehouses. Acquisition of said properties will be funded through existing internally-generated funds.

### **INSURANCE**

The Company has sufficient insurance coverage that is required by Philippine regulations for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policy include coverage for, among other things, buildings, improvements, machinery and equipment, furniture, fixture, fittings and motor vehicles against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works.

## **LEGAL PROCEEDINGS**

There are no material legal proceedings, pending or threatened against the Company, or in which the properties of the Company is the subject thereof. The existing legal proceedings involve labor disputes, the adverse decision of which would not have any material impact on the Company and its financial condition.

There are also no Bankruptcy, Receivership, or similar proceedings that have been filed by or against the Company.

## **MARKET INFORMATION**

The Company's shares are not registered and publicly traded. There has also been no recent transfer of the common shares of the Company which would provide a price information of such shares. The common shares are not subject to outstanding options or warrants to purchase, or securities convertible into common shares.

No stockholder shall have a right to purchase or subscribe to any additional share of the capital stock of the Company whether such shares of capital stock are now or hereafter authorized, whether or not such stock is convertible into or exchangeable for any stock of the Company or of any other class, and whether out of the number of shares authorized by the Articles of Incorporation of the Company as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Company acquired by it after the issue thereof; nor shall any holder of any such stock of any class, as such holder, have any right to purchase or subscribe for any obligation which the Company may issue or sell that shall be convertible into, or exchangeable for, any shares of the capital stock of any class of the Company or to which shall be attached or appertain any warrant or warrants or any instrument or instruments that shall confer upon the owner of such obligation, warrant or instrument the right to subscribe for, or to purchase from the Company, any shares of its capital stock of any class.

The Board of Directors may, from time to time, grant stock options, issue warrants or enter into stock purchase or similar agreements for purposes necessary or desirable for the Company and allocate, sell or otherwise transfer, convey or dispose of shares of stock of the Company of a class or classes and to such persons or entities to be determined by the Board of Directors including, but not limited, to employees, officers and directors of the Company.

## **DIVIDEND POLICY**

The Company's Board of Directors is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board and shareholders representing at least two-thirds of the Company's outstanding capital stock. Holders of outstanding shares on a dividend

record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

Under the Corporation Code, the Company may not make any distribution of dividends other than out of its unrestricted retained earnings.

Each holder of a common share is entitled to such dividends as may be declared in accordance with the Company's dividend policy. The Company's current dividend policy entitles holders of common shares to receive dividends based on the recommendation of the board of directors. Such recommendation will take into consideration factors such as operating expenses, implementation of business plans, and working capital among other factors.

As a policy, the Company intends to declare at least 5% of its prior year's net income as dividends, whether in stock or in cash, subject to statutory limitations and/or creditor restrictions. Also, there are no financial covenants that limit the declaration of dividends except one of its loans which requires obtaining consent for issuance of cash dividends.

### ***Dividend History for the last three (3) years***

#### ***2015, 2016, 2017***

On 2015, the Board of Directors of the Company declared stock dividends to existing stockholders amounting to One Hundred Million (100,000,000) shares with a par value of P1.00. The same was approved by the Company's stockholders. On May 12, 2017, the BOD of the Company authorized the declaration of stock dividends amounting to Six Hundred Million (625,000,000) shares with a par value of P1.00.

#### ***2016***

In 2016, the Board of Directors of the Company declared stock dividends to existing stockholders amounting to Three Hundred Fifty Million (350,000,000) shares and the same was approved by all the stockholders in the Company's annual meeting.

### **RECENT ISSUANCE OF EXEMPT OR UNREGISTERED SECURITIES**

In 2015, the Board of Directors of the Company declared stock dividends to existing stockholders amounting to One Hundred Million (100,000,000) shares with a par value of P1.00. The same was approved by the Company's stockholders.

In 2016, the Board of Directors of the Company declared stock dividends to existing stockholders amounting to Three Hundred Fifty Million (350,000,000) shares and the same was approved by all the stockholders in the Company's annual meeting held on August 15, 2016.

Both issuances are exempt under Section 10(D) of the Securities Regulation Code,



which exempts the distribution by a corporation, actively engaged in the business authorized by its articles of incorporation, of securities to its stockholders or other security holders as a stock dividend or other distribution out of surplus.

## **DIRECTORS AND SENIOR MANAGEMENT**

The Company's Board of Directors is responsible for over-all management and direction of the Company. The Board meets to review and monitor the Company's future plans. The Company has seven (7) directors.

The table below sets forth each member of the Company's Board elected during the most recent annual stockholder's meeting and are to serve until the next annual stockholders' meeting or until their successors have been duly elected and qualified. Business experience disclosed was for the last five years.

<b>Name</b>	<b>Designation</b>
Henry Lim Bon Liong	Chairman/President and CEO
Joseph Lim Bon Huan	Director
Gerry Lim Bon Hiong	Director/Executive Vice President and CFO
Ruben Lim Bon Siong	Director
Evelyn Lim	Director
Diosdado C. Salvador, Jr.	Independent Director
Gregorio Pio P. Catapang Jr.	Independent Director
Christine P. Base	Corporate Secretary

**Henry Lim Bon Liong**, 66, Filipino, is the Chairman, President and Chief Executive Officer of the Company since its inception. He is currently the Chairman and Chief Executive Officer of Sterling Paper Products Enterprises, Inc., Central Book Store, Inc., Expressions Stationery Shop Inc., S.P. Properties, Inc., and Straight Lines International, Inc. He is also a Director of the Philippine Stationers Association, Inc. and of the Philippine School Pad & Notebook Manufacturers Association, Chairman of the Agriculture Committee of the Philippine Chamber of Commerce & Industry, Inc., and a Vice President and Board Member of the Federation of Filipino-Chinese Chamber of Commerce & Industry. He was formerly the President of the Philippine Stationers Association, Inc. in 1995 and of the Philippine School Pad & Notebook Manufacturers Association in 2000, the Chairman of the Food Security Committee of the Philippine Chamber of Commerce & Industry, Inc. in 2006, and the executive Director & Vice Chairman of the External Affairs Committee of the Federation of Filipino-Chinese Chamber of Commerce & Industry in 1999. Mr. Lim graduated from the University of the Philippines with a Bachelor of Science degree in Mechanical Engineering in 1972. He attended the Strategic Business Economics Program at the University of Asia and the Pacific in 1992 and the Executive Education Program – Owner/President Management Program at the Harvard Business School from 2003 - 2005.

**Joseph Lim Bon Huan**, 64, Filipino, is a Director of the Company since its inception. He is currently the President and Chief Operating Officer of Sterling Paper Products Enterprises, Inc., SP Properties, Inc., Central Bookstore Inc., and Straight Lines International, Inc, President of Expressions Stationery Shop, and Vice President of QCABI. He is also in the Board of Trustees of Ai-Hu Foundation Incorporated and is a Board Member in the Federation of Filipino-Chinese Chamber of Commerce & Industry, Inc. He was formerly the Executive Director of the Federation of Filipino-Chinese Chamber of Commerce & Industry, Inc. from 2005 to 2009, the President of Ai Hu Foundation Incorporated from 2003 to 2010 and of Bulacan Commercial & Industrial Association, Inc from 2004 to 2004. He completed subjects leading to a Bachelor of Science degree in Electrical Engineering from the University of the Philippines.

**Gerry Lim Bon Hiong**, 57, Filipino, has been a Director since the Company's inception and is currently the Executive Vice President and CFO of the Company. He is currently the President of Sterling Global Call Center Inc., the Executive Vice President of Sterling Paper Products Enterprises, Inc., Treasurer of SP Properties, Inc. and Vice President for Marketing of Straight Lines International, Inc. Mr. Lim graduated from the University of Santo Tomas with a Bachelor of Science degree in Business Administration, Major in Marketing in 1981.

**Ruben Lim Bon Siong**, 54, Filipino, is a Director of the Company since its inception. By profession, Mr. Ruben Lim Bon Siong is a Doctor of Medicine, specializing in Ophthalmology. He is currently serving as a Director in the International Eye Institute of St. Luke's Medical Center, as Chair of St. Luke's College of Medicine of the Department of Ophthalmology, as a Board Member of the Philippine Board of Ophthalmology, as a Senior Consultant in the Allied Ophthalmic Consultants, as Vice President in the Philippine Academy of Ophthalmology and as a Trustee in the Eye Bank Foundation of the Philippines and the Hope in Sight Foundation. Mr. Ruben Lim Bon Siong is also concurrently a part time Clinical Associate Professor in the College of Medicine of the University of the Philippines and a Medical Specialist III in the Philippine General Hospital. Mr. Ruben Lim Bon Siong graduated cum laude with a degree in Biology in 1984 and as a Doctor of Medicine in 1989 from the University of the Philippines. He then studied Cornea, External Disease and Refractive Surgery from the Barnes-Jewish Hospital Washington University School of Medicine in St. Louis, Missouri, USA and Dacryology in the Centro Especial Hospital Ramon y Cajal, Universidad de Alcala de Henaras in Madrid, Spain in 1994. This was followed by studies in Cornea and External Diseases in the University of the Philippines in 1995.

**Evelyn Co Lim**, 46, Filipino, is a Director of the Company since its inception. She is currently the Assistant Vice President for Purchasing of Sterling Paper Products Enterprises, Inc. and of Central Bookstore, Inc. She was previously the AVP of Purchasing of SL Agritech Corporation from 2008 to 2010 and the AVP of Purchasing of Central Bookstore, Inc. from 1996 to 2006. Ms. Evelyn Lim graduated from the College of the Holy Spirit with a Bachelor of Science degree in Marketing in 1993.

**Diosdado C. Salvador, Jr.**, 69, Filipino, Mr. Salvador served as a consultant for SL Agritech Corporation's from March 2016 up to the present. Previously, he was a lead consultant for RGC Group of Companies (Uratex) from August 2009 up to June 2016. He was also previously the Owner and Chairman of FoneNet International from April 2004 to May 2013. Mr. Salvador likewise served as Managing Director and Adviser of Lamoian Corporation from May 2004 up to May 2010. Mr. Salvador obtained his Bachelor of Science Degree in Marketing Management and Bachelor of Arts Degree in History & Political Science from the De La Salle University where he attended from 1964 up to 1969. In the year 1976, Mr. Salvador attended the Advance Management Program administered by the Asian Institute of Management. In 1991, Mr. Salvador likewise attended and participated in the World Class Competitors' Program administered by the Duke University. In 1993, he also attended an Advance Management Program by the Harvard Business School.

**Gregorio Pio P. Catapang Jr.**, 58, Filipino, is an Independent Director of the Company. He was a member of the board of directors of Bases Conversion and Development Authority. Previously, he also served as the 45th Chief of Staff of the Armed Forces of the Philippines, Chairman of the Board of Armed Forces and Police Savings and Loan Association, Armed Forces and Police Mutual Benefit Association, Inc., and Armed Forces of the Philippines Retirement and Separation Benefit System.

**Christine P. Base**, 47, Filipino, is the Corporate Secretary of the Company since July 2010. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is a director and/or corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a Bachelor of Science degree of Commerce major in Accounting.

### **Key Officers**

<b>Name</b>	<b>Position</b>
Zhang Zhao Dong	Executive Vice President - Research and Development
Catalina B. Galura	Senior Vice President
Dr. Weijun Xu	Vice President- International Business Development
Michelle Lim Gankee	SVP -Sales and Marketing
Christopher Brian C. Lim	Vice President-Rice Operations
Dr. Frisco Malabanan, PhD	Technical and Promotion Support-Consultant
Zhang Zhicheng	General Manager – Seed Production

**Zhang Zhao Dong**, 65, Chinese, is the Executive Vice President of Research and Development of the Company since its inception, Mr. Zhang graduated from Hunan Agricultural University with a Bachelor of Science degree in Agriculture in 1978. Before joining SLAC, he was the Vice Director and Senior Scientist of China National Hybrid

Rice Research and Development Center. He was a lecturer of Lingling Agricultural School, Vice President of Hunan Rice Research Institute and President of Rice Foundation Seed Farm of Hunan Rice Research Institute.

**Catalina B. Galura**, 63, Filipino, is a Senior Vice President of the Company since June 16, 2005. Prior to joining SLAC, she was the Regional Finance Manager and Business Analyst, Asia of PPG Coatings, (Malaysia) Sdn Berhad / PPG Industries (Singapore) Pte., Ltd from 1999 to 2002 and the Regional Finance Manager for Asia of ICI Paints (Asia Pacific) Pte. Ltd. From 1998 to 1999. Ms. Galura graduated with a Bachelor's degree in Commerce major in Accounting from La Consolacion College in 1976 and a Master's degree in Business Management from the University of the Philippines in 1995. She is a Certified Public Accountant since 1977.

**Dr. Weijun Xu**, 52, Chinese, has been the Vice President of International Sales of the Company since 2003. Dr. Xu was previously the Chief Consultant of BISI Indonesia until 2002 and a Project Scientist in the International Rice Research Institute until 2001. He has received training from the Department of Agriculture, Philippines on Plant seed testing and quality control in 2004. He graduated with a Bachelor of Science degree in Agronomy from the Wannan Agricultural College in Anhui, China in 1986, and a Master of Science in Plant Breeding and Genetics from the Kunnan Agricultural University in Kunming, China in 1989, and a Doctor of Philosophy in Plant Breeding and Bio Chemistry from the University of the Philippines in 1999.

**Michelle Lim Gankee**, 40, Filipino, has been serving as Sterling Paper Group of Companies' SAP Consultant from 2000 to present. She is likewise the SVP for Sales and Marketing of Sterling Paper Prod. Ent. Inc. since 2000, and is the Vice President of the Philippine Stationers' Association for the year 2016. She is also the current President of the International House of Laverne and the Corporate Secretary of Laverne Luxe Group Corp. and had been serving as such since 2014. In the year 2012 and 2013, respectively, she served as the President of the Rotary Club of Metro Araneta, and the Vice President of the Inner Wheel Club Chinatown. Ms. Gankee obtained her degree in BS Business Administration from the De la Salle University in 1997. In 1998, she attended training in Entrepreneurship conducted by the Asian Institute of Management, and in 1999 she likewise attended training in PR & Corporate Social Responsibility conducted by the DLSU Graduate School.

**Christopher Brian Lim**, 38, Filipino, is SL Agritech Corporation's VP for Rice Operations since 2010. He has also been a past President of the Quan Zhou Youth Association, where he has served as such for four years. He was also a member of the Federation Youth Association for three years, and was also a member of the Anvil Business Group for eight years. Mr. Lim obtained his degree in BS Computer Science from the De la Salle University in 2002, and his Masters Degree in Business Administration (MBA) from the Ateneo Graduate School in 2015. In 2009, Mr. Lim attended training in Accounting for Non-Accountants conducted by the University of the Philippines Diliman. In 2008, he attended a Manager Course conducted by the Asian Institute of Management. Mr Lim likewise underwent training in Hybrid Rice Seed

Training in 2004 which was conducted by Yuan Long Ping High Tech. In 2003, he also had training in Language Studies in the Beijing Language Cultural University.

**Frisco M. Malabanan, Ph.D.**, 63, Filipino, is SL Agritech Corporation's Technical and Promotion Support/Consultant since 2010 up to the present. In 2004, he served as the Technical Consultant of Village Garden Limited. Dr. Malabanan also served in the Government, having been the National Rice Program Director of the Department of Agriculture from 2001-2010. Dr. Malabanan obtained his Bachelor's Degree in Agriculture from the University of the Philippines Los Baños in 1976. Subsequently, he obtained his Masters Degree and Doctorate Degree in Agronomy in 1987 and 1993, respectively also from the same University.

**Zhang Zhicheng**, 38, Chinese, is the General Manager of the Seed Production of the Company and has been with the Company since 2004. His father is Zhang Zhaodong. He was previously a Research & development Manager in the China National Hybrid Rice R&D Center in 2003. Mr. Zhang graduated from Hunan Agriculture University with a Bachelor of Science degree in Agriculture Science in 2002. He trained directly under Yuan Longping, the Father of Hybrid Rice from 2001 to 2002.

### ***Significant Employee***

The business of the Company is not highly dependent on the services of any particular employee.

The Company has a group of select researchers and scientists who have trained under Dr. Yuan Longping in China. This group of researchers and scientists heads the Company's research and development on hybrid rice seeds. The researchers and scientists work as a team, thus the Company is not dependent on one specific researcher and/or scientist to develop its products. In the future, the Company also intends to expand the number of its researchers and scientists to ensure the continuous development of products.

### ***Family Relationships***

Directors Henry Lim Bon Liong, Joseph Lim Bon Huan, Gerry Lim Bon Hiong, Ruben Lim Bon Siong, and Evelyn Lim are siblings.

Michelle Lim Gankee and Christopher Brian C. Lim are children of Henry Lim Bon Liong.

Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the 4<sup>th</sup> civil degree among the executive officers.

### ***Compensation of directors and executive officers***

Under the By-Laws of the Company, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the

Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders. As of date, the directors have yet to pass a resolution fixing their per diem.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

#### **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

The Company is not aware of the occurrence during the past five (5) years of any of the following events that are material to an evaluation of the ability or integrity of any director or executive officer:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

There are no material pending litigations or arbitration proceedings where the Company or any of its affiliates is a party and/or of which any of their property or the property used by them is the subject matter and no litigation or claim of material importance is known

to the Directors pending or threatened against the Company wherein property used by the latter is the subject matter.

## EXECUTIVE COMPENSATION

Information as to the aggregate compensation during the last three (3) fiscal years paid to the Company's four (4) other most highly compensated executive officers, all other officers and the directors as a group are as follows:

### *Key Management Personnel Compensation*

The key management personnel of the Company include all officers with rank of Vice-President and Senior Vice-Presidents.

The summary of compensation of key management personnel included under operating expenses account in the statements of comprehensive income follows:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Salaries and other short term employee benefits	₱5,638,131	₱ 5,471,843	₱ 5,312,469
Pension expense	1,235,924	1,373,884	1,305,651
	<b>₱ 6,874,055</b>	<b>₱ 6,845,727</b>	<b>₱ 6,618,120</b>

### *Compensation*

#### SUMMARY COMPENSATION TABLE

Annual Compensation  
(In thousands)

	<b>Compensation of Executive Officers and Directors (in thousand Pesos)</b>				
Name and Principal Position	Year (s)	Salaries (in Php)	Bonus	Other Annual Compensation	Total in Php
Mr. Henry Lim Bon Liong  Chairman, President, & Chief Executive Officer					
Mr. Gerry Lim Bon Hiong  Executive Vice President & Chief Finance Officer					

Mr. Zhang Zhao Dong					
Senior Vice President					
Ms. Cathy Galura					
Executive Vice President					
Mr. Emmanuel Cendana					
Vice President-Marketing					
Aggregate Compensation of the Officers and directors named	2016				₱6,077,500
	2015				₱5,525,000
	2014				₱5,410,476
All other officers and directors unnamed	2016				₱1,716,000
	2015				₱1,560,000
	2014				₱1,485,714
Estimates in 2017					₱8,572,850

The estimated executive compensation of Officers and directors named for fiscal year 2017 is about Php 6,685,250.

Currently, employees of the Company do not receive supplemental benefits or incentive arrangements.

Pursuant to the Company's Manual on Corporate Governance, the Company will establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors wherein no officer or director will be allowed to decide his own remuneration. A Compensation Committee will be created to provide oversight over remuneration of senior management and other key personnel to ensure that compensation is consistent with the Company's culture, strategy and control environment, commensurate with corporate and individual performance. It shall also ensure consistency of the Company's policies and practices on the determination of the remuneration package.

In addition, the Company may regularly undertake an internal audit of its policies and procedures to determine compliance with its Manual on Corporate Governance and adopted leading practices on good corporate governance, and necessity of improving



the corporate governance of the Company. The Directors of the Company also plan to attend corporate governance seminars.

### ***Compensation of Directors***

Under the By-Laws of the Company, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders. As of date, the directors have yet to pass a resolution fixing their per diem. However, each director receives a per diem of ₱60,000 per meeting.

There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

### ***Employee Contracts and termination of Employment and Charge-In-Control Assignments***

All key officers of the Company have employment contracts. The employment contracts can be terminated due to any of the following reasons: unsatisfactory performance or failure to meet reasonable standards set by the management, failure to comply with terms and conditions of the contract, and for any cause or causes allowed under Philippine laws after complying with the statutory requirements for such termination.

### ***Warrants and Options***

There are no outstanding warrants and options held by any of the Company's directors and executive officers.

None of the Company's common shares are subject to outstanding warrants or options.

### ***Voting Trust Holders of 5% or More***

There is no voting trust arrangement executed among the holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

### ***Change in Control***

The Company's Articles and By-laws do not contain any provision that will delay, deter or prevent a change in control of the Company.

No change in control of the Company has occurred since incorporation. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company

### ***Certain Relationships and Related Transactions***

The Company has not had any transaction in which any director, executive officer or stockholder of the Company or a member of the immediate family of any such director, executive officer or stockholder has had a direct or indirect material interest in the last two (2) years.

### **SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS**

Listed below are the top twenty (20) shareholders of each class and the number of shares held and the percentage of total shares outstanding held by each as of November 30, 2017:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>No. of Shares</b>	<b>Percent</b>
Common	Henry Lim Bon Liong	469,799,994	40.50%
Common	Joseph Lim Bon Huan	423,336,200	36.49%
Common	Gerry Lim Bon Hiong	185,600,000	16.00%
Common	Ruben Lim Bon Siong	81,200,000	7.00%
Common	Evelyn Lim	63,800	0.01%
Common	Pete Nicomedes Prado	3	0.00%
Common	Jesus Tanchanco	3	0.00%
Common	Gregorio Pio P. Catapang Jr.	1	0.00%
			-----
<b>TOTAL</b>		<b>1,160,000,001</b>	<b>100.00%</b>

The issuance of the CPs shall have no effect on the amount and percentage of the present holdings of the Company's common equity shareholders and will not result in foreign ownership of the common equity of the Company.

Listed below are the persons known to the Company to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Company's voting securities as of November 30, 2017:

<b>Title of Class</b>	<b>Name, Address of Record Owner &amp; Relationship with the Company</b>	<b>Name of Beneficial Owner and Relationship with the Record Owner</b>	<b>Citizen-ship</b>	<b>No. of Shares</b>	<b>Percentage</b>
Common	Henry Lim Bon Liong Chairman and President 111 Lapu-Lapu St., Kalookan City Chairman, President & CEO	Same as the record owner	Filipino	469,799,994	40.50%

Common	Joseph Lim Bon Huan Director 111 Lapu-Lapu St., Kalookan City Director	Same as the record owner	Filipino	423,336,200	36.49%
Common	Gerry Lim Bon Hiong Director and Treasurer 111 Lapu-Lapu St., Kalookan City Director and Treasurer	Same as the record owner	Filipino	185,600,000	16.00%
Common	Ruben Lim Bon Siong Director 111 Lapu-Lapu St., Kalookan City Director	Same as the record owner	Filipino	81,200,000	7.00%
TOTAL				1,159,936,194	99.99%

### ***Security Ownership of Directors and Management***

As of November 30, 2017, the Company's directors and key officers own one hundred percent (100%) of the Company's issued and outstanding shares of common stock as follows:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizen-ship</b>	<b>Percent of Class</b>
Common	Henry Lim Bon Liong Chairman and President 111 Lapu-Lapu St., Kalookan City	469,799,994 Same as Record Owner	Filipino	40.50%
Common	Joseph Lim Bon Huan Director 111 Lapu-Lapu St., Kalookan City	423,336,200 Same as Record Owner	Filipino	36.49%
Common	Gerry Lim Bon Hiong Director and Treasurer 111 Lapu-Lapu St., Kalookan City	185,600,000 Same as Record Owner	Filipino	16.00%
Common	Ruben Lim Bon Siong Director 111 Lapu-Lapu St., Kalookan City	81,200,000 Same as Record Owner	Filipino	7.00%
Common	Evelyn Lim Director 111 Lapu-Lapu St., Kalookan City	63,800 Same as Record Owner	Filipino	0.01%
Common	Pete Nicomedes Prado Independent Director	3 Same as Record Owner	Filipino	0.00%
Common	Jesus Tanchanco Independent Director	3 Same as Record Owner	Filipino	0.00%

Common	Gregorio Pio P. Catapang Jr. Independent Director	1 Same as Record Owner	Filipino	0.00%
				-----
<b>TOTAL</b>		<b>1,160,000,001</b>		<b>100.00%</b>

There are no arrangements that will result in a change in control of the Company.

## **CORPORATE GOVERNANCE**

The Company adopted its Manual on Corporate Governance in compliance with the requirements of the Revised Code of Corporate Governance under SEC Memorandum Circular No. 6, series of 2009. Pursuant to good corporate governance, the Company has adopted a Fit and Proper Rule for the selection of corporate directors and officers. The Board of Directors of the Company also passed a resolution which undertakes to allow the SEC to resolve conflicting issues regarding the selection of independent director/s.

Pursuant to the Company's Manual on Corporate Governance, the Board of Directors of the Company will create an Audit Committee and appoint board members thereto.

# MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited financial statements, including the related notes, contained in this Prospectus. This Prospectus contains forward-looking statements that are based largely on the Company's current expectations and projections about future events and trends affecting its business and operations. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors." In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors."*

The selected financial information set forth in the following table has been derived from the Company's unaudited consolidated financial statements for the quarters ended November 30, 2017, 2016 and 2015.

<b><i>In Php Millions</i></b>			
<b>As of November of Fiscal Year</b>			
<b>Income Statement Data:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenues.....	1,343	1,321	986
Cost of Sales.....	986	820	592
Net Profit.....	<b>123</b>	<b>230</b>	<b>214</b>
<b>Nov 30, 2017      Aug 31, 2017</b>			
<b>Balance Sheet Data:</b>			
Current Assets.....	7,048	5,806	
Noncurrent Assets.....	2,716	2,681	
Total Assets.....	9,764	8,487	
Total Liabilities.....	7,092	5,937	
Stockholders' Equity.....	2,672	2,550	

## RESULTS OF OPERATIONS

### ***Second Quarter September to November 2017 compared to Second Quarter September to November 2016***

The Company's sales registered a 1.69% growth for the quarter as compared to last year's second quarter ending November 2017. The continuous demand on Doña Maria Rice Products resulted the growth on sales for the second quarter.

Cost of sales in second quarter for September to November 2017 increased to ₱986.29 million from ₱820.43 million due to increase in sales volume.

Total Operating Expenses decreased by ₱55.33 million in 2017 or 25.98% from ₱213.01 million on 2016. The company maximized the used of its resources resulting to decrease in expenses.

Finance cost amounted to ₱77.57 million and ₱57.82 in second quarter for November 2017 and 2016, respectively. The increase in Finance cost was due to increased working capital requirement for the expected high volume in the quarter.

***Second Quarter September to November 2016 compared to Second Quarter September to November 2015***

The Company's sales registered a 33.93% growth for the quarter as compared to last year's second quarter ending November 2015. The continuous demand on Doña Maria Rice Products resulted to the growth on sales for the second quarter.

Cost of sales, as a percentage of net sales stood at 38.48% for September to November 2016 compared to September to November 2015. A minimal difference in cost of sale.

Total Operating Expenses increased by ₱69.82 million in 2016 or 48.76% from ₱213.01 million on 2016. The increase is due to extensive advertising and promotional activities.

In comparison with second quarter of 2015, the 57.97% increase on finance cost for Q2 2016 was due to short-term notes availment in order to increase working capital requirement to meet increasing sales demand.

As a result of the foregoing, an increase in net income was registered on Q2 2016 by 7.59% or ₱16.25 million lower compared to Q2 2015's income of ₱214.17 million.

***Material Changes to the Company's pro-forma Income Statement as of the Second Quarter September to November 2017 compared to the pro-forma Income Statement as of Second Quarter September to November 2016 (increase/decrease of 5% or more)***

20.22% increase in Cost of Sales  
Increase in production volume.

25.98% decrease in Operating expenses  
Decrease operating expense.

34.16% increase in Finance cost  
Higher working capital requirements.

***Material Changes to the Company's pro-forma Income Statement as of Second Quarter September to November 2016 compared to the pro-forma Income Statement as of Second Quarter September to November 2015 (increase/decrease of 5% or more)***

33.93% increase in Net Sales  
Higher sales volume of SLAC's premium rice products, additional variants and expansion of its retail outlets.

48.76% increase in Operating expenses  
Extensive advertising and promotional activities

57.97% increase in Finance cost  
Availment of short-term notes to meet higher working capital requirements.

## **FINANCIAL CONDITION**

### ***Second Quarter September to November 2017***

Increase in receivables from ₱2.90 billion to ₱3.98 billion resulted from higher sales in Q2.

Decrease in inventory from ₱2.44 billion to ₱2.41 billion was driven by sales volume.

Decrease by ₱171.85 million from ₱198.21 million in biological assets resulted from sales in Q2.

Decrease from ₱63.96 million to ₱51.92 million in prepayments resulted from additional amortization of prepaid advertising and rental.

Additional machineries caused the increase in property and equipment.

Development cost declined by 0.24% or ₱3.17 million from ₱1.3 billion due to amortization.

Increase in security deposits by 36.23% or ₱3.73 million from ₱10.29 million due to additional deposits.

Increase in accounts payable of ₱108.52 million from ₱224.58 million at the end of November 2017.

Additional availment caused the increase in Trust Receipts and Short-term notes payable from ₱5.68 billion to ₱6.72 billion.

Stockholders' equity growth of 5.97% was due to profitable operation of the company.

In effect, total assets increased by 15.61% from ₱8.45 billion at the end of August 2017 to ₱9.77 billion at the end of November 2017.

### ***Second Quarter September to November 2016***

Increase in receivables from ₱2.11 billion to ₱2.93 billion was brought about by higher sales in Q2 2016.

Increase in inventory from ₱2.60 billion to ₱2.75 billion was driven by production volume.

Prepayments and other current assets decreased by ₱3.53 million due to monthly amortization.

Additional machineries caused the increase in property and equipment.

Development cost declined by ₱10.82 million from ₱1.30 billion due to amortization.

Increase in security deposits caused by additions of lease agreements amounted to ₱3.32 million from ₱9.66 million to ₱12.98 million at the end of November 2016.

Additional availments resulted to increase in Trust Receipts and Short-term notes payable from ₱5.26 billion to ₱5.77 billion.

Stockholders' equity growth of 11.68% was due to the profitable operations of the company.

In effect, total assets increased by 10.36% from ₱7.36 billion at the end of August 2016 to ₱8.12 billion at the end of November 2016.

***Material Changes to the Company's pro-forma Balance Sheet as of Second Quarter September to November 2017***

252.86% increase in Cash and Cash Equivalents  
Additional financing.

37.54% increase in Receivables - net  
Higher sales revenues generated by the Company

1.27% decrease in Inventories - net  
High sales volume distributed

18.83% decrease in Prepayments  
Additional amortization of prepaid rent due to high level of production activity

40.22% increase in Trust receipts payable  
Additional availments

15.76% increase in Short term debts  
Additional availments

***Material Changes to the Company's pro-forma Balance Sheet as of Second Quarter September to November 2016***

31.48% decrease in Cash and Cash Equivalents

19.14% decrease in Prepayments and other current assets

13.88% increase in Accounts and other payables

30.48% increase in Trust receipts payable

7.32% increase in Short-term notes payable



## LIQUIDITY AND CAPITAL RESOURCES

In the years 2017, 2016 and 2015, the Company's primary source of liquidity was proceeds from sales and bank borrowings. Net cash from operating and financing activities were sufficient to cover the Company's working capital and CAPEX requirements in the years 2017, 2016, and 2015. In addition, the Company repaid some loans in all the periods under review. As of the quarter ended November 30, 2017, the Company's cash and cash equivalents totaled ₱577.63 million.

### ***Cash Flows***

The following table sets forth information from the Company's pro forma statements of cash flows for the period indicated:

(amounts in ₱ millions)	For the quarter ended November 30		
	2017	2016	2015
<b>Cash Flow</b>			
Net cash provided by (used in) operating activities	(536.62)	(696.36)	(560.74)
Net cash provided by (used in) investing activities	(85.78)	(40.27)	(148.78)
Net cash provided by (used in) financing activities	1,041.15	515.06	788.70

### ***Indebtedness***

To date, the Company has not been in default in paying interests and principal amortizations

## KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below:

	For the quarter ended November 30		
	2017	2016	2015
Current Ratio <sup>4</sup>	1.00	1.05	1.05
Debt to Equity Ratio <sup>5</sup>	2.65	2.69	2.26
Earnings per Share <sup>6</sup>	0.11	0.20	0.26
Earnings before Interest and Taxes <sup>7</sup>	200M	288M	251M
Return on Equity <sup>8</sup>	0.05	0.10	0.12

Estimated Debt-to-Equity Ratio (before and after the P2B issuance)		
	3Q February 2018*	2Q November 2017
Total Liabilities**	6,611,723,106	7,091,723,106
Total Equity	2,767,438,648	2,672,438,648
D/E Ratio	<b>2.39</b>	<b>2.65</b>

\*3Q February 2018 are estimates.

\*\*The Company has no loan covenants that impose ratios that must be met.

These key indicators were chosen to provide Management with a measure of the Company's financial strength (i.e., Current Ratio, Debt to Equity Ratio, and Earnings before Interest and Taxes) and the Company's ability to maximize the value of its stockholders' investment in the Company (i.e., Return on Equity, Earnings per Share). Current ratio shows the liquidity of the Company by measuring how much current assets it has over its current liabilities. The Debt to Equity Ratio indicates how much debt the Company has incurred for each amount of equity in the Company. A higher ratio means that the Company is more aggressive in its use of capital. Earnings per share shows how much the Company is earning for each share that is currently issued and outstanding. Earnings before interest and taxes indicates how much income the Company is generating from its entire operations before interest charges and taxes are deducted. Return on Equity shows how much profits the Company is making for each amount of equity invested in the Company. Likewise, these ratios are used to gauge the performance of the Company in the industry in which it operates.

<sup>4</sup> Current Assets/Current Liabilities

<sup>5</sup> Total Liabilities/Stockholder's Equity

<sup>6</sup> Net Income/Outstanding Shares

<sup>7</sup> Net Income plus Interest Expenses and Provision for Income Tax

<sup>8</sup> Net Income/Total Stockholders' Equity; the computed return on equity on a quarterly basis is reflective of the first quarter net income only. It must be noted that the Company's revenues are subject to seasonality and about 60% of the revenues for the year is historically realized in the second half of its fiscal year (December to May). Consequently, there is historically a very significant increase in the Company's net income during the same period compared to the prior period (June to November).

Operations of companies in agriculture usually are impacted by the cropping seasons. Seasonality affects performance indicators such as the financial ratios.

In the case of SL Agritech Corporation, a bountiful harvest by the farmers will put considerable drain in our funding requirements as we need to buy the entire paddy that the farmers will sell. Otherwise, they will not be able to recover their cost of production. In our case, this will also ensure availability of our palay supply to serve customer demand till the next harvest. Since the conversion of these inventories to cash is less than a year, we finance this with short-term borrowings. We expect improvement though in our financial ratios as we approach the lean months.

## **Significant Accounting Policies**

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and other sales taxes. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

#### *Revenue from sale of products*

Revenue is generally recognized upon delivery when the risks and rewards of ownership have passed to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebates.

#### *Fair value gain or loss on agricultural produce*

Fair value gain or loss on agricultural produce as a result of harvesting arises on initial recognition of agricultural produce at fair value less estimated point-of-sale costs. It is included in profit or loss for the period in which it arises.

#### *Finance income*

Interest income is recognized as it accrues taking into account the effective yield of the assets.

### Cost of Sales

Cost of sales includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. These costs include the costs of direct labor and overhead costs.

### Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses as incurred.

### Current versus Non-current Classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- 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 as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, past-due status and term.

### Cash

Cash includes cash on hand and in banks and are stated at face amount in the statement of financial position.

### Financial Instruments

#### *Date of recognition*

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

#### *Initial recognition*

All financial assets are initially recognized at fair value. Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity investments, available for sale (AFS) financial assets, and loans and receivables. The Company classifies its financial

liabilities as financial liabilities at FVPL and other financial liabilities at amortized cost. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

#### *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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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.

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.

#### *'Day 1' difference*

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

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest method less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. This accounting policy applies primarily to the statement of financial position captions "cash", "receivables" and "security deposits".

#### *Other financial liabilities at amortized cost*

All loans and borrowings are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. Any effects of restatement of foreign currency-denominated assets or liabilities are recognized in profit or loss.

This accounting policy applies primarily to the Company's "accounts and other payables", "trust receipts payable" and "short-term notes payable".

#### Impairment of Financial Assets

The Company assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *Loans and receivables*

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

### Derecognition of Financial Assets and Financial Liabilities

#### *Financial asset*

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

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

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

#### *Financial liability*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest



or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. The company assesses that it has 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

##### *Milled rice*

Milled rice are valued at the lower of cost or net realizable value (NRV). NRV is the selling price in the ordinary course of business, less estimated costs of production, marketing and distribution. Cost is determined based on actual production cost using the weighted average method.

##### *Agricultural produce*

Agricultural produce (i.e. hybrid rice seeds) are carried at fair value less estimated point-of-sale costs at point of harvest. Agricultural produce are the harvested product from the Company's biological assets. A harvest occurs when a product is either detached from the bearer biological asset or when the biological asset's life processes cease.

The agricultural produce are initially measured at its fair value less estimated point-of-sale costs at point of harvest. The fair value is determined by reference to current market transaction price. The fair value resulting from initial measurement is subsequently used as cost if the product is subsequently sold. Other costs such as drying and chemical treatment are included but only to the extent that these are incurred in bringing the agricultural produce to its intended location and condition. Point-of-sale costs exclude transport and other costs necessary to get the agricultural produce to a market.

##### *Agricultural and supplies inventories*

Agricultural and supplies inventories are valued at the lower of cost or NRV. Costs are determined using the moving average method.

##### *Dried palay*

Dried *palay* are valued at the lower of cost or NRV. Cost is determined using the moving average method. Cost includes purchase price and other cost attributable in bringing the dried *palay* to its intended condition and location such as cost for labor and transportation.

### Biological Assets

The biological assets of the Company are divided into germplasms and parental line growing crops.

Biological assets are measured on initial recognition and at each financial reporting date at costs less impairment losses and depreciation, if any.

As there are neither observable market prices for these biological assets nor alternative estimates of fair values that are determined to be clearly reliable exist that give a fair expression of the fair values, germplasm crops and parental line growing crops are valued at cost which comprises its purchase price and any cost attributable in bringing the biological asset to its location and condition intended by the management.

If there are indications that the NRV of these crops are lower than cost, a write down is made.

If it becomes possible subsequently to measure the fair value of a biological asset reliably, the Company measures it at its fair value less estimated point-of-sale costs.

### Property and Equipment

Land is stated at cost less impairment in value. Property and equipment, other than land, is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes initial transaction cost. When a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Depreciation are computed on a straight-line basis over the estimated useful lives (EUL) of the individual property and equipment as follows:

	Years
Machinery and equipment	5
Buildings and warehouse	5
Office equipment	5
Transportation equipment	5
Tools and equipment	5
Furniture and fixtures	2

Expenses for repair of property and equipment, such as ongoing maintenance, are charged to operations. The cost of acquisition or construction is capitalized if the expenses related to the asset will result in future economic benefits.

The assets' residual values, useful lives and depreciation method are reviewed at each financial reporting date and adjusted if appropriate. Impairment reviews take place when events or changes in circumstances indicate that the carrying values may not be

recoverable. Impairment losses are recognized in the statement of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the original cost of the asset) is included in the statement of comprehensive income in the year the asset is derecognized. This is not applicable to items that still have a useful life but are currently classified as idle, depreciation continues for those items.

Assets under construction are stated at cost. These include costs of construction of property and equipment and other direct costs. Assets under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

#### Research and Development Cost

Research costs are expensed as incurred.

Development expenditures refer to hybrid seeds development cost. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

The Company capitalizes hybrid seed development costs generally once management deems a hybrid seed is probable of being commercially viable. This generally occurs in tandem with management's determination that a seed will provide high-yield crops and crops that are tolerant to adverse tropical conditions.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Development costs are amortized on a straight-line basis over the EUL of seventeen (17) to twenty (20) years. Amortization of "development cost" is recorded in statement of comprehensive income under "cost of sales" account. During the period of development, the hybrid seeds development cost is tested for impairment annually.

### Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Company's property and equipment, biological assets and development costs.

The Company assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that is largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

Impairment losses are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rate at the transaction date. Foreign currency-denominated monetary assets and liabilities are translated to Philippine Peso at closing exchange rates prevailing at the financial reporting dates. Foreign exchange differentials between the transaction rate and the rate at settlement date or financial reporting date of foreign currency-denominated monetary assets or liabilities are credited to or charged against current operations.

## Taxes

### *Current tax*

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

### *Deferred tax*

Deferred tax is provided, using the balance sheet liability method, on all temporary differences, with certain exceptions, at financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax asset is recognized when it is probable that taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

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

Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The Company does not recognize deferred tax on temporary differences which are expected to reverse for periods where Income Tax Holiday (ITH) is in effect (Notes 24 and 27).

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

## Government Grants

Government grants in the form of cash subsidy are recognized as revenue where there is reasonable assurance that the grant will be received and all attached conditions are complied with.

## Provisions

Provisions are recognized only when the Company has present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

estimate can be made of the amount of obligation. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

### Pension Cost

#### *Defined benefit plan*

The defined benefit liability is the aggregate of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Defined benefit costs on the Company's defined benefit retirement plan are actuarially computed using the projected unit credit (PUC) valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period.

Defined benefit costs comprise the following:

- (a) service cost;
- (b) net interest on the net defined benefit liability or asset; and
- (c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on the risk-free interest rates of Government issued bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. 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 date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

### Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

### Earnings Per Share (EPS)

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

Diluted EPS is computed by dividing earnings attributable to common shares by the weighted average number of common shares outstanding during the period, after giving retroactive effect of any stock dividends, during the period and adjusted for the effect of dilutive options. Outstanding stock options will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. Where the effects of the assumed exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

### Equity

Capital stock is measured at par value for all shares issued. When the Company issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC.

Retained earnings represent accumulated earnings of the Company less dividends declared.

### Other Comprehensive Income (OCI)

OCI are items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRS. The Company's OCI pertains to remeasurement gains and losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

### Operating Segment

The Company's operating businesses are organized and managed separately according to the type of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the Company's financial statements.

### Contingencies

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

#### Events After the Reporting Date

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

### **EXTERNAL AUDIT FEES AND SERVICES**

The financial statements of the Company for the year ended May 31, 2017, 2016 and 2015 appearing in this Prospectus have been audited by SyCip Gorres Velayo & Co., independent auditor, as set forth in their report thereon appearing elsewhere herein. The partner-in-charge for the periods ended May 31 2017, 2016 and 2015 is Ms. Jennifer D. Ticlao, CPA. . There has been no resignation, dismissal or otherwise cessation of services of and by the independent auditor and there has yet been no rotation or change in the handling partner in compliance with SEC Memorandum Circular No. 8, series of 2003 and Rule 68(3)(b)(iv) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

The aggregate professional fees for the independent auditor in the last two fiscal years amounted to ₱ 2,545,000 inclusive of taxes.

Type of Service	Aggregate		Nature of Service
	2017	2016	
Audit and Audit Related Fees	₱1,800,000	₱745,000	Audit of the financial statements
Tax Fees	None	None	None
All Other Fees	None	None	None
Total External Audit Fees	₱1,800,000	₱745,000	

The Board of Directors in consultation with Management review and approve the audit plan and scope of work for the above services and ensure that the rates are competitive as compared to the fees charged by other equally competent external auditors performing similar nature ad volume of activities.



## **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The Company and SyCip Gorres Velayo & Co. have not had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

## MATERIAL CONTRACTS & AGREEMENTS

The Company's principal contracts generally consist of Memorandum of Agreements with Government agencies and various Corporations. The Company also has existing financing agreements. Save for the contracts mentioned below, the Company is not a party to any contract of material importance and outside the usual course of business, and the Directors do not know of any such contract involving the Company.

Date	Name of Contract	Parties	Consideration	Expiry Date/ Term of the contract
July 2015	Termsheet	Norberto Ong	The Parties agree to and will pursue a venture, whereby a company (the "Company") and the Parties through contractual relationships, will engage in farming, producing, milling, and packaging different varieties of rice in Myanmar for sale, marketing and distribution in Myanmar and throughout the world (the "Venture").	
May 31, 2017	Collaboration Agreement Between SL-Agritech Corporation and EnP Solutions Limited on SL-18H F1 Seed Production, Marketing and Development in Bangladesh	EnP Solutions Limited	EnP shall enjoy exclusive right for importing and marketing SL-18H F1 hybrid seeds and production of AXR F1 seeds in Bangladesh.	There will be a 3-year period of trial production and F1 seeds promotion for SL-18H in Bangladesh.  A new contract agreement may be signed for another 5 years.

March 3, 2015	Collaboration Agreement - This is a renewal contract for the supply of good genetically pure parental lines to be used for F1 seed production (AXR) at US\$7.50/kg, and joint hybrid seed production.	Bangladesh Agricultural Development Corporation	Royalties shall be paid by BADC to SLAC in the amount of US\$0.40/kg, computed on the basis of the amount of actual harvest of seed yield, to be paid by 31 December of every year after the amount of royalty is finalized by both Parties.	If within 3 consecutive years, the total seed production is less than 1200 ha., the Parties may agree to terminate the Agreement.  Renewable upon mutual agreement of the Parties.
Dec. 8, 2014	Memorandum of Agreement on the Hybrid Rice Production in South Pacific Nations such as Papua New Guinea, Fiji, Samoa and Solomon Islands.	Calmwind Pty Ltd. (CPL)	SLAC will provide its high-yielding hybrid rice seeds to be planted in CPL's rice fields in South Pacific nations. CPL in turn will provide exclusivity in favor of SLAC in the supply, sale and production of such high-yielding hybrid rice within CPL's territorial and operational jurisdiction in said South Pacific nations.	

## **REGULATORY & ENVIRONMENTAL MATTERS**

Various government agencies in the Philippines regulate the different aspects of the Company's business.

The Consumer Act of the Philippines, the provisions of which are principally enforced by the Department of Trade and Industry, seeks to protect consumers against hazards to health and safety and against deceptive, unfair and unconscionable sales acts and practices; and provide information and education to facilitate sound choice and the proper exercise of rights by the consumer.

This law imposes rules to regulate such matters as (i) consumer product and safety; (ii) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (iii) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (iv) practices relative to the use of weights and measures; (v) consumer product and service warranties; (vi) compulsory labeling, and fair packaging; (vii) liabilities for defective products and services; (viii) consumer protection against misleading advertisements and fraudulent sales promotion practices; and (ix) consumer credit transactions.

The DA on the other hand is another government agency regulating the Company. It is responsible for the promotion of agricultural development by providing the policy framework, public investments, and support services. It is tasked to improve farm income and generate work opportunities for farmers and other rural workers. The DA is mandated to encourage people's participation in agricultural development through sectoral representation in agricultural policy-making bodies so that the policies, plans and programs of the Department are formulated and executed to satisfy their needs.

Considering that rice is a staple grain in Filipino households, the NFA is established to oversee agricultural companies. It is an agency under the Office of the President responsible for ensuring stability of rice supply and prices, with the end goal of ensuring food security.

Under the SRC, the SEC has jurisdiction and supervision over all corporations, partnerships or associations that are grantees of primary franchises, license to do business or other secondary licenses. As the government agency regulating the Philippine securities market, the SEC issues regulations on the registration and regulation of securities exchanges, the securities market, securities trading, the licensing of securities brokers and dealers and reportorial requirements for publicly listed companies and the proper application of SRC provisions, as well as the Corporation Code, and certain other statutes.

# **GENERAL CORPORATE INFORMATION**

## **INCORPORATION**

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the SEC on September 11, 2000.

## **ARTICLES OF INCORPORATION AND BY-LAWS**

The Articles of Incorporation of the Company was approved by the SEC on September 11, 2000. The latest amended Articles was approved by the SEC on September 4, 2017.

The By-Laws of the Company was registered with the SEC on September 11, 2000 and was amended on September 28, 2010.

## **PRIMARY PURPOSE**

Under the Articles, the Company's primary purpose is to cultivate, grow, mill and/or process *palay* to rice grains, and/or to outsource the cultivation of rice, corn, grains, etc. through independent landowners and/or farmers by supplying seeds, farm implements, and other resources under acceptable offsetting and payback arrangements and/or otherwise engage in buy and sell either in retail or wholesale, export or import of rice, corn, grains of all kinds and other agricultural farm products, seeds, vegetables, horticultural growths, fertilizers, chemical or organic livestock of all kind and farm implement and machineries; and to conduct research and development for the production of aromatic super hybrid rice and cereals; to sell the technology/intellectual property rights of the product developed through own research and development.

## **CORPORATE TERM**

The Company is authorized to exist for a term of 50 years from the date of its incorporation. This term may be renewed through an amendment to the Articles approved by the SEC.

## **FISCAL YEAR**

The business year of the Company begins on the first day of June and ends on the last day of May of each year.

## **APPROVALS**

The issue and sale of the Commercial Papers was duly authorized by resolutions of the Board of Directors of the Company passed on July 15, 2016.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Articles of Incorporation and By-laws are available for inspection at the principal office of the Company, during normal business hours on any day on which such office is open for business. Copies may also be inspected at the office of the SEC.

## PHILIPPINE TAXATION

*Following is a general description of certain Philippine tax aspects of investment by prospective CP Holders. This discussion is based upon Philippine tax laws, in particular the Tax Code, its implementing regulations and rulings in effect at the date of this Prospectus. Subsequent legislative, judicial or administrative changes or interpretations may be retroactive and could affect the tax consequences to the prospective CP Holders.*

*The tax treatment of a prospective CP Holder may vary depending on such CP Holder's particular situation and certain prospective CP Holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a prospective CP Holder.*

*This general description does not purport to be a comprehensive description of the Philippine tax aspects of investment in the CPs and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing the CPs under applicable tax laws of other jurisdictions and the specific tax consequence in light of particular situations of acquiring, owning, holding and disposing the CPs in such other jurisdictions.*

**EACH PROSPECTIVE CP HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH CP HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE CPs, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.**

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines but who is not a citizen of the Philippines; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a foreign corporation not engaged in trade or business within the Philippines. The term "foreign" when applied to a corporation means a corporation which is not domestic while the term "domestic" when applied to a corporation means a corporation created or organized in the Philippines or under its laws.

## **Taxation of Interest Income/Discount**

The CPs will be, under current interpretation of the Tax Code, treated as, a deposit substitute instrument as such term is defined under the Tax Code. Interest income earned or yield or any other monetary benefit from the CPs realized by the CP Holders shall be taxed as described in the following sections.

### **Interest income/Discount earned by individuals**

As a general rule, interest income earned or yield or any other monetary benefit from the CPs realized by individual citizens of the Philippines, resident aliens and non-resident aliens engaged in trade or business in the Philippines is subject to a final withholding tax at the rate of 20%.

Transfers or assignments of the CPs by the CP Holders are subject to a final tax on the interest income already earned by the transferor CP Holder which shall be borne by the CP Holder.

Interest income received by non-resident aliens not engaged in trade or business in the Philippines shall generally be subject to a final withholding tax of 25%. However, such tax rate may be reduced under an applicable tax treaty.

### **Interest income/Discount earned by corporations**

Interest income earned or yield or any other monetary benefit derived by domestic and resident foreign corporations from the CPs shall be subject to a final withholding tax of 20% of such interest income.

On the other hand, interest income received by a non-resident foreign corporation shall be subject to 30% final withholding tax. This rate may also be reduced under an applicable tax treaty.

### **Interest income/Discount earned by trusts**

A trust is generally taxed in the same way as an individual pursuant to the Tax Code which provides that the tax imposed upon individuals shall apply to the income of any kind of property held in trust (except qualifying employee's trust considered tax-exempt). Accordingly, since trusts are, for tax purposes, treated as an individual, interest income earned by trusts are likewise subject to the 20% final withholding tax.

### **Tax-exempt persons**

All sums payable by the Issuer to tax-exempt persons shall be paid in full without deductions for taxes, duties, assessments, or government charges, subject to the



submission to the Registrar by the CP Holder claiming the exemption of reasonable evidence of such exemption.

## **DOCUMENTARY STAMP TAXES**

The Tax Code imposes a documentary stamp tax on all debentures, certificates of indebtedness, due bills, bonds, loan agreements, deposit substitute debt instruments at the rate of ₱1.00 on every ₱200, or fractional part thereof, of the face value of such securities; Provided, that for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days. The Company has undertaken to pay the documentary stamp tax on the issuance of the CPs.

## **VALUE-ADDED TAX AND GROSS RECEIPTS TAX**

At issuance, no VAT shall be imposable upon the CPs. Subsequent transfers shall similarly be free of VAT, unless the CP Holder is a dealer in securities. In that instance, the CP Holder shall be liable to pay 12% VAT on the gross income derived from the trading of the CPs.

Under Republic Act No. 9238, services rendered in the Philippines by, among others, banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies) are exempted from the coverage of the VAT. The exemption, which took effect retroactively on 1 January 2004, reverts to the application of the GRT regime on services rendered by banks, non-bank financial intermediaries, quasi-banks, finance companies, and other financial intermediaries not performing quasi-banking functions (excluding insurance companies). Rates of GRT shall be as follows:

- (1) Banks and Non-Bank Financial Intermediaries Performing Quasi-Banking Functions:
  - (a) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
    - Maturity period is five years or less – 5%
    - Maturity period is more than five years – 1%
  - (b) On dividends and equity shares in net income of subsidiaries – 0%
  - (c) On royalties, rentals of real or personal property, profits from exchange and all other items treated as gross income under the Tax Code – 7%
  - (d) On net trading gains within the taxable year on foreign currency, debt securities, derivatives and other similar financial instruments – 7%
- (2) Other Non-Bank Financial Intermediaries:

- (a) On interest, commission, discounts and all other items treated as gross income under the Tax Code – 5%
- (b) On interest, commission and discounts from lending activities as well as income from financial leasing, on the basis of the remaining maturities of instruments from which such receipts are derived:
  - Maturity period is five years or less – 5%
  - Maturity period is more than five years – 1%

## **ESTATE AND DONOR'S TAX**

The transfer of the CPs by a decedent to his heirs, whether or not such decedent was residing in the Philippines, will be subject to an estate tax which is levied on the net estate of the deceased at progressive rates ranging from 5% to 20% if the net estate is over ₱200,000.

CP Holders, whether or not citizens or residents of the Philippines, will be subject to donor's tax upon the donation of the CPs to strangers at a flat rate of 30% of the net gifts. A "stranger" is defined as any person who is not a brother, sister (whether by whole- or half-blood), spouse, ancestor and lineal descendant or relative by consanguinity in the collateral line within the fourth degree of relationship. A donation to a non-stranger will be subject to a donor's tax at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed ₱100,000.

The estate tax, as well as the donor's tax in respect of the CPs, shall not be collected if: (a) the deceased at the time of his death or donation was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

## **TAXATION OUTSIDE THE PHILIPPINES**

The tax treatment of non-resident CP Holders in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations for such non-resident holders under laws other than those of the Philippines.

## **ANNEX A - List of Accredited Municipal Agriculture Office (MAO)**

As of November 30, 2017

<b>No.</b>	<b>MAO</b>	<b>Area</b>
1	MAO - CARCAR CEBU 07	Cebu
2	MAO - PINAMUNGAJAN CEBU 07	Cebu
3	MAO - TOLEDO CEBU 07	Cebu
4	MAO - ALBURQUERQUE BOHOL 7	Alburquerque, Bohol
5	MAO - ALMERIA BILIRAN	Almeria, Biliran
6	MAO - ANDA BOHOL 7	Anda, Bohol
7	MAO - ANTEQUERA	Bohol
8	MAO - ARGAO CEBU	Argao, Cebu
9	MAO - BADIANGAN ILO-ILO 6	Badiangan, Iloilo
10	MAO - BALANGIGA EASTERN SAMAR 8	Eastern Samar
11	MAO - BALASAN	Iloilo
12	MAO - BALETE AKLAN	Balete, Aklan
13	MAO - BANGA AKLAN 6	Banga, Aklan
14	MAO - BATAD	Iloilo
15	MAO - BAYOMBONG NUEVA VISCAYA	Nueva Viscaya
16	MAO - BILAR	Bohol
17	MAO - BILIRAN BILIRAN 8	Biliran Biliran
18	MAO - BOBON NORTHERN SAMAR 8	Northern Samar,
19	MAO - BONTOC	Southern Leyte
20	MAO - BROOKESPOINT PALAWAN 4B	Palawan
21	MAO - BUENAVISTA MARINDUQUE 4	Marinduque
22	MAO - CABUCGAYAN BILIRAN 8	Cabucgayan Biliran
23	MAO - CAIBIRAN BILIRAN 8	Caibiran Biliran
24	MAO - CALBAYOG SAMAR LEYTE 8	Western Samar
25	MAO - CANAMAN CAMARINES SUR 5	Canaman, Camarines Sur
26	MAO - CAN-AVID EASTERN SAMAR 8	Eastern Samar
27	MAO - CANDIJAY BOHOL	Candijay, Bohol
28	MAO - CATARMAN NORTHERN SAMAR 8	Northern Samar,
29	MAO - CATUBIG NORTHERN SAMAR 8	Northern Samar
30	MAO - CONCEPCION	Iloilo
31	MAO - CORTES BOHOL 7	Cortes, Bohol
32	MAO - CULABA BILIRAN 8	Culaba Biliran
33	MAO - DANA O BOHOL 7	Danao, Bohol
34	MAO - EL NIDO PALAWAN 4D	El Nido, Palawan
35	MAO - GAMAY NORTHERN SAMAR 8	Northern Samar
36	MAO - GASAN MARINDUQUE 4	Marinduque

37	MAO - GIPORLOS EASTERN SAMAR 8	Giporlos Eastern Samar
38	MAO - HAMTIC	Antique
39	MAO - IBAJAY AKLAN	Bajay, Aklan
40	MAO - INABANGA BOHOL 7	Inabanga, Bohol
41	MAO - INOPACAN LEYTE 8	Leyte
42	MAO - ISABEL LEYTE 8	Leyte
43	MAO - JAGNA	Bohol
44	MAO - JETAFA BOHOL 7	Jetafe, Bohol
45	MAO - JIABONG SAMAR LEYTE 8	Leyte
46	MAO - LAOANG NORTHERN SAMAR 8	Northern Samar
47	MAO - LAS NAVAS NORTHERN SAMAR 8	Northern Samar
48	MAO - LEZO AKLAN	Lezo, Aklan
49	MAO - LIBACAO AKLAN 6	Libacao, Aklan
50	MAO - LLORENTE EASTERN SAMAR 8	Llorente Eastern Samar
51	MAO - LOOC OCCIDENTAL MINDORO 4C	Looc, Occidental Mindoro
52	MAO - LOOC ROMBLON 4	Romblon
53	MAO - LOON BOHOL 7	Loon, Bohol
54	MAO - LUBA	Luba, Abra
55	MAO - MAASIN	Iloilo
56	MAO - MABINI	Mabini, Bohol
57	MAO - MAGDIWANG ROMBLON 4	Romblon
58	MAO - MAHAPLAG LEYTE 8	Leyte
59	MAO - MAKATO AKLAN 6	Makato, Aklan
60	MAO - MALAY AKALN	Malay, Aklan
61	MAO - MAPANAS NORTHERN SAMAR 8	Northern Samar
62	MAO - MARABUT WESTERN SAMAR 8	Marabut Western Samar
63	MAO - MERIDA LEYTE 8	Leyte
64	MAO - MIAGAO	Miagao, Iloilo
65	MAO - MOGPOG MARINDUQUE 4	Marinduque
66	MAO - MONTEVISTA COMPOSTELA VALLEY	Montevista, Compostela Valley
67	MAO - MOTIONG SAMAR LEYTE 8	Samar, Leyte
68	MAO - MURCIA, NEGROS OCCIDENTAL	Negros Occidental
69	MAO - NABUNTURAN COMPOSTELA VALLEY	Nabunturan, Compostela Valley
70	MAO - NAVAL BILIRAN	Naval, Biliran
71	MAO - NUMANCIA AKLAN	Numancia, Aklan
72	MAO - ODIONGAN ROBLON	Odiongan, Roblom
73	MAO - ORAS EASTERN SAMAR 8	Leyte
74	MAO - PALAPAG NORTHERN SAMAR 8	Northern Samar
75	MAO - PALAUAN OCCIDENTAL MINDORO 4C	Palauan, Occidental Mindoro
76	MAO - PALOMPON LEYTE	Palompon, Leyte
77	MAO - PAMBUJAN NORTHERN SAMAR 8	Northern Samar

78	MAO - PARANAS SAMAR	Samar
79	MAO - PATNONGON	Antique
80	MAO - PAVIA ILOILO	Pagsangaan Pavia, Iloilo
81	MAO - PIAT CAGAYAN 2	Cagayan
82	MAO - PINABACDAO SAMAR	Samar
83	MAO - POLICARPIO EASTERN SAMAR 8	Eastern Samar
84	MAO - PONTEVEDRA NEGROS OCCIDENTAL	Negros Occidental
85	MAO - PRIETO DIAZ	Sorsogon
86	MAO - PUERTO PRINCESA CITY PALAWAN	Puerto Princesa, Palawan
87	MAO - ROSARIO NORTHERN SAMAR 8	Northern Samar,
88	MAO - SAN ISIDRO	Bohol
89	MAO - SAN ISIDRO LEYTE 8	Leyte
90	MAO - SAN ISIDRO NORTHERN SAMAR 8	Northern Samar,
91	MAO - SAN JOAQUIN ILO-ILO 6	San Joaquin, Iloilo
92	MAO - SAN JORGE SAMAR	Samar
93	MAO - SAN JOSE NORTHERN SAMAR 8	Northern Samar,
94	MAO - SAN JULIAN EASTERN SAMAR 8	Eastern Samar
95	MAO - SAN REMEGIO	Antique
96	MAO - SAN ROQUE NORTHERN SAMAR 8	Northern Samar
97	MAO - SANGAY	Camarines Sur
98	MAO - SANTA CRUZ MARINDUQUE 4	Marinduque
99	MAO - SEVILLA	Bohol
100	MAO - STA. MARGARITA SAMAR LEYTE 8	Leyte
101	MAO - STA. RITA SAMAR	Samar
102	MAO - SULAT EASTERN SAMAR 8	Eastern Samar,
103	MAO - SULOP DAVAO DEL SUR 11	Sulop, Davao Del Sur
104	MAO - TABANGO LEYTE 8	Leyte
105	MAO - TAFT EASTERN SAMAR 8	Eastern Samar,
106	MAO - TAGBILARAN BOHOL	Bohol
107	MAO - TAGUDIN ILOCOS SUR	Ilocos Sur
108	MAO - TALIBON BOHOL	Talibon, Bohol
109	MAO - TAYUM ABRA CAR	Abra
110	MAO - TIGBAUAN ILOILO	Iloilo
111	MAO - TIWI ALBAY	Tiwi, Albay
112	MAO - TOLOSA LEYTE 8	Leyte
113	MAO - TORRIJOS MARINDUQUE 4	Marinduque
114	MAO - TUBUNGAN ILOILO	Iloilo City
115	MAO - TUGUEGARAO CITY CAGAYAN	Tuguegarao City, Cagayan
116	MAO - VALLADOLID NEGROS OCCIDENTAL	Negros Occidental
117	MAO - VICTORIA NORTHERN SAMAR 8	Northern Samar
118	MAO ABORLAN, PALAWAN	Aborlan, Palawan

119	MAO ALABEL SARANGANI	Sarangani
120	MAO ALEOSAN NORTH COTABATO	Aleosan, North Cotabato
121	MAO ALORAN MISAMIS OCCIDENTAL 10	Misamis Occidental
122	MAO ALUBIJID MISAMIS ORIENTAL 10	Misamis Oriental
123	MAO AMULONG CAGAYAN 2	Cagayan
124	MAO- ANGELES CITY PAMPANGA 3	Pampanga
125	MAO- APALIT PAMPANGA 3	Pampanga
126	MAO ARAKAN NORTH COTABATO	Arakan, North Cotabato
127	MAO- ARAYAT PAMPANGA 3	Pampanga
128	MAO ARITAO NUEVA VIZCAYA 2	Nueva Vizcaya
129	MAO AYUNGON NEGROS ORIENTAL 7	Ayungon, Negros Oriental
130	MAO BACACAY	Bacacay Albay
131	MAO- BACOLOR PAMPANGA 3	Pampanga
132	MAO BAGGAO CAGAYAN 2	Cagayan
133	MAO BALIANGAO MISAMIS OCCIDENTAL 10	Misamis Occidental
134	MAO BANISILAN NORTH COTABATO	Banisilan, North Cotabato
135	MAO BAROY LANA DEL NORTE 10	Lanao Del Norte
136	MAO BASAY NEGROS ORIENTAL 7	Negros Oriental
137	MAO BASILISA SURIGAO DEL NORTE XIII	Basilisa, Surigao del Norte
138	MAO BASUD CAMARINES NORTE 5	Basud, Camarines Norte
139	MAO BATO CAMARINES SUR 5	Camarines Sur
140	MAO- BAUNGON BUKIDNON	Bukidnon
141	MAO BAYOG ZAMBOANGA SIBUGAY 9	Zamboanga Del Sur
142	MAO BINDOY	Negros Oriental
143	MAO- BOAC MARINDUQUE	Boac, Marinduque
144	MAO BULUSAN	Sorsogon
145	MAO CABUSAO CAMARINES SUR 5	Cabusao, Camarines Sur
146	MAO- CALAMBA MISAMIS OCCIDENTAL	Misamis Occidental
147	MAO CAMALANIUGAN CAGAYAN 2	Cagayan
148	MAO- CANDABA PAMPANGA 3	Pampanga
149	MAO- CANDELARIA ZAMBALES 3	Zambales
150	MAO- CASTILLEJOS ZAMBALES 3	Zambales
151	MAO CAUAYAN 2	Isabela
152	MAO- CLARIN MISAMIS OCCIDENTAL	Misamis Occidental
153	MAO CLAVER SURIGAO DEL NORTE 13	Surigao Del Norte
154	MAO- CLAVERIA MISAMIS ORIENTAL	Misamis Oriental
155	MAO COMPOSTELA COMVAL PROVINCE 11	Compostela, Compostela Province
156	MAO CORTES SURIGAO DEL SUR 13	Surigao Del Sur
157	MAO CULASI ANTIQUE 6	Culasi, Antique
158	MAO DAGOHOY BOHOL 7	Dagohoy, Bohol
159	MAO DALAGUETE CEBU 7	Dalaguete, Cebu

160	MAO- DUMARAO 6	Capiz
161	MAO DUPAX NORTE NUEVA VIZCAYA 2	Nueva Vizcaya
162	MAO- EL SALVADOR MISAMIS ORIENTAL	Misamis Oriental
163	MAO- FLORIDA BLANCA PAMPANGA 3	Pampanga
164	MAO GIGAGUIT SURIGAO DEL NORTE 13	Surigao Del Norte
165	MAO- GINGOOG MISAMIS ORIENTAL	Misamis Oriental
166	MAO GLAN SARANGGANI	Glan, Sarangani
167	MAO GOA CAMARINES SUR 5	Camarines Sur
168	MAO- GUAGUA PAMPANGA 3	Pampanga
169	MAO GUBAT SORSOGON 5	Sorsogon
170	MAO HINIGARAN R8	Southern Leyte
171	MAO- JASAAN MISAMIS ORIENTAL	Misamis Oriental
172	MAO- JIMENEZ MISAMIS OCCIDENTAL	Misamis Occidental
173	MAO JONES	Centro Jones, Isabela
174	MAO KASIBU NUEVA VIZCAYA 2	Nueva Vizcaya
175	MAO KAYAPA NUEVA VIZCAYA 2	Nueva Vizcaya
176	MAO KIAMBA SARANGGANI	Kiamba, Sarangani
177	MAO KITAOTAO BUKIDNON 10	Bukidnon
178	MAO- LAGONGLONG MISAMIS ORIENTAL	Misamis Oriental
179	MAO LAGONOY CAMARINES SUR 5	Camarines Sur
180	MAO LAKAS FARMER ILOILO 6	Pavia, Iloilo
181	MAO LAKE SEBU SOUTH COTABATO 12	South Cotabato
182	MAO LAWAAN	Lawaan, Eastern Samar
183	MAO LEON ILOILO 6	Leon, Iloilo
184	MAO LIGAO CITY ALBAY 5	Albay
185	MAO LILOY ZAMBOANGA DEL NORTE	Zamboanga Del Norte
186	MAO LOAY BOHOL 7	Bohol
187	MAO- LOPEZ JAENA MISAMIS OCCIDENTAL	Misamis Occidental
188	MAO LORETO AGUSAN DEL SUR	Loreto, Agusan Del Sur
189	MAO- LUBAO PAMPANGA 3	Pampanga
190	MAO LUCBAN QUEZON 4A	Quezon
191	MAO LUPI CAMARINES SUR 5	Camarines Sur
192	MAO- MABALACAT PAMPANGA 3	Pampanga
193	MAO MABINAY NEGROS ORIENTAL 7	Mabinay, Negros Oriental
194	MAO- MAGALANG PAMPANGA 3	Pampanga
195	MAO MAGALLANES	Magallanes, Sorsogon
196	MAO MAGPET NORTH COTABATO 12	North Cotabato
197	MAO- MAGSAYSAY MISAMIS ORIENTAL	Misamis Oriental
198	MAO- MAIGO LANA DEL NORTE	Lanao Del Norte
199	MAO MAINIT SURIGAO DEL NORTE 13	Surigao Del Norte
200	MAO MAITUM SARANGGANI	Maitum, Sarangani

201	MAO MALINAO	Malinao, Albay
202	MAO- MALITBOG BUKIDNON	Bukidnon
203	MAO MALUNGON SARANGANI	Sarangani
204	MAO- MAMBAJAO CAMIGUIN	Camiguin
205	MAO MANITO ALBAY 5	Albay
206	MAO- MANOLO FORTICH BUKIDNON	Bukidnon
207	MAO- MANTICAO MISAMIS ORIENTAL	Misamis Oriental
208	MAO MANUKAN ZAMBOANGA DEL NORTE 9	Manukan, Zamboanga Del Norte
209	MAO MARAGUSAN COMVAL PROVINCE 11	Maragusan, Compostela Province
210	MAO MARIA SIQUIJOR 7	Maria, Siquijor
211	MAO MARIBOJOC BOHOL	Bohol
212	MAO MAWAB COMVAL PROVINCE 11	Mawab, Compostela Province
213	MAO- MEXICO PAMPANGA 3	Pampanga
214	MAO- MONCADA TARLAC 3	Tarlac
215	MAO MORONG RIZAL	Morong, Rizal
216	MAO- NAAWAN MISAMIS ORIENTAL	Misamis Oriental
217	MAO NABAS AKLAN 6	Nabas, Aklan
218	MAO NABUA CAMARINES SUR 5	Camarines Sur
219	MAO NARRA, PALAWAN	Narra, Palawan
220	MAO NEW WASHINGTON R6	Aklan
221	MAO PALIMBANG SULTAN KUDARAT	Palimbang, Sultan Kudarat
222	MAO PIKIT NORTH COTABATO	Pikit, North Cotabato
223	MAO POLOMOLO SOUTH COTABATO 12	South Cotabato
224	MAO- PORAC PAMPANGA 3	Pampanga
225	MAO QUEZON, PALAWAN	Quezon, Palawan
226	MAO QUINAPONDAN	Eastern Samar
227	MAO- RAMOS TARLAC 3	Tarlac
228	MAO RIZAL, PALAWAN	Rizal, Palawan
229	MAO ROXAS ZAMBOANGA DEL NORTE	Zamboanga Del Norte
230	MAO SALVADOR LANA DEL NORTE 10	Lanao Del Norte
231	MAO SAMPALOC QUEZON	Sampaloc, Quezon
232	MAO- SAN FERNANDO PAMPANGA 3	Pampanga
233	MAO SAN FRANCISCO SURIGAO DEL NORTE	Surigao Del Norte
234	MAO SAN LUIS AGUSAN DEL SUR 13	Agusan Del Sur
235	MAO- SAN LUIS PAMPANGA 3	Pampanga
236	MAO SAN SEBASTIAN	Western Samar
237	MAO- SAN SIMON PAMPANGA 3	Pampanga
238	MAO SAN VICENTE CAMARINES NORTE 5	San Vicente, Camarines Norte 5
239	MAO SANTA ELENA CAMARINES NORTE V	Santa Elena Camarines Norte
240	MAO- SAPAD LANA DEL NORTE	Lanao Del Norte
241	MAO SENATOR NINOY AQUINO SULTAN	Sultan Kudarat



242	MAO- SINACABAN MISAMIS OCCIDENTAL	Misamis Occidental
243	MAO SINDANGAN ZAMBOANGA DEL NORTE 9	Sindangan, Zamboanga Del Norte
244	MAO SISON SURIGAO DEL NORTE 13	Surigao Del Norte
245	MAO- STA. ANA PAMPANGA 3	Pampanga
246	MAO STA. PRAXEDES R2	Sta. Praxedes Cagayan
247	MAO- STA. RITA PAMPANGA 3	Pampanga
248	MAO STO NINO WESTERN SAMAR 8	Western Samar
249	MAO STO. NIÑO CAGAYAN 2	Cagayan
250	MAO SULTAN NAGA DIMAPORO	Lanao Del Norte
251	MAO- SUMILAO BUKIDNON	Bukidnon
252	MAO SURIGAO CITY SURIGAO DEL NORTE	Surigao Del Norte
253	MAO TAGANAAN SURIGAO DEL NORTE 13	Surigao Del Norte
254	MAO TAGKAWAYAN	Tagkawayan, Quezon
255	MAO TAPAKAN SOUTH COTABATO 12	South Cotabato
256	MAO TANDAG SURIGAO DEL SUR 13	Surigao Del Sur
257	MAO TANTANGAN SOUTH COTABATO 12	South Cotabato
258	MAO TARANGNAN WESTERN SAMAR 8	Western Samar
259	MAO TAYTAY, PALAWAN	Taytay, Palawan
260	MAO TIBOLI SOUTH COTABATO 12	South Cotabato
261	MAO TIGAON CAMARINES SUR 5	Camarines Sur
262	MAO TOBOD LANA DEL NORTE 10	Lanao Del Norte
263	MAO TUPI SOUTH COTABATO 12	South Cotabato
264	MAO VILLAREAL	Western Samar
265	MAO VINZONS CAMARINES NORTE 5	Camarines Norte
266	MAO-A. CASTAÑEDA NUEVA VIZCAYA 2	Nueva Vizcaya
267	MAO-ABRA DE ILOG OCCIDENTAL MINDORO	Occidental Mindoro
268	MAO-ABUCAY BATAAN 3	Bataan
269	MAO-ABULUG CAGAYAN 2	Cagayan
270	MAO-ABUYOG LEYTE 8	Leyte
271	MAO-ADAMS ILOCOS NORTE 1	Ilocos Norte
272	MAO-AGLIPAY QUIRINO	Quirino
273	MAO-AGNO PANGASINAN 1	Pangasinan
274	MAO-AGOO LA UNION 1	La Union
275	MAO-AGUAS	Occidental Mindoro
276	MAO-AGUILAR PANGASINAN 1	Pangasinan
277	MAO-AJUY ILOILO 6	Iloilo
278	MAO-ALACAPAN CAGAYAN 2	Cagayan
279	MAO-ALAMADA NORTH COTABATO 12	North Cotabato
280	MAO-ALAMINOS PANGASINAN 1	Pangasinan
281	MAO-ALANG ALANG LEYTE 8	Leyte
282	MAO-ALBUERA LEYTE 8	Leyte

283	MAO-ALCALA CAGAYAN 2	Cagayan
284	MAO-ALCALA PANGASINAN 1	Pangasinan
285	MAO-ALFONSO LISTA IFUGAO CAR	Cordillera Autonomous Region
286	MAO-ALIAGA NUEVA ECIJA 3	Nueva Ecija
287	MAO-ALICIA BOHOL	Bohol
288	MAO-ALICIA ISABELA 2	Isabela
289	MAO-ALICIA ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
290	MAO-ALILEM ILOCOS SUR 1	Ilocos Sur
291	MAO-ALLEN NORTHERN SAMAR 8	Northern Samar
292	MAO-AMULUNG CAGAYAN 2	Cagayan
293	MAO-ANAO TARLAC 3	Tarlac
294	MAO-ANDA PANGASINAN 1	Pangasinan
295	MAO-ANGADANAN ISABELA 2	Isabela
296	MAO-ANGAT BULACAN 3	Bulacan
297	MAO-ANILAO ILO-ILO 6	Ilo-Ilo
298	MAO-ANTIPAS NORTH COTABATO 12	North Cotabato
299	MAO-APARRI CAGAYAN 2	Cagayan
300	MAO-ARINGAY LA UNION 1	La Union
301	MAO-ARORAY MASBATE 5	Masbate
302	MAO-ASINGAN PANGASINAN 1	Pangasinan
303	MAO-ASUNCION DAVAO DEL NORTE 11	DAVAO DEL NORTE
304	MAO-AURORA ISABELA 2	Isabela
305	MAO-AURORA ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
306	MAO-B. SOLIVEN ISABELA 2	Isabela
307	MAO-BAAO CAMARINES SUR 5	Camarines Sur
308	MAO-BABATNGON LEYTE 8	Leyte
309	MAO-BACARRA ILOCOS NORTE 1	Ilocos Norte
310	MAO-BACAUAG SURIGAO DEL NORTE 13	Surigao Del Norte
311	MAO-BACNOTAN LA UNION 1	La Union
312	MAO-BACO ORIENTAL MINDORO 4B	Oriental Mindoro
313	MAO-BADOC ILOCOS NORTE 1	Ilocos Norte
314	MAO-BAGABAG NUEVA VIZCAYA 2	Nueva Vizcaya
315	MAO-BAGAC BATAAN 3	Bataan
316	MAO-BAGO BAGO CITY NEGROS OCCIDENTA	Bago City,Negros Occidental
317	MAO-BAGONG SILANG PMP COOPERATIVE N	Nueva Ecija
318	MAO-BAGULIN LA UNION 1	La Union
319	MAO-BAGUMBAYAN SULTAN KUDARAT 12	Sultan Kudarat
320	MAO-BALAGTAS	Bulacan
321	MAO-BALAGTAS BULACAN 3	Bulacan
322	MAO-BALANGA BATAAN 3	Bataan

323	MAO-BALANGKAYAN EASTERN SAMAR 8	Eastern Samar
324	MAO-BALAOAN LA UNION 1	La Union
325	MAO-BALDERAS, JOSEPH	Occidental Mindoro
326	MAO-BALER AURORA 3	Aurora
327	MAO-BALILIHAN R7	Bohol
328	MAO-BALINGASAG MISAMIS ORIENTAL 10	Misamis Oriental
329	MAO-BALIWAG	Bulacan
330	MAO-BALIWAG BULACAN 3	Bulacan
331	MAO-BALLESTEROS CAGAYAN 2	Cagayan
332	MAO-BALUNGAO PANGASINAN 1	Pangasinan
333	MAO-BAMBAN TARLAC 3	Tarlac
334	MAO-BAMBANG NUEVA VIZCAYA 2	Nueva Vizcaya
335	MAO-BANATE ILO-ILO 6	Ilo-Ilo
336	MAO-BANAYOYO ILOCOS SUR 1	Ilocos Sur
337	MAO-BANGA SOUTH COTABATO 12	South Cotabato
338	MAO-BANGABANGA DAVAO ORIENTAL XI	Bangabanga Davao Oriental
339	MAO-BANGAR LA UNION 1	La Union
340	MAO-BANGUED ABRA CAR	Abra
341	MAO-BANGUI ILOCOS NORTE 1	Ilocos Norte
342	MAO-BANI PANGASINAN 1	Pangasinan
343	MAO-BANNA ILOCOS NORTE 1	Ilocos Norte
344	MAO-BANSALAN DAVAO DEL SUR 11	Davao Del Sur
345	MAO-BANSUD ORIENTAL MINDORO 4B	Oriental Mindoro
346	MAO-BANTAY ILOCOS SUR 1	Ilocos Sur
347	MAO-BARBAZA ANTIQUE 6	Antique
348	MAO-BARCELONA SORSOGON 5	Sorsogon
349	MAO-BARCENAGA ORIENTAL MINDORO 4B	Oriental Mindoro 4B
350	MAO-BAROTAC NUEVO ILO-ILO 6	Ilo-Ilo
351	MAO-BAROTAC VIEJO ILO-ILO 6	Ilo-Ilo
352	MAO-BARUGO LEYTE 8	Leyte
353	MAO-BASEY WESTERN SAMAR LEYTE 8	Western Samar Leyte
354	MAO-BASISTA PANGASINAN 1	Pangasinan
355	MAO-BATAC ILOCOS NORTE 1	Ilocos Norte
356	MAO-BATARAZA PALAWAN IV-B	Bataraza, Palawan
357	MAO-BATO LEYTE 8	Leyte
358	MAO-BATUAN BOHOL 7	Bohol
359	MAO-BAUANG LA UNION 1	La Union
360	MAO-BAUTISTA PANGASINAN 1	Pangasinan
361	MAO-BAYAMBANG PANGASINAN 1	Pangasinan
362	MAO-BAYBAY LEYTE 8	Leyte
363	MAO-BAYUGAN AGUSAN	Agusan Del Sur

364	MAO-BIEN UNIDO BOHOL 7	Bohol
365	MAO-BINALONAN PANGASINAN 1	Pangasinan
366	MAO-BINMALEY PANGASINAN 1	Pangasinan
367	MAO-BISLIG SURIGAO DEL SUR 13	Surigao Del Sur
368	MAO-BOCAUE BULACAN 3	Bulacan
369	MAO-BOLINAO PANGASINAN 1	Pangasinan
370	MAO-BOMBON CAMARINES SUR 5	Camarines Sur
371	MAO-BONGABON NUEVA ECIJA 3	Nueva Ecija
372	MAO-BONGABONG ORIENTAL MINDORO 4B	Oriental Mindoro
373	MAO-BONIFACIO MISAMIS OCCIDENTAL 10	Misamis Occidental
374	MAO-BORONGAN EASTERN SAMAR 8	Eastern Samar
375	MAO-BOTOLAN ZAMBALES 3	Zambales
376	MAO-BUENAVISTA R07	Bohol
377	MAO-BUENAVISTA R13	Agusan Del Norte
378	MAO-BUGALLON PANGASINAN 1	Pangasinan
379	MAO-BUGALLON PANGASINAN 1	PANGASINAN
380	MAO-BUGASONG ANTIQUE 6	Antique
381	MAO-BUGUEY CAGAYAN 2	Cagayan
382	MAO-BUHI CAMARINES SUR 5	Camarines Sur
383	MAO-BULA CAMARINES SUR 5	Camarines Sur
384	MAO-BULACAN BULACAN 3	Bulacan
385	MAO-BULALACAO ORIENTAL MINDORO 4B	Oriental Mindoro
386	MAO-BULAN SORSOGON 5	Sorsogon
387	MAO-BUNAWAN AGUSAN	Agusan Del Sur
388	MAO-BUOG ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
389	MAO-BURAUEN LEYTE 8	Leyte
390	MAO-BURGOS	PANGASINAN
391	MAO-BURGOS ILOCOS NORTE 1	Ilocos Norte
392	MAO-BURGOS ILOCOS SUR 1	Ilocos Sur
393	MAO-BURGOS ISABELA 2	Isabela
394	MAO-BURGOS LA UNION 1	La Union
395	MAO-BURGOS PANGASINAN 1	Pangasinan
396	MAO-BUSTOS BULACAN 3	Bulacan
397	MAO-BUTUAN AGUSAN DEL	Agusan Del Norte
398	MAO-CABA LA UNION 1	La Union
399	MAO-CABADBARAN AGUSAN DEL	Agusan Del Norte
400	MAO-CABAGAN ISABELA 2	Isabela
401	MAO-CABANATUAN NUEVA ECIJA 3	Nueva Ecija
402	MAO-CABANGAN ZAMBALES 3	Zambales
403	MAO-CABANGLASAN BUKIDNON 10	Bukidnon
404	MAO-CABARROGUIS QUIRINO 2	Quirino

405	MAO-CABATUAN ILO-ILO 6	Ilo-Ilo
406	MAO-CABATUAN ISABELA 2	Isabela
407	MAO-CABIAO NUEVA ECIJA 3	Nueva Ecija
408	MAO-CABUGAO ILOCOS SUR 1	Ilocos Sur
409	MAO-CAGAYAN DE ORO MISAMIS ORIENTAL	Misamis Oriental
410	MAO-CAGWAIT SURIGAO DEL SUR 13	Surigao Del Sur
411	MAO-CALABANGA CAMARINES SUR 5	Camarines Sur
412	MAO-CALAPAN ORIENTAL MINDORO 4B	Oriental Mindoro
413	MAO-CALAPE BOHOL	Calape, Bohol
414	MAO-CALASIAO PANGASINAN 1	Pangasinan
415	MAO-CALATRAVA	Negros Occidental
416	MAO-CALAYAN CAGAYAN 2	Cagayan
417	MAO-CALBIGA R8	Leyte
418	MAO-CALINOG ILO-ILO 6	Iloilo City
419	MAO-CALINTAAN OCCIDENTAL MINDORO 4C	Occidental Mindoro
420	MAO-CALUMPIT BULACAN 3	Bulacan
421	MAO-CAMALIG ALBAY 5	Albay
422	MAO-CAMALIGAN CAMARINES SUR 5	Camarines Sur
423	MAO-CAMILING TARLAC 3	Tarlac
424	MAO-CANAMAN CAMARINES SUR 5	Camarines Sur
425	MAO-CANTILAN SURIGAO DEL SUR 13	Surigao Del Sur
426	MAO-CAOAYAN ILOCOS SUR 1	Ilocos Sur
427	MAO-CAPAS TARLAC 3	Tarlac
428	MAO-CAPOOCAN LEYTE 8	Leyte
429	MAO-CAPUL R8	Northern Samar
430	MAO-CAR	North Luzon
431	MAO-CARASI ILOCOS NORTE 1	Ilocos Norte
432	MAO-CARIGARA LEYTE 8	Leyte
433	MAO-CARLES ILOILO 6	Ilo-Ilo
434	MAO-CARMEN DAVAO DEL NORTE 11	Davao Del Norte
435	MAO-CARMEN NORTH COTABATO 12	North Cotabato
436	MAO-CARMEN R7	Bohol
437	MAO-CARMEN SURIGAO DEL SUR 13	Surigao Del Sur
438	MAO-CARRANGLAN NUEVA ECIJA 3	Nueva Ecija
439	MAO-CARRASCAL SURIGAO DEL SUR 13	Surigao Del Sur
440	MAO-CASIGURAN AURORA 3	Aurora
441	MAO-CASIGURAN SORSOGON 5	Sorsogon
442	MAO-CATBALOGAN EASTERN SAMAR LEYTE	Eastern Samar Leyte
443	MAO-CATIGBIAN BOHOL 7	Bohol
444	MAO-CAUAYAN ISABELA 2	Isabela
445	MAO-CEBU CEBU CITY 7	Cebu City

446	MAO-CERVANTES ILOCOS SUR 1	Ilocos Sur
447	MAO-CLARIN R7	Bohol
448	MAO-CLAVERIA CAGAYAN 2	Cagayan
449	MAO-COLUMBIO SULTAN KUDARAT 12	Sultan Kudarat
450	MAO-CONCEPCION TARLAC 3	Tarlac
451	MAO-CORDON ISABELA 2	Isabela
452	MAO-CORELLA DAVAO DEL NORTE 11	Davao Del Norte
453	MAO-CUARTERO CAPIZ 6	Capiz
454	MAO-CURRIMAO ILOCOS NORTE 1	Ilocos Norte
455	MAO-CUYAPO NUEVA ECIJA 3	Nueva Ecija
456	MAO-DAET CAMARINES NORTE 5	Camarines Norte
457	MAO-DAGAMI LEYTE 8	Leyte
458	MAO-DAGUPAN PANGASINAN 1	Pangasinan
459	MAO-DANGCAGAN BUKIDNON 10	Bukidnon
460	MAO-DANGCAGAN BUKIDNON X	Dangcagan, Bukidnon
461	MAO-DANGLAS ABRA CAR	ABRA
462	MAO-DAO CAPIZ 6	Capiz
463	MAO-DARAGA ALBAY 5	Albay
464	MAO-DASOL PANGASINAN 1	Pangasinan
465	MAO-DATU PAGLAS MAGUINDANAO ARMM	Autonomous Region Of Muslim Mindana
466	MAO-DEL CARMEN SURIGAO DEL NORTE 13	Surigao Del Norte
467	MAO-DEL PILAR ILOCOS SUR 1	Ilocos Sur
468	MAO-DELFIN ALBANO ISABELA 2	Isabela
469	MAO-DIFFUN QUIRINO 2	Quirino
470	MAO-DIGOS DAVAO DEL SUR 11	Davao Del Sur
471	MAO-DILASAG AURORA 3	Aurora
472	MAO-DIMIAO R7	Bohol
473	MAO-DINALUNGAN AURORA 3	Aurora
474	MAO-DINALUPIHAN BATAAN 3	Bataan
475	MAO-DINAS ZAMBO.DEL SUR IX	Dinas Zambo. Del Sur
476	MAO-DINGALAN AURORA 3	Aurora
477	MAO-DINGLE ILO-ILO 6	Ilo-Ilo
478	MAO-DINGRAS ILOCOS NORTE 1	Ilocos Norte
479	MAO-DIPACULAO AURORA 3	Aurora
480	MAO-DIPLAHAN ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
481	MAO-DIPOLOG ZAMBOANGA DEL NORTE 9	Zamboanga Del Norte
482	MAO-DOLORES R8	Samar
483	MAO-DON CARLOS BUKIDNON 10	Bukidnon
484	MAO-DOÑA REMEDIOS TRINIDAD BULACAN	Bulacan
485	MAO-DUERO BOHOL 7	Bohol
486	MAO-DUJALI DAVAO DEL NORTE 11	Davao Del Norte

487	MAO-DULAG LEYTE 8	Leyte
488	MAO-DUMAGUETE, NEGROS ORIENTAL 7	Negros Oriental
489	MAO-DUMALAG CAPIZ 6	Capiz
490	MAO-DUMALINAO ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
491	MAO-DUMALNEG ILOCOS NORTE 1	Ilocos Norte
492	MAO-DUMANGAS ILO-ILO 6	Ilo-Ilo
493	MAO-DUMARAN PALAWAN IV-B	Dumaran, Palawan
494	MAO-DUMINGAG ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
495	MAO-DUPAX SUR NUEVA VISCAYA 2	Nueva Vizcaya
496	MAO-ECHAGUE ISABELA 2	Isabela
497	MAO-ENRILE CAGAYAN 2	Cagayan
498	MAO-ESPAÑOLA PALAWAN 4B	Palawan
499	MAO-ESPERANZA AGUSAN	Agusan Del Sur
500	MAO-ESPERANZA SULTAN KUDARAT 12	Sultan Kudarat

501	MAO-FLORA APAYAO CAR	Apayao
502	MAO-GABALDON NUEVA ECIJA 3	Nueva Ecija
503	MAO-GALIMUYOD ILOCOS SUR 1	Ilocos Sur
504	MAO-GAMU ISABELA 2	Isabela
505	MAO-GANDARA WESTERN SAMAR 8	Western Samar
506	MAO-GAPAN NUEVA ECIJA 3	Nueva Ecija
507	MAO-GARCIA HERNANDEZ R7	Bohol
508	MAO-GATTARAN CAGAYAN 2	Cagayan
509	MAO-GEN. NATIVIDAD NUEVA ECIJA 3	Nueva Ecija
510	MAO-GENERAL SANTOS CITY 12	General Santos City
511	MAO-GENERAL TINIO NUEVA ECIJA 3	Nueva Ecija
512	MAO-GERONA TARLAC 3	Tarlac
513	MAO-GLORIA ORIENTAL MINDORO 4B	Oriental Mindoro
514	MAO-GONZAGA CAGAYAN 2	Cagayan
515	MAO-GUIGUINTO BULACAN 3	Bulacan
516	MAO-GUIMBA NUEVA ECIJA 3	Nueva Ecija
517	MAO-GUINDULMAN	Bohol
518	MAO-GUINOBATAN ALBAY 5	Albay
519	MAO-GUIPOS ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
520	MAO-GUIWAN ZAMBOANGA CITY 9	Zamboanga City
521	MAO-HAGONOY BULACAN 3	Bulacan
522	MAO-HAGONOY DAVAO DEL SUR 11	Davao Del Sur
523	MAO-HERMOSA BATAAN 3	Bataan
524	MAO-HILONGOS LEYTE 8	Leyte
525	MAO-HINDANG LEYTE 8	Leyte
526	MAO-HINDANG LEYTE 8	Leyte

527	MAO-HINOBA-AN NEGROS OCCIDENTAL 6	Negros Occidental
528	MAO-HINUNANGAN SOUTHERN LEYTE 8	Southern Leyte
529	MAO-HINUNDAYAN SOUTHERN LEYTE 8	Southern Leyte
530	MAO-IBA ZAMBALES 3	Zambales
531	MAO-IGUIG CAGAYAN 2	Cagayan
532	MAO-ILAGAN ISABELA 2	Isabela
533	MAO-IMELDA ZAMBOANGA SIBUGAY 9	Zamboanga, Sibugay
534	MAO-IMPASUG-ONG BUKIDNON 10	Bukidnon
535	MAO-INFANTA PANGASINAN 1	Pangasinan
536	MAO-IPIL ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
537	MAO-IRIGA CAMARINES SUR 5	Camarines Sur
538	MAO-ISULAN SOUTH COTABATO 12	South Cotabato 12
539	MAO-ISULAN SULTAN KUDARAT XII	Sultan Kudarat
540	MAO-ITOGON BENGUET CAR	Benguet
541	MAO-JAEN NUEVA ECIJA 3	Nueva Ecija
542	MAO-JAMINDA CAPIZ 6	Capiz
543	MAO-JANIUAY ILO-ILO 6	Ilo-Ilo
544	MAO-JARO LEYTE 8	Leyte
545	MAO-JAVIER LEYTE 8	Leyte
546	MAO-JOSE PANGANIBAN	Camarines Norte
547	MAO-JUBAN SORSOGON 5	Sorsogon
548	MAO-JULITA	LEYTE
549	MAO-JULITA LEYTE 8	Leyte
550	MAO-KABAKAN NORTH COTABATO 12	North Cotabato
551	MAO-KABANKALAN NEGROS OCCIDENTAL 6	Negros Occidental
552	MAO-KABASALAN ZAMBO.SIBUGAY 9	Zamboanga Sibugay
553	MAO-KADINGILAN BUKIDNON 10	Bukidnon
554	MAO-KALAMANSIG SULTAN KUDARAT 12	Sultan Kudarat
555	MAO-KALIBO AKLAN 6	Aklan
556	MAO-KALILANGAN BUKIDNON 10	Bukidnon
557	MAO-KANANGA LEYTE 8	Leyte
558	MAO-KAPALONG DAVAO DEL NORTE 11	Davao Del Norte
559	MAO-KAPATAGAN LANA DEL NORTE 10	Lanao Del Norte
560	MAO-KAWAYAN BILIRAN	Kawayan, Biliran
561	MAO-KIAMBA	Kiamba, Sultan Kudarat
562	MAO-KIANGAN IFUGAO CAR	Cordillera Autonomous Region
563	MAO-KIBAWA BUKIDNON 10	Bukidnon
564	MAO-KIBLAWAN DAVAO DEL SUR 11	Davao Del Sur
565	MAO-KIDAPAWAN NORTH COTABATO 12	North Cotabato
566	MAO-KORONADAL SOUTH COT.XII	koronadal South Cot.
567	MAO-KORONADAL SOUTH COTABATO 12	South Cotabato



568	MAO-LA PAZ LEYTE 8	Leyte
569	MAO-LA TRINIDAD BENGUET CAR	Benguet
570	MAO-LABASON ZAMBOANGA DEL NORTE	Zamboanga Del Norte
571	MAO-LABO CAMARINES NORTE 5	Camarines Norte
572	MAO-LABRADOR PANGASINAN 1	Pangasinan
573	MAO-LALA LANA DEL NORTE 10	Lanao Del Norte
574	MAO-LALLO CAGAYAN 2	Cagayan
575	MAO-LAMBAYONG SULTAN KUDARAT 12	Sultan Kudarat
576	MAO-LAMBUNAO ILO-ILO 6	Iloilo City
577	MAO-LANTAPAN BUKIDNON 10	Bukidnon
578	MAO-LAOAC PANGASINAN 1	Pangasinan
579	MAO-LAOAG ILOCOS NORTE 1	Ilocos Norte
580	MAO-LAPAZ TARLAC 3	Tarlac
581	MAO-LAS NIEVES AGUSAN	Agusan Del Norte
582	MAO-LASAM CAGAYAN 2	Cagayan
583	MAO-LAUR NUEVA ECIJA 3	Nueva Ecija
584	MAO-LAVEZARES NORTHERN SAMAR 8	Northern Samar
585	MAO-LEBAK SULTAN KUDARAT 12	Sultan Kudarat
586	MAO-LEGANES ILO-ILO 6	Ilo-Ilo
587	MAO-LEGASPI ALBAY 5	Albay
588	MAO-LEGASPI ALBAY 5	Albay
589	MAO-LEMERY ILO-ILO 6	Ilo-Ilo
590	MAO-LEYTE LEYTE 8	Leyte
591	MAO-LIAN BATANGAS 4A	Batangas
592	MAO-LIBAGON SOUTHERN LEYTE 8	Southern Leyte
593	MAO-LIBMANAN CAMARINES SUR 5	Camarines Sur
594	MAO-LIBON ALBAY 5	Albay
595	MAO-LIBUNGAN NORTH COTABATO 12	North Cotabato
596	MAO-LICAB NUEVA ECIJA 3	Nueva Ecija
597	MAO-LIDLIDDA ILOCOS SUR 1	Ilocos Sur
598	MAO-LILA R7	Bohol
599	MAO-LILOAN SOUTHERN LEYTE 8	Southern Leyte
600	MAO-LIMAY BATAAN 3	Bataan
601	MAO-LINGAYEN PANGASINAN 1	Pangasinan
602	MAO-LLANERA NUEVA ECIJA 3	Nueva Ecija
603	MAO-LOBO BATANGAS 4A	Batangas
604	MAO-LOBOC R7	Bohol
605	MAO-LUBANG OCCIDENTAL MINDORO 4C	Occidental Mindoro
606	MAO-LUCENA ILO-ILO 6	Ilo-Ilo
607	MAO-LUNA APAYAO CAR	Apayao
608	MAO-LUNA ISABELA 2	Isabela

609	MAO-LUNA LA UNION	LA UNION
610	MAO-LUNA LA UNION 1	La Union
611	MAO-LUPAO NUEVA ECIJA 3	Nueva Ecija
612	MAO-LUTAYAN SULTAN KUDARAT 12	Sultan Kudarat
613	MAO-MAAYON CAPIZ 6	Capiz
614	MAO-MABINI PANGASINAN 1	Pangasinan
615	MAO-MACROHON SOUTHERN LEYTE 8	Southern Leyte
616	MAO-MADDELA QUIRINO	Quirino
617	MAO-MADRID SURIGAO DEL SUR 13	Surigao Del Sur
618	MAO-MAGALLANES AGUSAN DEL N.XIII	Magallanes Agusan Del Norte
619	MAO-MAGARAO CAMARINES SUR 5	Camarines Sur
620	MAO-MAGDALENA LAGUNA	Laguna
621	MAO-MAGSAYSAY DAVAO DEL SUR 11	Davao Del Sur
622	MAO-MAGSAYSAY OCCIDENTAL MINDORO 4C	Occidental Mindoro
623	MAO-MAGSAYSAY ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
624	MAO-MAGSINGAL ILOCOS SUR 1	Ilocos Sur
625	MAO-MAHAYAG ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
626	MAO-MAKILALA NORTH COTABATO 12	North Cotabato
627	MAO-MALANGAS ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
628	MAO-MALASIQUI PANGASINAN 1	Pangasinan
629	MAO-MALASIQUI PANGASINAN 1	PANGASINAN
630	MAO-MALAYBALAY CITY BUKIDNON 10	Bukidnon
631	MAO-MALITBOG SOUTHERN LEYTE 8	Southern Leyte
632	MAO-MALLIG ISABELA 2	Isabela
633	MAO-MALOLOS BULACAN 3	Bulacan
634	MAO-MAMBURAO OCCI. MIN. 4C	Occidental Mindoro
635	MAO-MAMBUSAO CAPIZ 6	Capiz
636	MAO-MANABO ABRA CAR	Cordillera Autonomous Region
637	MAO-MANAOAG PANGASINAN 1	Pangasinan
638	MAO-MANGALDAN PANGASINAN 1	Pangasinan
639	MAO-MANGATAREM PANGASINAN 1	Pangasinan
640	MAO-MANSALAY	Oriental Mondoro
641	MAO-MAPANDAN PANGASINAN 1	Pangasinan
642	MAO-MARAMAG BUKIDNON 10	Bukidnon
643	MAO-MARBEL SOUTH COTABATO 12	South Cotabato
644	MAO-MARBEL SOUTH COTABATO 12	SOUTH COTABATO
645	MAO-MARCOS ILOCOS NORTE 1	Ilocos Norte
646	MAO-MARIA AURORA AURORA 3	Aurora
647	MAO-MARILAO BULACAN 3	Bulacan
648	MAO-MARIVELES BATAAN 3	Bataan
649	MAO-MASBATE CITY MASBATE 5	Masbate

650	MAO-MASINLOC ZAMBALES 3	Zambales
651	MAO-MATAG-OB LEYTE 8	Leyte
652	MAO-MATALAM NORTH COTABATO 12	North Cotabato
653	MAO-MATALOM	LEYTE
654	MAO-MATALOM LEYTE 8	Leyte
655	MAO-MATANAO DAVAO DEL SUR 11	Davao Del Sur
656	MAO-MAYANTOC TARLAC 3	Tarlac
657	MAO-MAYDOLONG EASTERN SAMAR 8	Eastern Samar
658	MAO-MC ARTHUR LEYTE 8	Leyte
659	MAO-MERCEDES CAMARINES NORTE 5	Camarines Norte
660	MAO-MEYCAUAYAN BULACAN 3	Bulacan
661	MAO-MIDSALIP ZAMBO DEL SUR 9	Zamboanga Del Sur
662	MAO-MIDSAYAP NORTH COTABATO 12	North Cotabato
663	MAO-MIDSAYAP ZAMBO DEL SUR IX	Midsayap Zambo.Del Sur
664	MAO-MIDSAYAP ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
665	MAO-MILAOR CAMARINES SUR 5	Camarines Sur
666	MAO-MINA ILO-ILO 6	Ilo-Ilo
667	MAO-MINALABAC CAMARINES SUR 5	Camarines Sur
668	MAO-MLANG NORTH COTABATO 12	North Cotabato
669	MAO-MOLAVE ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
670	MAO-MONDRAGON R8	Northern Samar
671	MAO-MONKAYO COMVAL 11	Compostela Valley
672	MAO-MORONG BATAAN 3	Bataan
673	MAO-MUÑOZ NUEVA ECIJA 3	Nueva Ecija
674	MAO-NAGBUKEL ILOCOS SUR 1	Ilocos Sur
675	MAO-NAGTIPUNAN QUIRINO 2	Quirino
676	MAO-NAGUILIAN LA UNION 1	La Union
677	MAO-NAGUILLAN ISABELA 2	Isabela
678	MAO-NAMPICUAN NUEVA ECIJA 3	Nueva Ecija
679	MAO-NARVACAN ILOCOS SUR 1	Ilocos Sur
680	MAO-NASUGBO BATANGAS 4A	Batangas
681	MAO-NATIVIDAD PANGASINAN 1	Pangasinan
682	MAO-NAUJAN ORIENTAL MINDORO 4B	Oriental Mindoro
683	MAO-NORALA SOUTH COT 12	South Cotabato
684	MAO-NORZAGARAY BULACAN 3	Bulacan
685	MAO-NUEVA ERA ILOCOS NORTE 1	Ilocos Norte
686	MAO-NURO UPI MAGUINDANAO ARMM	Maguindanao
687	MAO-OAS ALBAY 5	Albay
688	MAO-OCAMPO Camarines Sur5	Camarines Sur
689	MAO-OPOL MISAMIS ORIENTAL	Opol, Misamis Oriental
690	MAO-ORANI BATAAN 3	Bataan

691	MAO-ORANI BATAAN III	Orani Bataan
692	MAO-ORION BATAAN 3	Bataan
693	MAO-ORMOC CITY LEYTE 8	Leyte
694	MAO-OROQUETA CITY MISAMIS OCCIDENTA	Misamis Occidental
695	MAO-OTON ILO-ILO 6	Ilo-Ilo
696	MAO-OZAMIS CITY MISAMIS OCCIDENTAL	Misamis Occidental
697	MAO-PADADA DAVAO DEL SUR 11	Davao Del Sur
698	MAO-PADRE GARCIA BATANGAS 4A	Batangas
699	MAO-PADRE GARCIA BATANGAS 4A	Batangas
700	MAO-PAETE LAGUNA	Laguna
701	MAO-PAGADIAN ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
702	MAO-PAGUDPUD ILOCOS NORTE 1	Ilocos Norte
703	MAO-PALAUIG ZAMBALES 3	Zambales
704	MAO-PALAYAN NUEVA ECIJA 3	Nueva Ecija
705	MAO-PALEMBANG SULTAN KUDARAT 12	Sultan Kudarat
706	MAO-PALO LEYTE 8	Leyte
707	MAO-PAMPLONA CAGAYAN 2	Cagayan
708	MAO-PAMPLONA CAMARINES SUR 5	Camarines Sur
709	MAO-PANABO DAVAO DEL NORTE 11	Davao Del Norte
710	MAO-PANAY CAPIZ 6	Capiz
711	MAO-PANDI BULACAN 3	Bulacan
712	MAO-PANGANTUKAN BUKIDNON 10	Bukidnon
713	MAO-PANQUI TARLAC 3	Tarlac
714	MAO-PANIT-AN CAPIZ 6	Capiz
715	MAO-PANTABANGAN NUEVA ECIJA 3	Nueva Ecija
716	MAO-PAOAY ILOCOS NORTE 1	Ilocos Norte
717	MAO-PASSI ILO-ILO 6	Ilo-Ilo
718	MAO-PASTRANA LEYTE 8	Leyte
719	MAO-PASUQUIN ILOCOS NORTE 1	Ilocos Norte
720	MAO-PATOLAN ZAMBOANGA CITY 9	Zamboanga City
721	MAO-PAVIA ILO-ILO 6	Ilo-Ilo
722	MAO-PAYAO ZAMBOANGA 9	Zamboanga Sibugay
723	MAO-PEÑABLANCA CAGAYAN 2	Cagayan
724	MAO-PEÑARANDA NUEVA ECIJA 3	Nueva Ecija
725	MAO-PENARRUBIA ABRA CAR	Cordillera Autonomous Region
726	MAO-PIDDIG ILOCOS NORTE 1	Ilocos Norte
727	MAO-PIGKAWAYAN NORTH COTABATO 12	North Cotabato
728	MAO-PILAR ABRA CAR	Cordillera Autonomous Region
729	MAO-PILAR BATAAN 3	Bataan
730	MAO-PILAR BOHOL 7	Bohol
731	MAO-PILI CAMARINES SUR 5	Camarines Sur

732	MAO-PINAMALAYAN ORIENTAL MINDORO 4B	Oriental Mindoro
733	MAO-PINILI ILOCOS NORTE 1	Ilocos Norte
734	MAO-PINTUYAN SOUTHERN LEYTE 8	Southern Leyte
735	MAO-PINUKPOK KALINGA CAR	Kalinga
736	MAO-PLARIDEL BULACAN 3	Bulacan
737	MAO-PLARIDEL MISAMIS OCCIDENTAL 10	Misamis Occidental
738	MAO-POLA ORIENTAL MINDORO 4B	Oriental Mindoro
739	MAO-POLANCO ZAMBOANGA DEL NORTE 9	Zamboanga Del Norte
740	MAO-POLANGUI ALBAY 5	Albay
741	MAO-PONTEVEDRA CAPIZ 6	Capiz
742	MAO-POTOTAN ILO-ILO 6	Ilo-Ilo
743	MAO-POZZORUBIO PANGASINAN 1	Pangasinan
744	MAO-PRES. QUIRINO SULTAN KUDARAT 12	Sultan Kudarat
745	MAO-PROSPERIDAD AGUSAN	Agusan Del Sur
746	MAO-PROSPERIDAD AGUSAN DEL SUR XIII	Prosperidad Agusan Del Sur
747	MAO-PUDTOL APAYAO CAR	Cordillera Autonomous Region
748	MAO-PUGO LA UNION 1	La Union
749	MAO-PULILAN BULACAN 3	Bulacan
750	MAO-PURA TARLAC 3	Tarlac
751	MAO-QUEZON BUKIDNON 10	Bukidnon
752	MAO-QUEZON BUKIDNON X	Quezon, Bukidnon
753	MAO-QUEZON ISABELA 2	Isabela
754	MAO-QUEZON NUEVA ECIJA 3	Nueva Ecija
755	MAO-QUEZON NUEVA VIZCAYA 2	Nueva Vizcaya
756	MAO-QUIRINO ILOCOS SUR 1	Ilocos Sur
757	MAO-QUIRINO ISABELA 2	Isabela
758	MAO-R. MERCEDES ISABELA 2	Isabela
759	MAO-RAMON ISABELA 2	Isabela
760	MAO-REGION VII	Visayas
761	MAO-RIZAL CAGAYAN R2	Cagayan
762	MAO-RIZAL NUEVA ECIJA 3	Nueva Ecija
763	MAO-RIZAL OCCIDENTAL MINDORO 4C	Occidental Mindoro
764	MAO-ROMBLON ROMBLON 4B	Romblon
765	MAO-ROSALES PANGASINAN 1	Pangasinan
766	MAO-ROSARIO AGUSAN	Agusan Del Sur
767	MAO-ROSARIO LA UNION 1	La Union
768	MAO-ROXAS CITY CAPIZ 6	Capiz
769	MAO-ROXAS ISABELA 2	Isabela
770	MAO-ROXAS NORTH COTABATO 12	North Cotabato
771	MAO-ROXAS ORIENTAL MINDORO 4B	Oriental Mindoro
772	MAO-ROXAS PALAWAN IV-B	Roxas, Palawan

773	MAO-RT LIM ZAMBO SIBUGAY 9	Zamboanga Sibugay
774	MAO-RTR AGUSAN DEL	Agusan Del Norte
775	MAO-SABLAN BENGUET CAR	Cordillera Autonomous Region
776	MAO-SABLAN LA UNION 1	La Union
777	MAO-SABLAYAN	OCCIDENTAL MINDORO
778	MAO-SABLAYAN OCCIDENTAL MINDORO 4C	Occidental Mindoro
779	MAO-SAGAY CAMIGUIN 10	Camiguin
780	MAO-SAGBAYAN R7	Bohol
781	MAO-SAGÑAY CAMARINES SUR 5	Camarines Sur
782	MAO-SAGUDAY QUIRINO 2	Quirino
783	MAO-SALCEDO ILOCOS SUR 1	Ilocos Sur
784	MAO-SALVA ISABELA 2	Isabela
785	MAO-SAMAL BATAAN 3	Bataan
786	MAO-SAN ANTONIO NUEVA ECIJA 3	Nueva Ecija
787	MAO-SAN ANTONIO ZAMBALES 3	Zambales
788	MAO-SAN CARLOS PANGASINAN 1	Pangasinan
789	MAO-SAN CLIMENTE TARLAC 3	Tarlac
790	MAO-SAN DIONISIO ILO-ILO 6	Ilo-Ilo
791	MAO-SAN EMILIO ILOCOS SUR 1	Ilocos Sur
792	MAO-SAN ENRIQUE ILO-ILO 6	Ilo-Ilo
793	MAO-SAN ENRIQUE NEGROS OCCIDENTAL 6	Negros Occidental
794	MAO-SAN ESTEBAN ILOCOS SUR 1	Ilocos Sur
795	MAO-SAN FABIAN PANGASINAN 1	Pangasinan
796	MAO-SAN FELIPE ZAMBALES 3	Zambales
797	MAO-SAN FERNANDO BUKIDNON 10	Bukidnon
798	MAO-SAN FERNANDO CAMARINES SUR 5	Camarines Sur
799	MAO-SAN FERNANDO MASBATE 5	Masbate
800	MAO-SAN FRANCISCO AGUSAN	Agusan Del Sur
801	MAO-SAN FRANCISCO SOUTHERN LEYTE 8	Southern Leyte
802	MAO-SAN GABRIEL LA UNION 1	La Union
803	MAO-SAN GUILLERMO ISABELA 2	Isabela
804	MAO-SAN ILDEFONSO BULACAN 3	Bulacan
805	MAO-SAN ILDEFONSO BULACAN 3	Bulacan
806	MAO-SAN ILDEFONSO ILOCOS SUR 1	Ilocos Sur
807	MAO-SAN ISIDRO DAVAO DEL NORTE 11	Davao Del Norte
808	MAO-SAN ISIDRO ISABELA 2	Isabela
809	MAO-SAN ISIDRO NUEVA ECIJA 3	Nueva Ecija
810	MAO-SAN ISIDRO SURIGAO DEL NORTE 13	Surigao Del Norte
811	MAO-SAN JACINTO PANGASINAN 1	Pangasinan
812	MAO-SAN JOSE ANTIQUE 6	Antique
813	MAO-SAN JOSE DEL MONTE BULACAN 3	Bulacan

814	MAO-SAN JOSE NUEVA ECIJA 3	Nueva Ecija
815	MAO-SAN JOSE OCCIDENTAL MINDORO 4C	Occidental Mindoro
816	MAO-SAN JOSE TARLAC 3	Tarlac
817	MAO-SAN JUAN	LA UNION
818	MAO-SAN JUAN ILOCOS SUR 1	Ilocos Sur
819	MAO-SAN JUAN LA UNION 1	La Union
820	MAO-SAN JUAN SOUTHERN LEYTE 8	Southern Leyte
821	MAO-SAN LEONARDO NUEVA ECIJA 3	Nueva Ecija
822	MAO-SAN LUIS AURORA 3	Aurora
823	MAO-SAN MANUEL ISABELA 2	Isabela
824	MAO-SAN MANUEL PANGASINAN 1	Pangasinan
825	MAO-SAN MANUEL TARLAC 3	Tarlac
826	MAO-SAN MARCELINO ZAMBALES 3	Zambales
827	MAO-SAN MARIANO ISABELA 2	Isabela
828	MAO-SAN MATEO ISABELA 2	Isabela
829	MAO-SAN MIGUEL BOHOL 7	Bohol
830	MAO-SAN MIGUEL BULACAN 3	Bulacan
831	MAO-SAN MIGUEL CATANDUANES 5	Catanduanes
832	MAO-SAN MIGUEL ILO-ILO 6	Ilo-Ilo
833	MAO-SAN MIGUEL LEYTE 8	Leyte
834	MAO-SAN MIGUEL R13	Surigao Del Norte
835	MAO-SAN MIGUEL SURIGAO DEL SUR 13	Surigao Del Sur
836	MAO-SAN MIGUEL ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
837	MAO-SAN NARCISO ZAMBALES 3	Zambales
838	MAO-SAN NICOLAS ILOCOS NORTE 1	Ilocos Norte
839	MAO-SAN NICOLAS PANGASINAN 1	Pangasinan
840	MAO-SAN PABLO ISABELA 2	Isabela
841	MAO-SAN PABLO ZAMBOANGA DEL SUR 9	Zamboanga Del Sur
842	MAO-SAN QUINTIN PANGASINAN 1	Pangasinan
843	MAO-SAN RAFAEL BULACAN 3	Bulacan
844	MAO-SAN RAFAEL ILOILO 6	Iloilo City
845	MAO-SAN TEODORO ORIENTAL MINDORO 4B	Orintal Mindoro
846	MAO-SAN VICENTE ILOCOS SUR 1	Ilocos Sur
847	MAO-SAN VICENTE PALAWAN IV-B	San Vicente, Palawan
848	MAO-SANCHEZ MIRA CAGAYAN 2	Cagayan
849	MAO-SANTA ELENA CAMARINES NORTE 5	Camarines Norte
850	MAO-SANTA ILOCOS SUR 1	Ilocos Sur
851	MAO-SANTIAGO ILOCOS SUR 1	Ilocos Sur
852	MAO-SANTIAGO ISABELA 2	Isabela
853	MAO-SANTOL	LA UNION
854	MAO-SANTOL LA UNION 1	La Union

855	MAO-SARA ILOILO 6	Iloilo City
856	MAO-SARRAT ILOCOS NORTE 1	Ilocos Norte
857	MAO-SIAY ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
858	MAO-SIBALOM ANTIQUE 6	Ilo-Ilo
859	MAO-Sierra Bullonies R7	Bohol
860	MAO-SIGAY ILOCOS SUR 1	Ilocos Sur
861	MAO-SIGMA CAPIZ 6	Capiz
862	MAO-SIKATUNA BOHOL 7	Sikatuna, Bohol
863	MAO-SILAGO	SOUTHERN LEYTE
864	MAO-SILAGO SOUTHERN LEYTE 8	Southern Leyte
865	MAO-SINAIT ILOCOS SUR 1	Ilocos Sur
866	MAO-SINILOAN LAGUNA	Laguna
867	MAO-SIPALAY NEGROS OCCIDENTAL 6	Negros Occidental
868	MAO-SIPOCOT CAMARINES SUR 5	Camarines Sur
869	MAO-SISON PANGASINAN 1	Pangasinan
870	MAO-SN ISIDRO ABRA CAR	Sn Isidro abra
871	MAO-SOCORRO ORIENTAL MINDORO 4B	Oriental Mindoro
872	MAO-SOGOD SOUTHERN LEYTE 8	Southern Leyte
873	MAO-SOLANA CAGAYAN 2	Cagayan
874	MAO-SOLANO NUEVA VIZCAYA 2	Nueva Vizcaya
875	MAO-SOLANO NUEVA VIZCAYA II	Solano,Nueva Vizcaya
876	MAO-SOLINERY ABRA CAR	Abra
877	MAO-SOLSONA ILOCOS NORTE 1	Ilocos Norte
878	MAO-SOMIMOT ZAMBO DEL SUR 9	Zamboanga Del Sur
879	MAO-SORSOGON CITY SORSOGON 5	Sorsogon
880	MAO-ST MARCELA APAYAO CAR	St Marcela Apayao
881	MAO-ST. BERNARD SOUTHERN LEYTE 8	Southern Leyte
882	MAO-STA. ANA CAGAYAN 2	Cagayan
883	MAO-STA. BARBARA ILO-ILO 6	Ilo-Ilo
884	MAO-STA. BARBARA PANGASINAN 1	Pangasinan
885	MAO-STA. CATALINA ILOCOS SUR 1	Ilocos Sur
886	MAO-STA. CRUZ ILOCOS SUR 1	Ilocos Sur
887	MAO-STA. CRUZ OCCIDENTAL MINDORO 4C	Occidental Mindoro
888	MAO-STA. CRUZ ZAMBALES 3	Zambales
889	MAO-STA. FE LEYTE 8	Leyte
890	MAO-STA. FE NUEVA VIZCAYA 2	Nueva Vizcaya
891	MAO-STA. IGNACIA TARLAC 3	Tarlac
892	MAO-STA. IGNACIA TARLAC 3	Tarlac
893	MAO-STA. LUCIA ILOCOS SUR 1	Ilocos Sur
894	MAO-STA. MAGDALENA SORSOGON 5	Sorsogon
895	MAO-STA. MARCELA APAYAO CAR	Apayao



896	MAO-STA. MARIA BULACAN 3	Bulacan
897	MAO-STA. MARIA ILOCOS SUR 1	Ilocos Sur
898	MAO-STA. MARIA ISABELA 2	Isabela
899	MAO-STA. MARIA PANGASINAN 1	Pangasinan
900	MAO-STA. MARIA ZAMBOANGA CITY 9	Zamboanga City
901	MAO-STA. ROSA NUEVA ECIJA 3	Nueva Ecija
902	MAO-STA. TERESITA CAGAYAN 2	Cagayan
903	MAO-STA.BARBARA ILOILO 6	Iloilo City
904	MAO-STA.MARIA LAGUNA	LAGUNA
905	MAO-STO. DOMINGO ILOCOS SUR 1	Ilocos Sur
906	MAO-STO. DOMINGO NUEVA ECIJA 3	Nueva Ecija
907	MAO-STO. NIÑO SOUTH COTABATO 12	South Cotabato
908	MAO-STO. TOMAS DAVAO DEL NORTE 11	Davao Del Norte
909	MAO-STO. TOMAS ISABELA 2	Isabela
910	MAO-STO. TOMAS LA UNION 1	La Union
911	MAO-STO. TOMAS PANGASINAN 1	Pangasinan
912	MAO-SUAL PANGASINAN 1	Pangasinan
913	MAO-SUDIPEN LA UNION 1	La Union
914	MAO-SUGPON ILOCOS SUR 1	Sugpon, Ilocos Sur
915	MAO-SURALLAH SOUTH COT 12	South Cotabato
916	MAO-SUYO ILOCOS SUR 1	Ilocos Sur
917	MAO-TABACO CITY	Albay
918	MAO-TABACO CITY ALBAY 5	Albay
919	MAO-TABON-TABON LEYTE 8	Leyte
920	MAO-TABUK KALINGA APAYAO CAR	Kalinga Apayao
921	MAO-TACLOBAN CITY LEYTE 8	Leyte
922	MAO-TACURONG SULTAN KUDARAT 12	Sultan Kudarat
923	MAO-TAGO SURIGAO DEL SUR 13	Surigao Del Sur
924	MAO-TAGUM DAVAO DEL NORTE 11	Davao Del Norte
925	MAO-TALACOGON AGUS.	Agusan Del Sur
926	MAO-TALavera NUEVA ECIJA 3	Nueva Ecija
927	MAO-TALISAY CAMARINES NORTE 5	Camarines Norte
928	MAO-TALISAYAN ZAMBOANGA CITY 9	Zamboanga City
929	MAO-TALUGTOG NUEVA ECIJA 3	Nueva Ecija
930	MAO-TAMBULIG ZAMBO DEL SUR 9	Zamboanga Del Sur
931	MAO-TAMPILISAN ZAMBOANGA DEL NORTE	Zamboanga Del Norte
932	MAO-TANAUAN LEYTE 8	Leyte
933	MAO-TANAY RIZAL 4A	Rizal
934	MAO-TANUAN LEYTE 8	Leyte
935	MAO-TARLAC CITY TARLAC 3	Tarlac
936	MAO-TAYABAS QUEZON 4A	Quezon

937	MAO-TAYUG PANGASINAN 1	Pangasinan
938	MAO-TIBIAO ANTIQUE 6	Antique
939	MAO-TITAY ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
940	MAO-TOMAS OPPUS SOUTHERN LEYTE 8	Southern Leyte
941	MAO-TRENTO AGUSAN	Agusan Del Sur
942	MAO-TRINIDAD BOHOL 7	Bohol
943	MAO-TUAO CAGAYAN 2	Cagayan
944	MAO-TUBAO LA UNION 1	La Union
945	MAO-TUBIGON BOHOL 7	Bohol
946	MAO-TUBOD SURIGAO DEL NORTE 13	Surigao Del Norte
947	MAO-TUDELA MISAMIS OCCIDENTAL 10	Misamis Occidental
948	MAO-TUKURAN ZAMBO DEL SUR 9	Zamboanga Del Sur
949	MAO-TULUNAN NORTH COTABATO 12	North Cotabato
950	MAO-TUMAUINI ISABELA 2	Isabela
951	MAO-TUNGA LEYTE 8	Leyte
952	MAO-TUNGAWAN ZAMBOANGA SIBUGAY 9	Zamboanga Sibugay
953	MAO-UBAY BOHOL 7	Bohol
954	MAO-UMINGAN PANGASINAN 1	Pangasinan
955	MAO-URBIZTONDO PANGASINAN 1	Pangasinan
956	MAO-URDANETA PANGASINAN 1	Pangasinan
957	MAO-VALENCIA BOHOL 7	Bohol
958	MAO-VALENCIA CITY BUKIDNON 10	Bukidnon
959	MAO-VICTORIA ORIENTAL MINDORO 4B	Oriental Mindoro
960	MAO-VICTORIA TARLAC 3	Tarlac
961	MAO-VILLA VERDE NUEVA VIZCAYA 2	Nueva Vizcaya
962	MAO-VILLABA LEYTE 8	Leyte
963	MAO-VILLANUEVA MISAMIS ORIENTAL 10	Misamis Oriental
964	MAO-VILLASIS PANGASINAN 1	Pangasinan
965	MAO-VINTAR ILOCOS NORTE 1	Ilocos Norte
966	MAO-VIRAC CATANDUANES 5	Catanduanes
967	MAO-ZAMBOANGA CITY 9	Zamboanga City
968	MAO-ZARAGOZA NUEVA ECIJA 3	Nueva Ecija
969	MAO-ZARAGOZA NUEVA ECIJA 3	Nueva Ecija
970	MAO-ZARRAGA ILO-ILO 6	Ilo-Ilo

## **Annex B - List of SLAC's assets that were made as a collateral to short term obligations**

As of November 30, 2017

	<b>BANK</b>	<b>TITLE NO</b>
1	Development Bank of the Philippines	050-2010000225
2	Development Bank of the Philippines	050-2010000129
3	Development Bank of the Philippines	248134
4	Development Bank of the Philippines	248138
5	Development Bank of the Philippines	240552
6	Development Bank of the Philippines	228826
7	Land Bank of the Philippines	901983
8	Land Bank of the Philippines	901984
9	Land Bank of the Philippines	901985
10	Land Bank of the Philippines	901986
11	Land Bank of the Philippines	901987
12	Land Bank of the Philippines	901988
13	Land Bank of the Philippines	901990
14	Land Bank of the Philippines	901991
15	Land Bank of the Philippines	901992
16	Land Bank of the Philippines	901993
17	Land Bank of the Philippines	901994
18	Land Bank of the Philippines	901995
19	Land Bank of the Philippines	901996
20	Land Bank of the Philippines	901997
21	Land Bank of the Philippines	901998
22	Land Bank of the Philippines	901999
23	Land Bank of the Philippines	902000
24	Land Bank of the Philippines	902001
25	Land Bank of the Philippines	902002
26	Land Bank of the Philippines	902003
27	Land Bank of the Philippines	902004
28	Land Bank of the Philippines	902005
29	Land Bank of the Philippines	902006
30	Land Bank of the Philippines	902007
31	Land Bank of the Philippines	902008
32	Land Bank of the Philippines	902009
33	Land Bank of the Philippines	902010
34	Land Bank of the Philippines	1015345
35	Land Bank of the Philippines	1015350
36	Land Bank of the Philippines	1015358
37	Land Bank of the Philippines	1015359

38	Land Bank of the Philippines	1015360
39	Land Bank of the Philippines	1015362
40	Land Bank of the Philippines	863752
41	Land Bank of the Philippines	863753
42	Land Bank of the Philippines	863755
43	Land Bank of the Philippines	863757
44	Land Bank of the Philippines	863759
45	Land Bank of the Philippines	94855
46	Land Bank of the Philippines	863705
47	Land Bank of the Philippines	200271