SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended **May 31, 2021**

2. SEC Identification Number **A200013157**

3. BIR Tax Identification No. **208-052-307-000**

4. Exact name of issuer as specified in its charter **SL Agritech Corporation**

5. **Makati City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. **01115190** (SEC Use Only)
   Industry Classification Code

7. **Sterling Place, 2302 Pasong Tamo Extension, Makati City** — **1231**
   Address of principal office — Postal Code

8. **(02) 8813-7828**
   Issuer's telephone number, including area code

9. **Not applicable**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	2,252,000,501
Short Term Commercial Paper	1,944,800,000

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

    Yes [X] No [ ]

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

    Philippine Dealing & Exchange Corp. Short Term Commercial Paper

12. Check whether the issuer:

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

Yes [X]   No [ ]

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

Yes [X]   No [ ]

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

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

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

Yes [ ]   No [X]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on AUG 1 8 2021

By:

DR. HENRY LIM BON LIONG
Principal Executive Officer

GERRY LIM BON HIONG
Comptroller

GERRY LIM BON HIONG
Principal Accounting Officer

Principal Operating Officer

GERRY LIM BON HIONG
Principal Financial Officer

christine p. base
ATTY. CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of AUG 1 8 2021 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE

Notary Public

ALVIN C. FLORES
Notary Public for Makati City
Until December 31, 2021
IBP No. 096609, 12/06/2019, Makati City
PTR No. 8126337, 01/09/2020, Makati City
MCLE Compliance No. VI-0030637
Attorney's Roll No. 40866

Doc. No. : 42
Page No. : 10
Book No. : III
Series of : 2021

February 2001

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

GENERAL INSTRUCTIONS

(a) Use of SEC Form 17-A

This SEC Form 17-A shall be used for annual reports filed pursuant to Section 17 of the Securities Regulation Code (SRC) and paragraph (1)(A) of SRC Rule 17.1 thereunder. Annual reports shall be filed within one hundred five (105) calendar days after the end of the fiscal year covered by the report. Reports filed on this Form shall be deemed to satisfy Section 141 of the Corporation Code of the Philippines.

(b) Application of SRC Rules 72.1, 12.2 and 68, as amended: Requirements for Filing Forms

SRC Rule 72.1 contains general rules which are applicable to reports on forms to be filed with the Commission. SRC Rule 12.2 contains requirements concerning the incorporation of documents by reference. SRC Rule 68, as amended contains requirements for the content of financial statements to be filed with the Commission as part of this report. These Rules should be carefully read and observed in the preparation and filing of reports on this Form.

(c) Preparation of Report.

(1) This is not a blank form to be filled in. It is a guide to be used in preparing the report in accordance with SRC Rule 72.1. The Commission does not furnish blank copies of this Form to be filled in for filing.

(2) These general instructions are not to be filed with the report. The instructions to the various captions of the Form are also to be omitted from the report as filed. The report shall contain the numbers and captions of all applicable items, but the text of such items may be omitted, provided the answers thereto are prepared in the manner specified in SRC Rule 72.1. All items that are not required to be answered in a particular report may be omitted and no reference thereto need be made in the report. All instructions shall be omitted.

(d) Incorporation by Reference

In accordance with the provisions of SRC Rule 12.2, the information called for by Parts I and II of this Form may, at the issuer's option, be incorporated by reference from the issuer's annual report to securities holders provided the information called for in this report is included therein.

(e) Signature and Filing of Report

(1) Three (3) complete copies of the report, including any financial statements, exhibits or other papers or documents filed as a part thereof, shall be filed with the Commission. At least one complete copy of the report, including any financial statements, exhibits or other papers or documents filed as a part thereof, shall, if any class of the issuer's securities are listed in a Stock Exchange, simultaneously be filed with that Exchange.

(2) At least one complete copy of the report filed with the Commission and where applicable, one such copy filed with the Exchange, shall be manually signed on the issuer's behalf by its principal executive officer, its principal operating officer, its principal financial officer, its comptroller, its principal accounting officer, its corporate secretary or persons performing similar functions. Any person who occupies more than one of the specified positions shall indicate the capacity in which he signs the report. Copies not manually signed shall bear typed or printed signatures. See also paragraphs (2) and (3) of SRC Rule 72.1 concerning copies, binding, signatures, paper, printing, language and pagination. If the issuer is a foreign person, the report shall also be signed by its resident agent in the Philippines.

(3) Issuers are requested to indicate in a transmittal letter with SEC FORM 17-A whether the financial statements in the report reflect a change from the preceding year in any accounting principles or practices or in the methods of application of those principles or practices.

(f) Integrated Reports to Security Holders.

(1) Annual reports to security holders may be combined with the required information of SEC Form 17-A and will be suitable for filing with the Commission if the following conditions are satisfied:

(A) The combined report contains full and complete answers to all items required by SEC Form 17-A. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made; and

(B) The cover page and the required signatures are included.

(2) When the provisions of paragraph (f)(1) are taken advantage of, as appropriate, a cross reference sheet should be filed indicating the location of information required by the items of the Form.

SECURITIES AND EXCHANGE COMMISSION

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    Yes [X]   No [ ]

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

    Philippine Dealing & Exchange Corp.   Short Term Commercial Paper

12. Check whether the issuer:

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

Yes [X]   No [ ]

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

Yes [X]   No [ ]

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

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

Yes [ ]   No [X]

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

THE 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: *Doña 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, 2019, 2020, and 2021 the percentage to total sale contributed by sales to foreign countries 0.37%,0.54% and 0.18% respectively.

On November 16, 2020, the BOI approved the Parent Company's registration (COR No. 2020-217) as new producer of hybrid (milled) rice and by-product in Victoria, Tarlac on a non-pioneer status from November 2020 to November 2024.

On July 11, 2018, the BOI approved the Parent Company's application for extension of its income tax holiday incentive as a new producer of milled (hybrid) rice and by-products (broken rice and rice bran) in Talavera, Nueva Ecija on a non-pioneer status. The Parent Company's BOI Certificate of registration (COR) No. 2014-038, for this activity was approved on February 21, 2014 and has a four-year term from March 1, 2014 and ended on February 28, 2018. The extension for the Group's income tax holiday entitlement was granted for additional one year from March 1, 2018 to February 28, 2019. On July 15, 2019, the BOI approved the Parent Company's application for extension for additional one year covering the period March 1, 2019 to February 29, 2020. Upon expiry of the registration, the Parent Company did not apply for further extension of registrations.

On May 4, 2017, the BOI approved the Parent Company's registration (COR No. 2017-109) as new producer of hybrid rice seeds and by-products (palay) in its plant facility at Matanao, Davao del Sur from May 4, 2017 to May 4, 2021 on a non-pioneer status.

On February 6, 2009, the Parent Company was registered with the BOI as a new producer of hybrid rice seeds and by-product in Lupon, Davao Oriental on a pioneer status from February 6, 2009 to February 5, 2017. Upon expiry of the registration, the Parent Company did not apply for further extension of registrations.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of six (6) years from February 2009 for Davao Oriental, or actual start of commercial operations, whichever is earlier;

(b) for the first five (5) years from the date of registration, the Parent Company shall be allowed an additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment labor expense; (c) tax credit on taxes and duties paid on raw materials and supplies and semi-manufactured products used in producing its export product and forming part thereof for a period of ten (10) years from date of registration; (d) importation of consigned equipment for a period of ten (10) years from date of registration; (e) employment of foreign nationals; (f) exemption from wharf age dues, any export tax, duties, imposts and fees for a ten (10)-year period from date of registration; (g) access to Customs Bonded Manufacturing Warehouse (CBMW) subject to customs rules and regulations provided that the Company exports at least 70% of production;

(h) exemption from taxes and duties on imported spare parts and supplies for export producers with CBMW exporting at least 70% of production; and (i) simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

For non-pioneer registration, ITH is 4 years plus two (2) bonus years.

Since 2010, the Company has been certified as implementing a quality management system that conforms to ISO 9001:2016. 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 February 28, 2021 which will expire on September 26, 2021.

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.

SL Agritech Corporation continues to expand progressively its presence in the Philippines and international markets. Its super hybrid seeds are all being distributed in the Philippines and exported to Vietnam, Myanmar, Indonesia and India. Its Doña Maria Premium Rice and Willy Farm Rice are available in the major supermarkets in the Philippines and are being exported to Saudi Arabia, Bahrain, Jordan, Kuwait, Singapore, Australia, United Arab Emirates and United States of America. Doña Maria Premium brand is reportedly dominating the premium rice market overseas and is starting to gain customer preference there. It has also its presence in Vietnam and Bangladesh for hybrid rice seeds production.

On August 23, 2017, to further maintain its presence in the international market, it has carried out an Investment Trust Agreement between SLAC and its Chairman, Mr.

Henry Lim Bon Liong, to enable him to manage, supervise and administer Sterling SL Agritech Company Limited which was incorporated in the Union of Myanmar. Such subsidiaries has already seed and rice production after the issuance of Certificate of Incorporation. It is currently in the process of obtaining the Myanmar Investment Commission (MIC) permit, which allows businesses and foreign investors to get special privileges, tax incentives, among others. Myanmar is a strategic jump off point for exporting rice given the preferential zero tariff from Myanmar to European destinations. In addition, China may also be tapped from there.

In October 6, 2017, SLAC signed a deal with an Indian government-owned firm, National Seeds Corp. Ltd. (NSC) for the production and marketing of SL-8H. NSC wants to plant such seed variety on 2.5 million to 5 million hectares of land in the next five years. In the same year, PT Sterling Agritech Indonesia (SAI) was incorporated in Jakarta, Indonesia. SLAC directly owns 49% of SAI.

On November 28, 2019, the Parent Company entered into an agreement with Yoma Agricultural Company Limited and Waterstone Company Limited to establish a joint venture company for the business activities of production, marketing and export of F2-type hybrid rice. The Parent Company made deposits to the unincorporated joint venture amounting to ₱2,529,400, presented under "Other noncurrent assets" in the consolidated statements of financial position.

These developments bode well for the international expansion of the company as Myanmar, India, and Indonesia are reportedly among the world's largest rice producers. For the next two to three years, SLAC expects to have a larger growth in the international market. Although international sales only accounted less than 2% of the total revenues in 2021, 2020 and 2019 respectively.

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.

SSLACL and SAMCL were incorporated and domiciled in the Union of Myanmar and SLAIL was incorporated and domiciled in India, while SAI was incorporated and domiciled in Indonesia. The Parent Company's subsidiaries and associate are involved in the same line of business as the Parent Company (collectively, the Group).

On August 23, 2017, SSLACL was incorporated and organized in the Union of Myanmar with registered office address at Room 105, First Floor, Pearl Condo F. Bahan Township, Yangon, Union of Myanmar.

On July 4, 2019, the Ministry of Corporate Affairs (CFA) of India has approved the incorporation of SLAIL with registered address at P C4, Meenakshi Est, Jeedimetla Village, Qutbullahpur, Hyderabad, Telangana, India. SLAIL is currently at its pre-operating status as of May 31, 2021.

On November 29, 2019, SAMCL was incorporated in Myanmar under the Myanmar Companies Law 2017 as a private company limited by shares, with address at Tha

Pyae Kone Village, Okkan Town, Tikekyi Township, Yangon, Myanmar. Its purpose is for seed production and exportation.

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.

List of SLAC's Commercially Available Seed Varieties

Variety	Description	Packaging	Country
SL-8H	Hybrid seed with high heterotic performance, good disease resistance, excellent adaptability to tropical conditions, good palate qualities, good milling qualities, and easy hybrid seed production.	18kg	Philippines Bangladesh 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	28kg	Philippines

	season. Used for commercial planting.		
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	20kg	Philippines
	Medium to Long grain with average yield of 9 metric ton per hectare.		
SL-19H	Medium to Long grain with average yield of 9 metric ton per hectare with good eating quality.		Philippines Philippines
SL-20H	It is a medium to long grain variety with average yield		Philippines
SL-16H	of 9 metric ton per hectare and will be distributed thought contract growing		Philippines

Premium Rice

The Company's premium rice products contributed 16% of the Company's 2021 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.

List of SLAC's Rice Brands

Variety	Description	Market Segment	Packaging
Doña Maria Jasponica Rice	The Doña Maria Jasponica Rice combines the fragrant aroma of Jasmine rice and the excellent palate quality of Japanese rice. When cooked, the grains achieve a soft and chewy texture	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg 25.0 kg

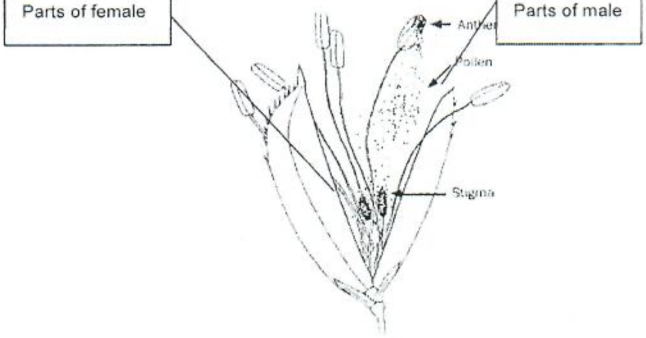
	enhanced further by its aroma.		
Doña Maria Jasponica Brown Rice	The Doña Maria Jasponica Brown Rice offers the healthy benefits of brown rice to the Jasmine-Japanese rice mix. High in fiber with no cholesterol and fully flavored by the natural nutty texture of brown rice, the variant is an alternative for health-conscious, rice-loving Filipino families.	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg
Doña Maria Jasponica Plus	The Doña Maria Jasponica Plus is a combination of Jasponica Brown Rice and Jasponica Rice. This product specifically targets customers who are still unfamiliar with brown rice but would like to make the change.	High to mid income segment	2.0 kg 5.0 kg
Doña Maria Jasponica Congee	The Doña Maria Jasponica Congee can be an alternative to malagkit rice. It can be used in making risotto, sticker rice and makis.	High to mid income segment	2.0 kg 5.0 kg
Doña Maria Miponica Rice	The Doña Maria Miponica Rice is a combination of the clear, translucent, long and slender grain quality of Milagrosa and the exceptional palate quality of Japanese rice. Fluffy and sticky with a pleasant aroma, Miponica rice is easy	High to mid income segment	0.3 kg 2.0 kg 5.0 kg 10.0 kg 25.0 kg

	to cook and stays soft throughout.		
Doña Maria Miponica Brown Rice	The Doña Maria Miponica Brown Rice is the brown rice alternative of the Milagrosa and Japanese rice mix. It still maintains the long grain and sticky qualities of the Miponica rice.	High to mid income segment	2.0 kg 5.0 kg 10.0 kg
Cherry Blossom Rice	The Cherry Blossom Rice is a mix of straight milled SL hybrid rice.	Mid income segment	2.0 kg 5.0 kg 25.0 kg
Willy Farms Sticky Jasmine Rice	The Willy Farms Jasmine Rice contains the fragrance of Jasmine in sticky rice and is ideal for Paella, Arroz ala Valenciana, and Risotto.	Mid income segment	2.0 kg 5.0 kg 25.0 kg
Willy Farms Long Grain Japanese Textured Rice	The Willy Farms Japanese Textured Rice has the quality and texture of Japanese rice but in long grains.	Mid income segment	2.0 kg 5.0 kg
Willy Farms Premium Dinorado Rice	The Willy Farms Premium Dinorado Rice caters to all types of occasions and preparations.	Mid income segment	2.0 kg 5.0 kg 10.0 kg 25.0 kg

RESEARCH AND DEVELOPMENT

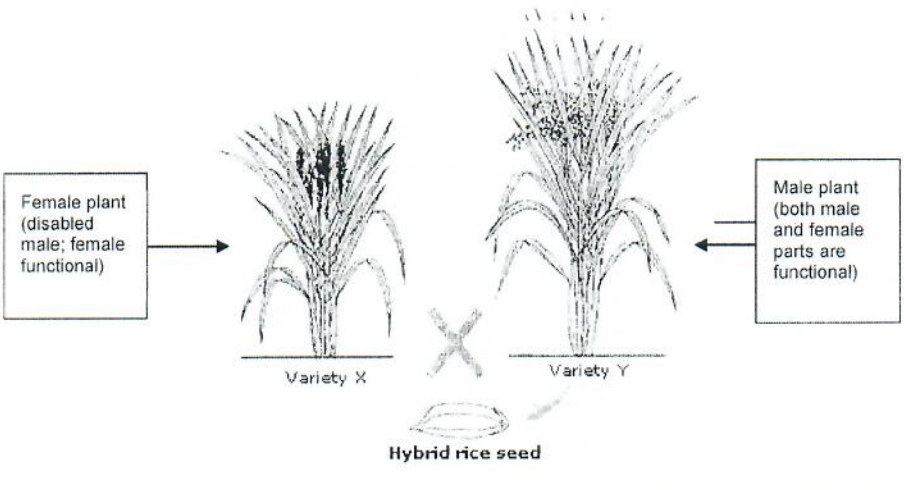
The rice that is consumed or used for cooking is technically the fruit of the rice plant which results from a sexual cross between the male and female organs of the plant. The reproductive parts of rice grow side by side in the flower of a single plant. Given that the plant can pollinate itself, the 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 3 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.

Figure 3. Inbred Rice from Self-Pollination



A "hybrid", on the other hand, is an offspring that comes from cross-breeding two genetically different individuals, as seen in Figure 4 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 4. 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.

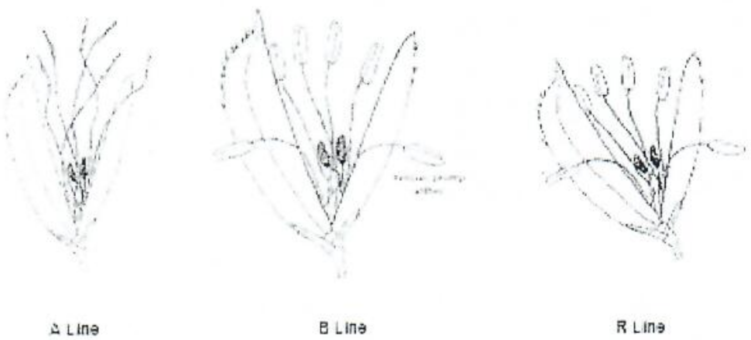
Knowledge about the phenomenon of heterosis in rice has been developed for a number of decades but its application has been hampered by the self-pollinating characteristics of the plant. Since each plant consists of both male and female parts (versus a male plant and a female plant), even if one brings 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.

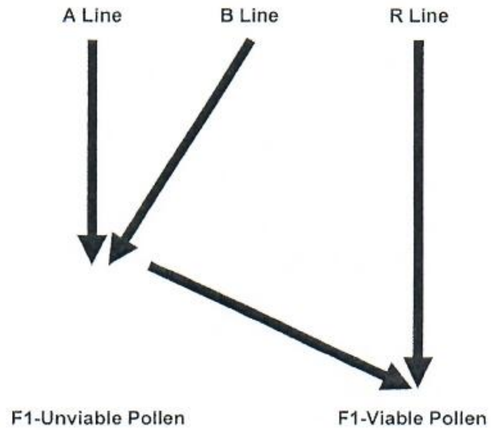
Using the CMS A-line, the group of Professor Yuan Longping successfully forged a hybrid combination using a Restorer line ("R line"), which is genetically different from the A-line. The R-line restores the fertility of the pollen in the offspring. The offspring in turn, is the source of the first generation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

Figure 5. 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 6 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 6. 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 years, the Company has spent a total of approximately ₱1.7 billion 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, SL-12H, SL-16H SL-18H, SL-19H& SL-20H the Company is developing the following varieties: SLs 24, 25, 26, 28, 30, 39, 42, 56,58 & 59.

The latter are hybrid rice seeds that have been initially determined as viable having been 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, 9 and other developed varieties..

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.

Step by Step Process in Seed and Rice Propagation per Hectare

Steps	Duration (Hours) Hybrid Seed	Hybrid Rice	Number of Workers
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			
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

Step by Step Process in Seed and Rice Propagation per Hectare			
	Duration (Hours)		
Steps	Hybrid Seed	Hybrid Rice	Number of Workers
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.

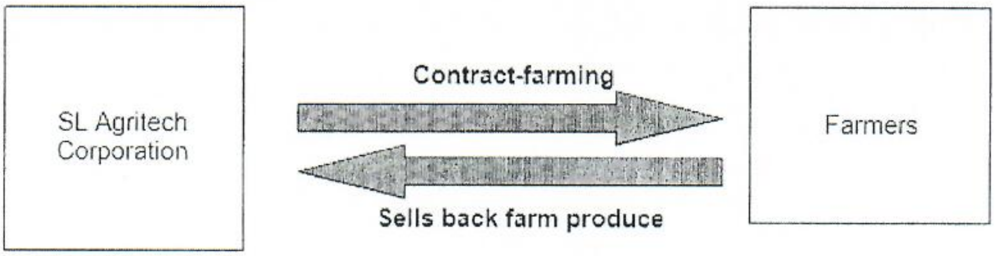
Economic Comparison of Hybrid and Inbred Seeds				
	Hybrid			Inbred
Yield per hectare (kgs.)	8,000 (Low-end)	10,500 (Average)	13,000 (High-end)	5,000 (High-end)
In Philippine pesos (₱)				
Sales price per kg.	17	17	17	17
Total Sales	**136,000**	**178,500**	**221,000**	**85,000**
Production Costs				
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
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
Total Costs	**53,680**	**54,080**	**54,680**	**44,245**

Economic Comparison of Hybrid and Inbred Seeds				
Yield per hectare (kgs.)	Hybrid			Inbred
	8,000 (Low-end)	10,500 (Average)	13,000 (High-end)	5,000 (High-end)
Net Income	**82,320**	**124,420**	**166,320**	**40,755**
Return on Investment	**153%**	**230%**	**304%**	**92%**

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.

Figure 7. 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

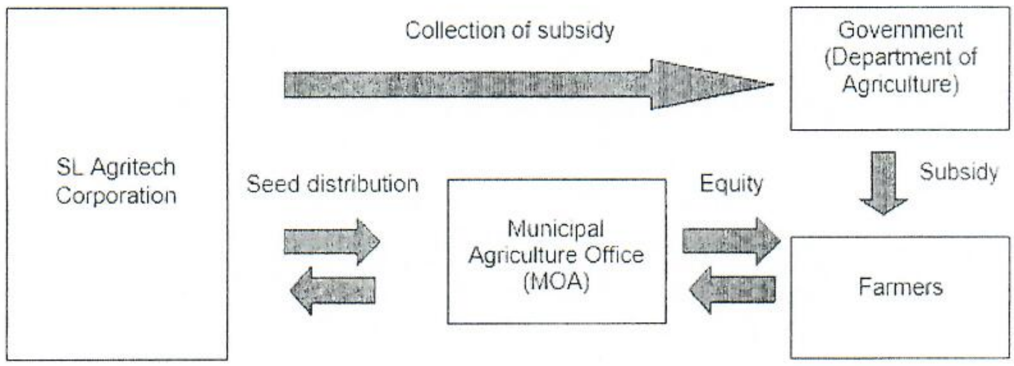
SL-8H seeds are currently commercially available and accessible to farmers nationwide. Aside from dealers and the Irrigator's Association, the seeds are also available through the MAO, who are currently responsible for the distribution of the seeds to the farmers. The selection of MAO is comprised of 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.

Figure 8. 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. Early this year, 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.

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, makeup 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

Table 11. Competitive Space and Price Points

Company	Variety	Pack Size	SRP	Cost/kl	Per ha.
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 of 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 Davao and Laguna. 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 report, the Company has developed nine hybrid rice seed varieties and nine 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 and social media 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 and social media advertisements, booths, technical farm demonstration, and sampling to further introduce its products to the market. The Company has also developed the brands "Doña Maria" and "Cherry Blossom" 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 Report.

TRANSACTIONS WITH OR DEPENDENCE ON RELATED PARTIES

Related party transactions are made under 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).

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

a. As of May 31, 2021, 2020 and 2019, the Company, in its normal course of business, has outstanding operational non-interest bearing advances to SPPI which aggregated to nil, ₱203,306,490 and ₱224,791,530, respectively.

b. As of May 31, 2021, the Company, has outstanding operational non-interest bearing advances to SLBT which aggregated to ₱27,034,335.

c. At fiscal year ending May 31, 2021, the Company has outstanding receivables arising from sale of seeds and rice products with SL Agrifood Corporation ₱103,486. The foregoing entities have common shareholders with the Company.

d. As of May 31, 2021, the company has advances to it's associates in India, Pt. Sterling Agritech Indonesia amounting to ₱ 67,838,812.

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 years ended May 31, 2021, 2020 and 2019. 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 Report, the Company has registered the following trademarks and/or copyrights with relevant authorities:

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

	Culture and the Arts)		
January 10, 2005	Copyright Registration and Deposit of Doña Maria Jasponica Rice (National Commission for Culture and the Arts)	Created and Published: October 28, 2004	Lifetime of the author and for fifty (50) years after his death.
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.
October 2, 2006	Trademark: SL-8H (Bureau of Trademarks)	For rice.	Ten (10) years; until October 2, 2016.
October 2, 2006	Trademark: SL-7H (Bureau of Trademarks)	For rice.	Ten (10) years; until October 2, 2016.
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, 2008	Certificate of Plant Variety Protection to SL-9H(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 18, 2008	Certificate of Plant Variety Protection to SL-7R(Bureau of		Twenty (20) years from December 18, 2008, unless sooner voided

	Plant Industry, Philippines)		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)		
December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-18R (Bureau of Plant Industry, Philippines)		
December 15, 2011	Provisional Certificate of Plant Variety Protection to SL-11H (Bureau of Plant Industry, Philippines)		
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 to SL-1B(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-8R(Centre of Plant Varieties		Twenty (20) years from October 9, 2009, unless sooner voided or cancelled as

	Protection, Indonesia)		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.
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, 2007	Trademark: Gintong Butil & Device (Intellectual Property Office)		Until September 10, 2016 unless sooner cancelled in accordance with laws and regulations.

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.
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.
October 2, 2006	Trademark: SL-7H (Intellectual Property Office)		Until October 2, 2016 unless sooner cancelled in accordance with laws and regulations. Renewal has been applied for but is pending approval.
October 2, 2006	Trademark: SL-8H (Intellectual Property Office)		Until October 2, 2016 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: Doña Maria (UAE Ministry of Economy TM Department)		February 12, 2024 Status: Registered
Sep. 16, 2014	Trademark: Doña Maria (Taiwan IPO)		Sep. 15, 2024 Status: Registered
Sep. 16, 2014	Trademark: Jasponica(Taiwan IPO)		Sep. 15, 2024 Status: Registered
Sep. 16, 2014	Trademark: Miponica(Taiwan IPO)		Sep. 15, 2024 Status: Registered
April 28, 2015	Trademark: Doña 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: Doña 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: Doña Maria (HK IPO)		February 9, 2024 Status: Registered
November 23, 2019	SL-19H (NSIC Registered)	For Rice.	
November 21, 2019	SL-20H (NSIC Registered)	For Rice.	

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:

REGULATORY PERMITS	ISSUE DATE	EXPIRY DATE
Department of Environment and Natural Resources Environment Compliance Certificate (Talavera, Nueva Ecija) Drying, Milling, and Warehousing	**January 7, 2011**	**No expiration**

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

As of the date of this Report, SLAC employs 160 officers and 586 rank-and-file employees. Presently, SLAC has no existing collective bargaining agreement with its employees. Furthermore, SLAC employees are not part of any organized labor organizations.

Over the years the SLAC management has maintained a harmonious relationship with the employees. 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.

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.

Properties

DESCRIPTION OF PROPERTIES

Bagong Silang, Talavera, Nueva Ecija

A parcel of land situated in Bagong Silang, Talavera, Nueva Ecija containing an area of of 6 hectares with at least 35 meters-wide frontage. This is also the major site used for producing Doña Maria rice. A 1600MT-grain silo is expected to be operational by end of March 2019 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 6-hectare 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 Page 98 production. The construction and development of the site was fully consummated on the year 2018.

Victoria, Tarlac

A newly acquired parcel of land with area of 81,264 square meters. In this site will soon rise 10,000 tons capacity of Rice Mill. The construction and development shall be completed on year 2020. The site in Tarlac is strategically located in Central Luzon which is known to be the Rice Granary of the Philippines.

Currently, the Company only holds the Contract to Sell for the property. The transferring of the title to the company's name is still being processed.

Leased Properties

Aside from the properties owned by the Company, it also leases agricultural land in Lupon, Davao Oriental with an area of 316 hectares for purposes of seed production. The lease term ranges from three (3) months to one (1) year. The monthly rent payment on these operating lease ranges from ₱40,000 to ₱65,000 per hectare per cropping season. They also leased a warehouse in Sterling Business Park Marilao Bulacan for 20 years.

Future Acquisition

The Company has plans to expand its properties in Nueva Ecija and Tarlac for purposes of expansion of its seed and rice production and construction of warehouses. Acquisition of the expansion of the said properties would cost an estimate of Php500M to Php800M and will be funded through equity and bank loans.

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.

Item 3. Legal Proceedings

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.

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

The stockholders' meeting of the Company was held last March 5, 2021 at Sterling Place, 2302 Pasong Tamo Extension, Makati City,. At the said meeting, the following were presented and approved by the stockholders present representing majority of the outstanding shares entitled to vote:

(a) Approval of the Minutes of the Regular Meeting of the Stockholders;
(b) Management's Report;
(c) Presentation and approval of the Financial Statements as of May 31, 2021;
(d) Confirmation and Ratification of acts of the Board of Directors and Officers;
(e) Election for Officers of the Company;
(f) Confirmation of Appointment of the external auditor;
(g) Ratification of the approval of the Board of Directors to increase the authorized capital stock;

The following were elected as Officers of the Company for the year 2020-2021, namely:

- Henry Lim Bon Liong – Chairman/President
- Gerry Lim Bon Hiong – Executive Vice President / CFO
- Christine P. Base - Corporate Secretary

Other than those matters mentioned above, there are no other matters submitted to a vote by the security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Dividend History for the last three (3) years

2017

On May 12, 2017, the BOD of the Company authorized the declaration of stock dividends amounting to Six Hundred Twenty-Five Million (625,000,000) shares with a par value of P1.00.

2018

On May 31, 2018, the BOD authorized the appropriation of retained earnings amounting to Four Hundred Fifty Million (450,000,000) which was subsequently declared as stock dividends on June 29, 2018.

The stockholders approved the declaration of stock dividends on December 28, 2018.

There are no additional dividend declarations as of May 31, 2019.

2019

On June 27, 2019, out of the increase in the authorized capital stock, at least 25% or Php1,075,000,000 has been fully paid through stock dividends and distributed.

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.
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.

Item 6. Management's Discussion and Analysis or Plan 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. This 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 audited consolidated financial statements for the years ended May 31, 2021, 2020 and 2019.

The Company's financial statements were audited by Sycip, Gorres, & Velayo for 2021, 2020 and 2019, in accordance with Philippine Financial Reporting Standards.

In Php Millions, except for per share amounts

Audited	**As of and for the years ended May 31**		
Income Statement Data:	2021	2020	2019
Revenues........................	**8,121,647,115**	**5,294,197,161**	4,851,769,557
Cost of Sales.....................	**6,006,386,273**	**3,405,694,327**	3,115,894,392
Net Profit..........................	**2,115,260,842**	**1,888,502,834**	1,735,875,165
Balance Sheet Data:			
Current Assets..................	**12,932,729,173**	**12,873,212,731**	9,453,183,397
Noncurrent Assets..............	**5,218,122,395**	**3,979,095,135**	3,028,180,689
Total Assets.....................	**18,150,851,568**	**16,762,307,866**	12,481,364,086
Total Liabilities..................	**13,561,296,737**	**12,746,285,173**	8,987,016,877
Stockholders' Equity...........	**4,598,235,568**	**4,021,179,421**	3,497,383,403
Non-Controlling Interest.......	**(8,680,737)**	**(5,156,728)**	(3,036,194)
Earnings per share- adjusted...	0.26	0.24	0.25
Book Value per share...........	2.04	1.78	2.97

OVERVIEW

The increasing population coupled with the effect of climate change and the quest for rice sufficiency has forced the Government to focus on modern farming technology such as the use of hybrid rice seeds that has been proven to deliver high yield and good tasting quality rice. Being the market leader in this segment, SLAC was able to post gains in its sales and net income for the last three fiscal years. From fiscal years 2020 to 2021's, the Company's net sales increased by an average rate of 53.26%. On the other hand, net income for the same three-year period significantly increased by an average rate of 3.23%.

As SLAC continues to expand its network of customers here and abroad, the Company expects to continually grow its revenues and profits. Its hybrid rice varieties continue to be the "farmer's choice" and has gained market leadership with its competitors lagging behind. Doña Maria rice brand dominates the premium rice market and started to gain consumer preference abroad. 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. Management believes that growth opportunity for the Company is wide as it expands its operations beyond Philippine borders.

RESULTS OF OPERATIONS

Fiscal year ended May 31, 2021 compared to fiscal year ended May 31, 2020

Net Sales for the current fiscal year amounted to ₱6.08 billion, which is higher by 53.26% in comparison to last year's ₱3.96 billion, arising from the Covid19 pandemic situation.

Cost of Sales in fiscal year 2021 amounting ₱4.60 billion from ₱2.51 billion in fiscal year 2020 or an increase of 83.09%.

Fair value measurement at year-end resulted to a change in fair value gain from last year's ₱1.33 million to ₱2.05 million for the current year.

The Company's equity share in the Indonesian associate generated a net loss of P3.29 million during the year compared to last year's share in income of ₱7.56 million.

A 4.72% increase in finance cost from ₱711.90 million to ₱745.53 million was recorded during the current period. The increase in finance cost was due to increased working capital requirement for the expected high sales volume in the year.

Accretion income decreased by 39.09% from ₱76.39 million on 2021 to ₱125.42 million on 2020.

Deposit accounts in various banks of SLAC earned finance income of ₱1.61 million and ₱1.58 million in 2020 and 2021 respectively.

Foreign exchange gains of ₱2.12 million in 2021 and ₱3.08 million in 2020 arose from regular foreign currency transactions by the Company.

Operating Expense increased by 12.81% from ₱868.98 million on 2021 to ₱770.29 million on 2020.

The Company enjoys income tax holidays resulting from its registration with the Board of Investment under the Investment Priority Plan. Income tax expense reflected in the Income Statements comprise of final tax incurred on interest income on savings deposits of the Company and regular income tax on its non-BOI registered activity.

As a result of the foregoing, the Company's net income increased by 8.56%. Net income was at ₱527.07 million in 2020 and ₱572.20 million in 2021.

Material Changes to the Company's Audited Income Statement as of Fiscal Year ended May 31, 2021 compared to the Audited Income Statement as of Fiscal Year ended May 31, 2020 (increase/decrease of 5% or more)

53.26% increase in Net Sales
Higher sales volume of SLAC's hybrid rice seeds and premium rice products was due to COVID19 pandemic.

83.09% increase in Cost of Sales
Lower sales volume of SLAC's hybrid rice seeds and premium rice products

53.84% increase in Fair value gains
Fair value measurement on inventory.

56.54% change in Equity Share in Net Income (loss) of Associate
Decrease in revenue from operations in Indonesia

39.09% decrease in accretion income
Increased sales to trade customers.

31.06% decrease in Foreign Exchange Gain
Changes in foreign exchange rate on dollar denominated transactions.

12.81% increase in Operating Expenses
Increase of Sales Volume.

Fiscal year ended May 31, 2020 compared to fiscal year ended May 31, 2019

Net sales for the current fiscal year amounted to ₱3.96 billion, which is lower by 2.79% in comparison to last year's ₱4.08 billion, arising from the Covid19 pandemic situation.

Cost of Sales in fiscal year 2020 amounting ₱2.51 billion from ₱2.44 billion in fiscal year 2019 or an increase of 3.11%.

Fair value measurement at year-end resulted to a change in fair value gain from last year's ₱773.43 million to ₱1.33 billion for the current year.

The Company's equity share in the Indonesian associate generated a net loss of P7.56 million during the year compared to last year's share in income of ₱1.33 million.

A 37.93% increase in finance cost from ₱516.13 million to ₱711.90 million was recorded during the current period. The increase in finance cost was due to increased working capital requirement for the expected high sales volume in the year.

Accretion income increased by 64.88% from ₱125.42 million on 2020 to ₱76.06 million on 2019.

Deposit accounts in various banks of SLAC earned finance income of ₱1.19 million and ₱1.61 million in 2019 and 2020 respectively.

Foreign exchange gains of ₱3.08 million in 2020 and ₱.74 million in 2019 arose from regular foreign currency transactions by the Company.

The Company enjoys income tax holidays resulting from its registration with the Board of Investment under the Investment Priority Plan. Income tax expense reflected in the

Income Statements comprise of final tax incurred on interest income on savings deposits of the Company and regular income tax on its non-BOI registered activity.

As a result of the foregoing, the Company's net income decreased by 4.91%. Net income was at ₱554.31 million in 2019 and ₱527.07 million in 2020.

Material Changes to the Company's Audited Income Statement as of Fiscal Year ended May 31, 2020 compared to the Audited Income Statement as of Fiscal Year ended May 31, 2019 (increase/decrease of 5% or more)

71.89% increase in Fair value gains
Fair value measurement on inventory.

667.49% change in Equity Share in Net Income (loss) of Associate
Decrease in revenue from operations in Indonesia

34.66% increase in Finance income
Interest income from bank accounts

37.93% increase in Finance Cost
Increase in working capital requirement

64.88% increase in accretion income
Increased sales to trade customers.

316.35% increase in Foreign Exchange Gain
Changes in foreign exchange rate on dollar denominated transactions.

FINANCIAL CONDITION

Fiscal year ended May 31, 2021 compared to fiscal year ended May 31, 2020

Change in total assets from ₱16.76 billion on May 31, 2020 to ₱18.15 billion as of May 31, 2021.

The Company's net receivables increased by ₱545.08 million from ₱5.20 billion in fiscal year 2020 to ₱5.75 billion in fiscal year 2021. The increase in receivables is due to the sales generated in fiscal year 2021.

Inventories increased by ₱629.64 million or 11.10% from ₱5.67 billion to ₱6.30 billion as of May 31, 2021.

Prepayments and other currents assets decreased by ₱342.88 million or 66.04% from ₱519.21 million in fiscal year 2020 to ₱176.33 million in fiscal year 2021.

Security deposits increased by ₱7.03 million from ₱29.50 million in fiscal year 2020 to ₱36.52 million in fiscal year 2021.

Accounts and other payables increased by ₱2.05 million from ₱291.74 million in 2020 and ₱293.79 million for May 31, 2021.

The Company availed its Trust Receipts ("TR") facilities made available by local banks to procure imported and local raw materials to be used in its production. TR payable decreased by 4.70% from ₱995.34 million in fiscal year 2020 to ₱948.59 million in fiscal year 2021.

For the fiscal year 2021, short-term notes payable increased by 8.08% or ₱837.48 million from fiscal year 2020 ₱10.36 billion to ₱11.20 billion in fiscal year 2021. These notes have maturity dates ranging from (3) three months to (1) one year.

The Company maintains an unfunded noncontributory defined benefit plan type of retirement plan which substantially covers all of its employees based on the minimum contribution required by law. Pension Liability account increased by ₱7.08 million from ₱43.52 million in fiscal year 2020 to ₱50.60 million in fiscal year 2021, the increase is brought about by adjustments based on the latest actuarial valuation conducted.

Stockholders' equity grew by 14.28% from fiscal year 2020's balance of ₱4.02 billion to ₱4.59 billion in fiscal year 2021. The increase was primarily due to profitable operations of the Company.

Material Changes to the Company's pro-forma Balance Sheet as of Fiscal Year ended May 31, 2021 compared to the pro-forma Balance Sheet as of Fiscal Year ended May 31, 2020 (increase/decrease of 5% or more)

10.48% decrease in Receivables - net
Due to sales revenue generated by the Company's Seeds Division.

11.10% increase in Inventories
Production volume

66.04% decrease in Prepayments and other currents assets
The group entered into contracts of operating lease.

6.32% increase in Investment in Associate
Additional advances for working capital.

27.92% increase in Property Plant and Equipment
The group entered into an agreement for the lease of office and warehouse building.

23.82% increase in Security deposits
Payment for escrow deposit

8.08% increase in Short-term notes payable
Loan availment for working capital requirements

11.66% increase in Long term Loan Payable
Loan availment for capital expenditure

16.27% increase in Pension liability
Increase based on the latest actuarial assessment.

FINANCIAL CONDITION

Fiscal year ended May 31, 2020 compared to fiscal year ended May 31, 2019

Change in total assets from ₱12.48 billion on May 31, 2019 to ₱16.76 billion as of May 31, 2020.

The Company's net receivables increased by ₱1.06 million or 26.56% from ₱4.14 billion in fiscal year 2019 to ₱5.20 billion in fiscal year 2020. The increase in receivables is due to the sales generated in fiscal year 2020.

Inventories increased by ₱551.92 million or 10.77% from ₱5.12 billion to ₱5.67 billion as of May 31, 2020.

Prepayments and other currents assets increased by ₱355.86 million or 217.85% from ₱163.35 million in fiscal year 2019 to ₱519.21 million in fiscal year 2020.

Security deposits increased by ₱12.36 million from ₱17.14 million in fiscal year 2019 to ₱29.50 million in fiscal year 2020.

Accounts and other payables decreased by ₱50.57 million from ₱241.16 million in 2019 and ₱291.74 million for May 31, 2020.

The Company availed its Trust Receipts ("TR") facilities made available by local banks to procure imported and local raw materials to be used in its production. TR payable increased by 22.19% from ₱814.58 million in fiscal year 2019 to ₱995.34 million in fiscal year 2020.

For the fiscal year 2020, short-term notes payable increased by 41.16% or ₱3.02 billion from fiscal year 2019 ₱7.34 billion to ₱10.36 billion in fiscal year 2020. These notes have maturity dates ranging from (3) three months to (1) one year.

The Company maintains an unfunded noncontributory defined benefit plan type of retirement plan which substantially covers all of its employees based on the minimum contribution required by law. Pension Liability account increased by ₱14.62 million from ₱28.90 million in fiscal year 2019 to ₱43.52 million in fiscal year 2020, the increase is brought about by adjustments based on the latest actuarial valuation conducted.

Stockholders' equity grew by 14.93% from fiscal year 2019's balance of ₱3.49 billion to ₱4.02 billion in fiscal year 2020. The increase was primarily due to profitable operations of the Company.

Material Changes to the Company's pro-forma Balance Sheet as of Fiscal Year ended May 31, 2020 compared to the pro-forma Balance Sheet as of Fiscal Year ended May 31, 2019 (increase/decrease of 5% or more)

373.67% increase in Cash and Cash Equivalents

34.29% increase in Receivables - net
Due to sales revenue generated by the Company's Seeds Division.

10.77% increase in Inventories
Production volume

217.85% increase in Prepayments and other currents assets

95.08% decrease in Other NonCurrent Assets

120.18% increase in Investment in Associate
Advances to associates

20.97% decrease in Accounts and other payable

22.19% increase in Trust receipts payable
Loan Availments from Bank facility

41.16% increase in Short-term notes payable
Loan availment for working capital requirements

50.60% increase in Pension liability
Increase based on the latest actuarial assessment.

There are no other material changes in the Company's financial position (5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition of the Company.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way. The Company does not anticipate having any cash flow or liquidity problems. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, events or uncertainties that have had or that are reasonably expected to have a material impact on the continuing operations of the Company.

There are no material amounts affecting assets, liabilities, equity, net income or cash flows that are unusual in nature; neither are there changes in estimates of amounts reported in prior interim period of the current financial year.

LIQUIDITY AND CAPITAL RESOURCES

In the years 2021, 2020 and 2019, 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 2021, 2020, and 2019. In addition, the Company repaid some loans in all the periods under review. As of fiscal year ended May 31, 2021, the Company's cash and cash equivalents totaled ₱ 1.33 billion.

Cash Flows

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

	For the years ended May 31 (audited)		
Cash Flow	**2021**	**2020**	**2019**
Net cash provided by (used in) operating activities	₱125,439,821	(₱ 877,091,425)	(₱ 1,021,995,323)
Net cash provided by (used in) investing activities	(₱ 950,392,619)	(₱ 1,438,409,624)	(₱ 288,568,227)
Net cash provided by (used in) financing activities	769,136,211	3,409,210,498	1,009,811,946

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:

	As of and for the years ended May 31		
	2021	**2020**	**2019**
Current Ratio[1]	1.01	1.07	1.11
Debt to Equity Ratio[2]	2.95	3.17	2.57
Earnings per Share[3]	0.26	0.24	0.25
Earnings before Interest and Taxes[4]	1,246.29M	1,118.22M	997.75M
Return on Equity[5]	12.47%	13.12%	15.86%

Notes:

(1) Current Assets/Current Liabilities

(2) Total Liabilities/Stockholder's Equity
(3) Net Income/Outstanding Shares
(4) Net Income plus Interest Expenses and Provision for Income Tax
(5) Net Income/Total Stockholders' Equity
(6) 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.

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.

Significant Accounting Policies

Current versus Non-current Classification
The Group presents assets and liabilities in consolidated 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 within 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 within 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 Group classifies all other liabilities as non-current.

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

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 Group.

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

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

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group 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 Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

Financial Instruments - initial recognition and subsequent measurement

Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

a. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in the accounting policy on revenue from contracts with customers.

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

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

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

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Group's financial assets at amortized cost include cash, receivables and security deposits.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

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

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

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

For cash in bank, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's, and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs).

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables from sale of seeds in default depending on the credit arrangements with customers with terms ranging from 11 to 24 months from the date of sale. The Group considers trade receivables from sale of rice in default depending on the customer's profile with terms ranging from 30 days to 12 months from the date of sale. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

a. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include "Accounts and other payables", "Trust receipts payable", "Short-term debt", "Long-term debt", and "Lease liabilities".

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Loans and borrowings and other payables at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category generally applies to "Accounts and other payables" other than payable to government agencies, which is covered by other accounting standard, "Short-term debt", "Long-term debt", "Trust receipts payable", and "Lease liabilities".

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

'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 Group 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 Group determines the appropriate method of recognizing the 'Day 1' profit or loss amount.

<u>Inventories</u>
Milled rice
The Group uses moving average costing method to account for milled rice inventories and is stated at lower of cost and net realizable value (NRV). The cost of processed milled rice inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor, certain freight and warehousing cost, indirect production and overhead cost.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Agricultural produce
The Group's harvested agricultural produce (i.e. hybrid rice seeds and semi-finished seeds) are measured at fair value at point of harvest based on the most reliable estimated selling prices, in both local and international markets at the point of harvest reduced by cost to sell and adjusted for margin related production, recorded under "Inventories". Agricultural produce are the harvested products from the Group's biological assets. A harvest occurs when the biological asset's life processes cease.

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 present location and condition. Point-of-sale costs exclude transport and other costs necessary to get the agricultural produce to a market. Gains and losses arising from changes in fair values are included in the consolidated statement of comprehensive income for the period in which they arise under "Change in fair value less estimated costs to sell of agricultural produce and biological assets" under Revenue.

Agricultural and supplies inventories
Agricultural and supplies inventories (i.e. packaging materials, fertilizers and chemicals) are valued at the lower of cost and NRV. Costs are determined using the moving average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Dried palay
Dried palay are valued at the lower of cost and 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 freight in.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

<u>Biological Assets</u>
The biological assets of the Group consist of parental line and hybrid seeds growing crops.

The Group's growing or unharvested produce are measured at their fair value from the time of maturity of the seeds until harvest. The Group estimates the fair value of unharvested agricultural produce using the future selling price and gross margin of finished goods less future growing costs applied to the estimated volume of harvest and adjusted for margin related to production. Gains and losses arising from changes in fair values are included in the statement of comprehensive income under "Change in fair values less estimated costs to sell of agricultural produce and biological assets" under Revenue.

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. The initial costs of property and equipment consist of its construction cost or purchase price including non-refundable taxes, import duties and taxes, and any directly attributable costs of bringing the property and equipment to working condition and location for its intended use.

Effective June 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group's leases are accounted for as either operating or finance leases in accordance with PAS 17, with operating leases, not being recorded on the consolidated statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation commences once the property and equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Right-of-use asset	5 to 20 years or lease term, whichever is lower
Machinery and equipment	5
Office equipment	5
Transportation equipment	5
Tools and equipment	5
Warehouse	5
Furniture and fixtures	2

Subsequent costs are capitalized as part of property and equipment only when it is probable that economic benefits associated with the item will flow to the Group and the cost of the property and equipment can be measured reliably. All other repairs and maintenance costs are charged to current operations as incurred.

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 consolidated 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 consolidated statements 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.

Intangible Asset

An intangible asset acquired separately is measured at cost on initial recognition. Following initial recognition, an intangible asset is carried at cost less any accumulated amortization and any accumulated impairment loss. The useful life of an intangible asset is assessed at the individual asset level as either finite or indefinite.

An intangible asset with finite life is amortized over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

An intangible asset with indefinite useful life is tested for impairment annually either individually or at the CGU level. Such intangible asset is not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The amortization of the license is calculated on a straight-line basis over its estimated useful life which is six (6) years based on the term of agreement.

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

The Group's intangible assets consist of development costs and license fee granted by the International Rice Research Institute (IRRI) for the use, reproduction and trading of hybrid rice seeds.

Development Cost

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the consolidated statement of comprehensive income.

Development expenditures refer to hybrid seeds development cost. Development expenditures on an individual project are recognized as an intangible asset when the Group 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 Group capitalizes hybrid seed development costs once management deems a hybrid seed is probable of being commercially viable. This 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 asset is 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. If upon reassessment, the period of expected future benefit has changed from original estimations, then related amortization is being accelerated or adjusted prospectively.

Subsequent expenditures are capitalized only when these increases the future economic benefits embodied in the specific asses to which it relates.

Development costs are amortized on a straight-line basis over the EUL of twenty (20) years. Amortization of "Development costs" is recorded in consolidated statements of comprehensive income under "Cost of sales" account in profit or loss and "Inventories" in the consolidated statements of financial position. During the period of development, the hybrid seeds development cost is tested for impairment annually.

Investment in and Advances to an Associate

Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Investments in an associate is accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate is carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less dividends declared and impairment in value. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate.

The consolidated statements of comprehensive income reflect the Group's share in the results of operations of its associate. This is included in the "Equity share in net income (losses) of an associate" account in profit or loss. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statements of changes in equity.

The end of the reporting period of the Parent Company is different from that of the associate, hence, the associate prepares, for the use of the Parent Company, financial statements as of the same date as the financial statements of the Parent Company. Moreover, the accounting policies of the associate conform to those used by the Parent Company for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at fair value and will subsequently be measured using the policy on financial assets. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Prepaid Expenses

Prepaid expenses are being reduced on a monthly basis by the amount already expensed for the period.

Deposit for Future Investment

Deposit for future investment pertain to the Group's share in an undivided interest on unincorporated joint venture and is accounted for by the management as outside the scope of PFRS 11, *Joint Arrangements* and shown as part of other non-current asset. This is recorded based on the cost of deposit and is presented as part of other non-current asset.

Impairment of Nonfinancial Assets

The Group assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group 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 consolidated 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 consolidated statements 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.

This accounting policy applies primarily to the Group's property and equipment, investment in associate, and development costs.

Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine Peso at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Philippine Peso using monthly average exchange rates.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation adjustment in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, or joint control is lost, the cumulative amount in the translation adjustment related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of comprehensive income.

When the settlement of a monetary item that is a receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the translation adjustment in equity.

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.

Deferred tax liabilities are recognized for all taxable temporary differences and 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.

Deferred tax relating to items recognized in OCI or directly in equity is recognized in the consolidated statement of comprehensive income and consolidated statement of changes in equity and not in profit or loss.

The Group does not recognize deferred tax on temporary differences which are expected to reverse for periods where Income Tax Holiday (ITH) is in effect (Notes 25 and 28).

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.

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

Provisions

Provisions are recognized only when the Group 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.

Deposit for Future Stock Subscription

Deposits for future stock subscriptions (DFFS) represent the amount paid by the stockholders for future stock issuances of the Parent Company. When obligations are payable in fixed number of shares, these are classified under equity as a separate account if and only if, all of the following elements are present as of end of the reporting period, otherwise, these are classified as liabilities:

(a) the unissued authorized capital stock of the entity is insufficient to cover the amount of shares
indicated in the contract;
(b) there is BOD approval on the proposed increase in authorized capital stock (for which a
deposit was received by the corporation);
(c) there is stockholders' approval of said proposed increase; and
(d) the application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

DFFS is transferred to equity upon presentation or filing of the Parent Company's application for increase in authorized capital stock to the SEC.

Pension Liability

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 (if any) 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 Group'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) current service cost;
(b) interest on the defined benefit liability; and
(c) remeasurements of defined benefit liability.

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

Interest on the defined benefit liability or asset is the change during the period in the 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 defined benefit liability or asset. Interest on the net defined benefit liability or asset is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in "Remeasurement gains (losses) on pension liability" account presented in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Termination Benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognized related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term benefits.

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Leases (Effective June 1, 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

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

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of agricultural land, vehicles and warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Leases (Prior to June 1, 2019)</u>
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Basic/Diluted Earnings Per Share

Basic Earnings Per Share (EPS)

Basic EPS is calculated by dividing net income for the year attributable to common shareholders of the Group by the weighted average number of common shares outstanding during the year, with the retroactive adjustments for any stock dividends declared.

Diluted EPS

Diluted EPS amounts are calculated by dividing the net income attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all dilutive ordinary shares into ordinary shares.

Equity

Capital stock is measured at par value for all shares issued. When the Group 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.

Stock dividends distributable pertain to stock dividends declared but are not yet issued, pending the approval of the SEC.

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

Revenue from Contracts with Customers

Revenue from sale of products

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group recognizes revenue from sale of hybrid seeds and rice upon receipt of goods by the customers. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in majority of its revenue arrangements.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration and the existence of significant financing component.

i. Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of products provide customers with a right of return. The rights of return give rise to variable consideration. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

ii. Significant financing component

The Group's credit term for seeds receivables ranges from eleven (11) months to twenty-four (24) months. There is a significant financing component for these contracts considering the length of time between the customer's payment and the transfer of good, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. The difference between the contracted sales price and discounted transaction price is offset against the receivables in the statement of financial position. This is accreted using the effective interest rate method and presented as accretion income in the statement of comprehensive income.

The Group applies the practical expedient for short-term receivables. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good and the payment is one year or less.

The disclosures of significant accounting judgments and the use of estimates relating to revenue from contracts with customers are provided in Note 5.

Finance income

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

Other Comprehensive Income (OCI)

OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. The Group has recognized OCI for the years ended May 31, 2021, 2020 and 2019 pertaining to remeasurement gains and losses arising on defined benefit obligation adjustment which cannot be reclassified to profit or loss in future periods. During the years ended May 31, 2021, 2020 and 2019, the Group has recognized OCI item on cumulative translation adjustment of the Subsidiaries' account balances which can be recycled to profit or loss in future periods.

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 products to their present location and condition. These costs include the costs of direct material, labor and overhead costs. Cost of sales is recognized as expense when the related goods are sold and delivered.

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

Operating Segment
The Group'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 Group's consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated 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 consolidated 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 Group's position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to the consolidated financial statements, when material.

EXTERNAL AUDIT FEES AND SERVICES

The financial statements of the Company for the periods ended May 31, 2021, 2020 and 2019 appearing in this Report 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, 2021, 2020 and 2019 is Ms. Jennifer 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 Php 7,392,000.00 inclusive of taxes.

Type of Service	Aggregate		Nature of Service
	2021	2020	
Audit and Audit Related Fees	Php3,942,400	Php3,449,600	Audit of the financial statements
Tax Fees	None	None	None
All Other Fees	None	None	None
Total External Audit Fees	Php3,942,400	Php3,449,600	

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 contract
s generally consist of Memorandum of Agreements with government agencies and different 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
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 Developmen t 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	If within 3 consecutiv e years, the total seed production is less than 1200 ha., the Parties may agree to terminate the

			after the amount of royalty is finalized by both Parties.	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.	
Nov. 28, 2020	Joint Venture Company for the Business activities of production, marketing and export of F2-type hybrid.	Yoma Agriculture Company Limited SL Agritech Corporation Waterstone Company Limited	A brand royalty of 5% shall be paid to SLAC on net sales (excludes any applicable tax) of hybrid rice branded as Doña Maria.	

Item 7. Financial Statements

Financial Statements and, if applicable, Pro forma Financial Statements meeting the requirements of Revised SRC Rule 68, as amended, Form and Content of Financial Statements, shall be furnished as specified therein.

Item 8. Changes in and Disagreements With Accountants 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.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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.

Name	Designation
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, 70, 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, 68, 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, 61, 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, 56, Filipino, is a Director of the Company since its inception. By profession, Mr. Ruben Lim Bon Siong is a Doctor of Medicine, specializing in Opthalmology. 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 Deparment of Opthalmology, as a Board Memberof the Philippine Board of Opthalmology, as a Senior Consultant in the Allied Opthalmic Consultants, as Vice President in the Philippine Academy of Opthalmology and 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, Unibersidad de Alcala de Heneras 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, 50, 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., 73, Filipino, Mr. Salvador is an independent director for SL Agritech Corporation since 2016 and 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 Lamoiyan 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., 62, Filipino, is an Independent Director of the Company. He is a member of the board of directors of Bases Conversion and Development Authority. Previously, he 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, 51, 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

Name	Position
Zhang Zhao Dong	Executive Vice President - Research and Development
Catalina B.Galura	Executive Vice President – Finance
Dr. Weijin Xu	Vice President- International Business Development
Michelle Lim Gankee	EVP -Sales and Marketing
Christopher Brian C. Lim	Vice President-Rice Operations
Zhang Zhicheng	General Manager – Seed Production

Zhang Zhao Dong, 69, 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, 67, Filipino, is an Executive 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. Weijin Xu, 56, 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 in 1989, and a Doctor of Philosophy in Plant Breeding and Bio Chemistry from the University of the Philippines in 1999.

Zhang Zhicheng, 42, Chinese, is the General Manager of the Seed Production of the Company 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.

Michelle Lim Gankee, 44, Filipino, Ms. Gankee is 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. where she has been 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 Dela 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, 42, Filipino, Mr. Lim 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 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 Dela Salle University in 2002, and his Masters 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.

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 which 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.

Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the 4th 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.

Item 10. Executive Compensation

EXECUTIVE COMPENSATION

Information as to the aggregate compensation during the last two (2) 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

Key management personnel of the Company include all officers with rank of Vice-President for Quality Assurance and Senior Vice-President for Operations.

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

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

	2021	2020	2019
Salaries and other short term employee benefits	₱ 6,744,000	₱ 6,744,000	₱ 5,861,216
Pension expense	2,233,418	2,233,418	2,317,450
	₱ 8,977,418	₱ 8,977,418	₱ 8,178,666

Compensation

SUMMARY COMPENSATION TABLE

Annual Compensation

(In millions)

	Compensation of Executive Officers and Directors (in thousand Pesos)				
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	2021				Php 15,387,639
	2020				Php 14,654,894
	2019				Php 14,654,894

All other officers and directors unnamed	2021				Php 3,222,293
	2020				Php 3,068,850
	2019				Php 3,068,850
Estimates in 2021					Php 15,387,639

The estimated executive compensation of Officers and directors named for fiscal year 2022 is about Php 15,387,639.

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 Corporation'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

Item 11. Security Ownership of Certain Beneficial Owners and Management

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 May 31, 2021:

Title of Class	Name of Beneficial Owner	No. of Shares	Percent
Common	Henry Lim Bon Liong	905,174,987	40.50%
Common	Joseph Lim Bon Huan	815,652,074	36.49%
Common	Gerry Lim Bon Hiong	357,600,000	16.00%
Common	Ruben Lim Bon Siong	156,450,000	7.00%
Common	Evelyn Lim	122,929	0.01%
Common	Pete Nicomedes Prado	4	0.00%
Common	Jesus T. Tanchangco Sr.	4	0.00%
Common	Gregorio Pio P. Catapang Jr.	2	0.00%
Common	Diosdado D. Salvador, Jr.	2	0.00%
TOTAL		**2,235,000,002**	**100.00%**

Title of Class	Name of Beneficial Owner	No. of Shares	Percent
Preferred	Henry Lim Bon Liong	7,087,500	40.50%
Preferred	Joseph Lim Bon Huan	6,385,750	36.49%
Preferred	Gerry Lim Bon Hiong	2,800,000	16.00%
Preferred	Ruben Lim Bon Siong	1,225,000	7.00%
Preferred	Evelyn Lim	1,750	0.01%
TOTAL		**17,500,000**	**100%**

The issuance of the STCPs 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 May 31, 2021:

Title of Class	Name, Address of Record Owner & Relationship with the Company	Name of Beneficial Owner and Relationship with the Record Owner	Citizen -ship	No. of Shares	Percentage
Common Preferred	Henry Lim Bon Liong 9 Bautista St. Corinthian Gardens, Quezon City Chairman, President & CEO	Same as the record owner	Filipino	905,174,987 7,087,500	40.50%
Common Preferred	Joseph Lim Bon Huan Director Swallow Drive, Greenmeadows Subd., Quezon City	Same as the record owner	Filipino	815,652,074 6,385,750	36.49%
Common Preferred	Gerry Lim Bon Hiong Director and Treasurer 30 Beetle St., valle Verde IV, Pasig City Director and Treasurer	Same as the record owner	Filipino	357,600,000 2,800,000	16.00%
Common Preferred	Ruben Lim Bon Siong Director 127 Lapu-Lapu St., Calookan City Director	Same as the record owner	Filipino	156,450,000 1,225,000	7.00%
TOTAL				2,252,375,311	99.99%

Security Ownership of Directors and Management

As of May 31, 2021, the Company's directors and key officers own ninety nine percent (99%) of the Company's issued and outstanding shares of common stock as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizen-ship	Percent of Class
Common Preferred	Henry Lim Bon Liong Chairman and President	905,174,987 7,087,500 Same as Record Owner	Filipino	40.50%
Common Preferred	Joseph Lim Bon Huan Director	815,652,074 6,385,750 Same as Record Owner	Filipino	36.49%
Common Preferred	Gerry Lim Bon Hiong Director and Treasurer	357,600,000 2,800,000 Same as Record Owner	Filipino	16.00%
Common Preferred	Ruben Lim Bon Siong Director	156,450,000 1,225,000 Same as Record Owner	Filipino	7.00%
Common Preferred	Evelyn Lim Director	122,929 1750 Same as Record Owner	Filipino	0.01%
Common	Diosdado C. Salvador, Jr. Independent Director	2 Same as Record	Filipino	0.00%
Common	Gregorio Pio P. Catapang Jr. Independent Director	2 Same as Record Owner	Filipino	0.00%
Common	Pete Nicomedes Prado	4	Filipino	0.00%

	Independent Director	Same as Record Owner		
Common	Jesus T. Tanchangco Sr. Independent Director	4 Same as Record Owner	Filipino	0.00%
TOTAL		2,252,500,002		100%

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

Item 12. Certain Relationships and Related Transactions

TRANSACTIONS WITH OR DEPENDENCE ON RELATED PARTIES

Related party transactions are made under 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).

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

a. As of May 31, 2021, 2020 and 2019, the Company, in its normal course of business, has outstanding operational non-interest bearing advances to SPPI which aggregated to nil, ₱203,306,490 and ₱224,791,530, respectively.

b. As of May 31, 2021, the Company, has outstanding operational non-interest bearing advances to SLBT which aggregated to ₱27,034,335.

c. At fiscal year ending May 31, 2021, the Company has outstanding receivables arising from sale of seeds and rice products with SL Agrifood Corporation ₱103,486. The foregoing entities have common shareholders with the Company.

d. As of May 31, 2021, the company has advances to it's associates in India, Pt. Sterling Agritech Indonesia amounting to ₱ 67,838,812.

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 years ended May 31, 2021, 2020 and 2019. 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.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company has promulgated a Manual on Corporate Governance that took effect in 2015. The Manual continues to guide the activities of the Company and compliance therewith has been consistently observed.

There has been no deviation from the Company's Manual on Corporate Governance. The Company believes that its Manual on Corporate Governance is in line with the leading practices and principles on good governance, and such, is in full compliance. The Company will improve its Manual Corporate Governance when appropriate and warranted, in the Board of Directors' best judgment. In addition, it will be improved when a regulatory agency such as the SEC requires the inclusion of a specific provision.

The Board

There is an effective and appropriately constituted Board who received relevant information required to properly accomplish their duties.
The Nomination Committee is mandated to ensure that there is a formal and transparent procedure for the appointment of new Directors of the Board. When appropriate, every director shall receive training, taking into account his individual qualifications and experience. Training is also available on an ongoing basis to meet individual needs.

The term of office of all directors, including independent directors and officers shall be one (1) year and until the successors are duly elected and qualified.

Board Process

Members of the Board shall meet when necessary throughout the year to adopt and review its key strategic and operational matters; approve and review major investments and funding decision; adopt and monitor appropriate internal control; and ensure that the principal risks of the Company are identified and properly managed.

The Board shall work on an agreed agenda as it reviews the key activities of the business.

The Corporate Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. Atty. Christine P. Base holds the post.

Committees

The Board has established a number of committees with specific mandates to deal with certain aspects of its business. All of the Committees have defined terms of reference.

Audit Committee

The Audit Committee functions under the terms of reference approved by the Board. It meets at least twice a year and its roles include the review of the financial and internal reporting process, the system of internal control and management of risks and the external and internal audit process. The Audit Committee reviews the scope and results of the audit with external auditors and obtains external legal or other independent professional advice where necessary.

Other functions of the Audit Committee include the recommendation of the appointment or re-appointment of external auditors and the review of audit fees.

Nomination Committee

The Committee assesses and recommends to the Board candidates for appointment of executive and non-executive directors positions. The Committee also makes recommendations to the Board on its composition. The Committee meets as required.

Remuneration Committee

The Remuneration Committee is responsible in determining the Company's policy on executive remuneration and in specifying the remuneration and compensation packages on the employment or early termination from office of each of the executive directors of the Company. All decisions of the Remuneration Committee are only recommendatory and they are referred to the Board for final approval. The Remuneration Committee also monitors the compensation packages of other senior executives in the group below the Board level. The Committee meets as required.

Compliance Officer

The Compliance Officer (CO) is responsible for ensuring that the Company's corporate principles are consistently adhered to throughout the organization. The CO acts independently and her role is to supply the top management with the necessary information on whether the organization's decisions comply with professional rules and regulations, internal directives, regulatory authorities, and the statutory law. The Company designated Atty. Christine P. Base as its Compliance Officer.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

Furnish the exhibits required by Part VII of "Annex C, as amended". Where any financial statement or exhibit is incorporated by reference, the incorporation by reference shall be set forth in the list required by this item. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form.

(b) Reports on SEC Form 17-C

State whether any reports on SEC Form 17-C, as amended were filed during the last six month period covered by this report, listing the items reported, any financial statements filed and the dates of s

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on AUG 1 8 2021

By:

DR. HENRY LIM BON LIONG
Principal Executive Officer

GERRY LIM BON HIONG
Comptroller

GERRY LIM BON HIONG
Principal Accounting Officer

Principal Operating Officer

GERRY LIM BON HIONG
Principal Financial Officer

ATTY. CHRISTINE P. BASE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of AUG 1 8 2021 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE

Notary Public

Doc. No. : 42
Page No. : 10
Book No. : III
Series of : 2021

ALVIN C. FLORES
Notary Public for Makati City
Until December 31, 2021
IBP No. 096609, 12/06/2019, Makati City
PTR No. 8126337, 01/09/2020, Makati City
MCLE Compliance No. VI-0030637
Attorney's Roll No. 40866

SL AGRITECH CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

BUREAU OF INTERNAL REVENUE
RR NO. 8A - MAKATI CITY
RECEIVED
SEP 13 2021

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule A. Available-for sale-financial-assets and Other Short-term Cash Investments
May 31, 2021

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Statements Date	Income Received and Accrued
NOT APPLICABLE				
		₱ -	₱ -	-
SHORT-TERM CASH INVESTMENTS		₱ -	₱ -	₱ -

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)
May 31, 2021

Name and Designation of Debtor	Beginning Balance	Additions	Amount Collected	Amount Written-Off	Current	Non Current	Ending Balance
Receivables from Employees	**₱ 14,154,459**	**₱ 220,164,617**	**₱ 219,664,540**	**₱ -**	**₱ 14,654,536**	**₱ -**	**₱ 14,654,536**
ALEJOS JR., MAHARLIKAS	115,008	1,121,622	1,218,922		17,708		17,708
ALINGALAN, ANA MARIE	1,741,311	17,525,190	17,076,330		2,190,171		2,190,171
ARAN, JOSSA ERENE SALGUERO	290,000	2,048,128	2,338,128		-		-
BARDENAS, ERIC DELOS SANTOS	110,600	154,799	199,739		65,660		65,660
BASCO, EBENEZER F.	175,000	4,211,415	4,386,415		-		-
BRINGUELA, ANASTACIO DARDO	26,154	54,227	80,381		-		-
BRIONES JR., BERNARDINO	83,500	2,585,792	2,669,292		-		-
CADAON, REMEDIOS TENIDO	209,425	7,877,400	8,086,825		-		-
CAMACHO, NESTOR	610,000	-	501,800		108,200		108,200
COLLO, ENRIQUE TEC	127,896	116,202	143,442		100,655		100,655
DATINGUINOO, LEIZL GARCIA	-	978,956	72,055		906,901		906,901
FLORES, ALVIN CAUSING	-	639,525	339,525		300,000		300,000
GANKEE, MICHELLE	2,423,574	95,853,621	96,061,320		2,215,875		2,215,875
GAPAS, MAYLEN TOMAS	190,562	116,524	165,719		141,367		141,367
GARCIA, ALMA G.	392,247	1,646,607	1,777,332		261,522		261,522
HERNANDEZ, NOEL OLIVER	165,308	352,584	370,139		147,753		147,753
INAL, MARY ANN AMBAS	146,831	1,735,517	1,882,348		-		-
JUANCITO, VICTORINO JR LUMANGLAS	134,200	1,799,271	1,906,563		26,908		26,908
LICONG, NORMIO BROSOTO	850	30,383	31,233		-		-
LIM, CHRISTOPHER BRIAN SEHLENG	220,875	1,163	222,038		-		-
LLADO, SHEILA THERESE MARIE	133,146	657,733	748,670		42,208		42,208
MAKIG-ANGAY, LOREVY STA. ANA	418,679	-	-		418,679		418,679
MAMATLALO, MARIDELLE MAGTALAS	100,200	242,636	342,836		-		-
MARK ANTHONY SILAO	389,096	-	-		389,096		389,096
MELEGRITO, JUNELL NOOL	290,454	229,008	519,463		-		-
NGO, TIFFANY LORRAINE LIM	-	2,587,891	2,457,815		130,075		130,075
PALITEC, MARCUS AURELIUS RAMIREZ	-	1,056,474	894,974		161,500		161,500
POYAOAN, DENMARK F.	234,656	158,616	393,272		-		-
PULIDO, ANDY GASPAR	-	1,544,693	1,400,693		144,000		144,000
RAMALES, LOVELY T.	177,832	651,275	829,106		-		-
RELATO, JIVIN DY	448,267	307,598	304,090		451,774		451,774
REYES, CHITO DE JESUS	-	220,674	72,340		148,334		148,334
SABLAS, JHOANA MARIE FLORES	216,000	54,217	270,217		-		-
SALONGA, MYRNA SISON	-	3,745,715	3,333,715		412,000		412,000
SALVADOR, DIOSDADO	550,000	-	550,000		-		-
SAN GABRIEL, MARY JUDITH ANN	146,831	371,007	269,192		248,646		248,646
SANCHEZ, MA. RACQUEL FERNANDO	131,795	1,237,127	1,368,922		-		-
SANTOS, RIMMUEL PANGANIBAN	133,146	599,633	635,633		97,146		97,146
STA CRUZ, JOEL VIANIDO	59,269	1,417,381	1,476,650		-		-
SUMAIL, ROCHELLE LUBRINO	8,155	3,730,293	252,827		3,485,620		3,485,620
TORION, ISABELO SIEGA	147,500	339,312	486,812		-		-
VALIENTE, RICKY SAGUN	138,930	448,881	587,811		-		-
WEIJUN XU	204,080	6,868,441	6,868,441		204,080		204,080
Other : compose of various employees which amount is below 100,000	3,063,083	54,847,087	56,071,513		1,838,658		1,838,658
	₱ 14,154,459	₱ 220,164,617	₱ 219,664,540	₱ -	₱ 14,654,536	₱ -	₱ 14,654,536

See Note 8 : Receivables

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
May 31, 2021

Name and Designation of Debtor		Balance at beginning of the period		Additions		Amounts Collected		Amounts Written off		Current		Not Current		Balance at end of the period
Sterling SL Agritech Company Limited	₱	16,893,481	₱		₱	2,567,307	₱		₱	-	₱	14,326,174	₱	14,326,174
	₱	**16,893,481**	₱	**-**	₱	**2,567,307**	₱	**-**	₱	**-**	₱	**14,326,174**	₱	**14,326,174**

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule D. Intangible Assets - Other Assets
May 31, 2021

Description		Beginning Balance		Additions At Cost		Deductions: Charged to Costs and Expenses		Deductions: Charged to Other Accounts		Other Changes-Additions (Deductions)		Ending Balance
Development Costs		2,195,373,786	₱	59,049,367	₱		₱		₱		₱	2,254,423,153
	₱	**2,195,373,786**	₱	**59,049,367**	₱	**-**	₱	**-**	₱	**-**	₱	**2,254,423,153**
Accumulated Amortization	₱	458,688,897	₱	53,311,350	₱		₱		₱	-	₱	512,000,247
	₱	**458,688,897**	₱	**53,311,350**	₱	**-**	₱	**-**	₱	**-**	₱	**512,000,247**
Net Book Value	₱	**1,736,684,889**	₱	**5,738,017**	₱	**-**	₱	**-**	₱	**-**	₱	**1,742,422,906**

See Note 12 : Development Costs

Description		Beginning Balance		Additions At Cost		Deductions: Charged to Costs and Expenses		Deductions: Charged to Other Accounts		Other Changes-Additions (Deductions)		Ending Balance
Intangible Assets		2,876,293	₱	-	₱		₱		₱		₱	2,876,293
	₱	**2,876,293**	₱	**-**	₱	**-**	₱	**-**	₱	**-**	₱	**2,876,293**
Accumulated Amortization	₱	878,867	₱	479,382	₱		₱		₱	-	₱	1,358,249
	₱	**878,867**	₱	**479,382**	₱	**-**	₱	**-**	₱	**-**	₱	**1,358,249**
Net Book Value	₱	**1,997,426**	₱	**(479,382)**	₱	**-**	₱	**-**	₱	**-**	₱	**1,518,044**

See Note 10 : Prepayment and Other Assets

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule E. Long-term Debt
May 31, 2021

Name of Issuer and Type of Obligation		Amount Authorized by Indenture		Amount Shown as Current		Amount Shown as Long-term	Maturity Date	Payment Terms	Interest Rate
LANDBANK OF THE PHILIPPINES	₱	197,553,240	₱	100,000,000	₱	97,553,240	May 18, 2023	20 quarterly installments	5%
LANDBANK OF THE PHILIPPINES	₱	331,866,213	₱	166,666,667	₱	165,199,546	March 31, 2023	12 quarterly installments	5.75%
DEVELOPMENT BANK OF THE PHILIPPINES	₱	210,000,000	₱	17,500,000	₱	192,500,000	October 1, 2027	24 quarterly installments	5%
METROPOLITAN BANK AND TRUST COMPANY	₱	150,000,000	₱	12,000,000	₱	138,000,000	March 31, 2023	17 monthly installments	5.75%
	₱	**889,419,453**	₱	**296,166,667**	₱	**593,252,786**			

See Note 17 : Long-term Debt

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule F. Indebtedness to Related Parties
May 31, 2021

Name of Affiliate	Beginning Balance	Ending Balance
SP Properties Inc.	87,967,759	28,930,360
TOTAL	₱ **87,967,759**	₱ **28,930,360**

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule G :Guarantees of Securities of Other Issuers
May 31, 2021

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
		₱	₱	
		NOT APPLICABLE		
		₱ -	₱ -	

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule H. Capital Stock
May 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Issued Shares:						
Common Stock	6,300,000,000	2,235,000,001			2,235,000,001	
Preferred Stocks	70,000,000	17,500,000			17,500,000	
Total	**6,370,000,000**	**2,252,500,001**	-	-	**2,252,500,001**	-

See Note 18 : Equity

SL AGRITECH CORPORATION AND SUBSIDIARIES
Schedule I. Short Term Commercial Paper
May 31, 2021

Number of of securities guaranteed by the company for which statement is filed	Title of issue of each class of securities guaranteed		Total amount Gross		Total amount net proceeds		Items where Proceed was used		Balance as of May 31, 2021
Securities and Exchange Commission		₱	1,944,800,000	₱	1,902,410,344	₱	Inventories	₱	1,944,800,000
Total		**₱**	**1,944,800,000**	**₱**	**1,902,410,344**	**₱**		**₱**	**1,944,800,000**

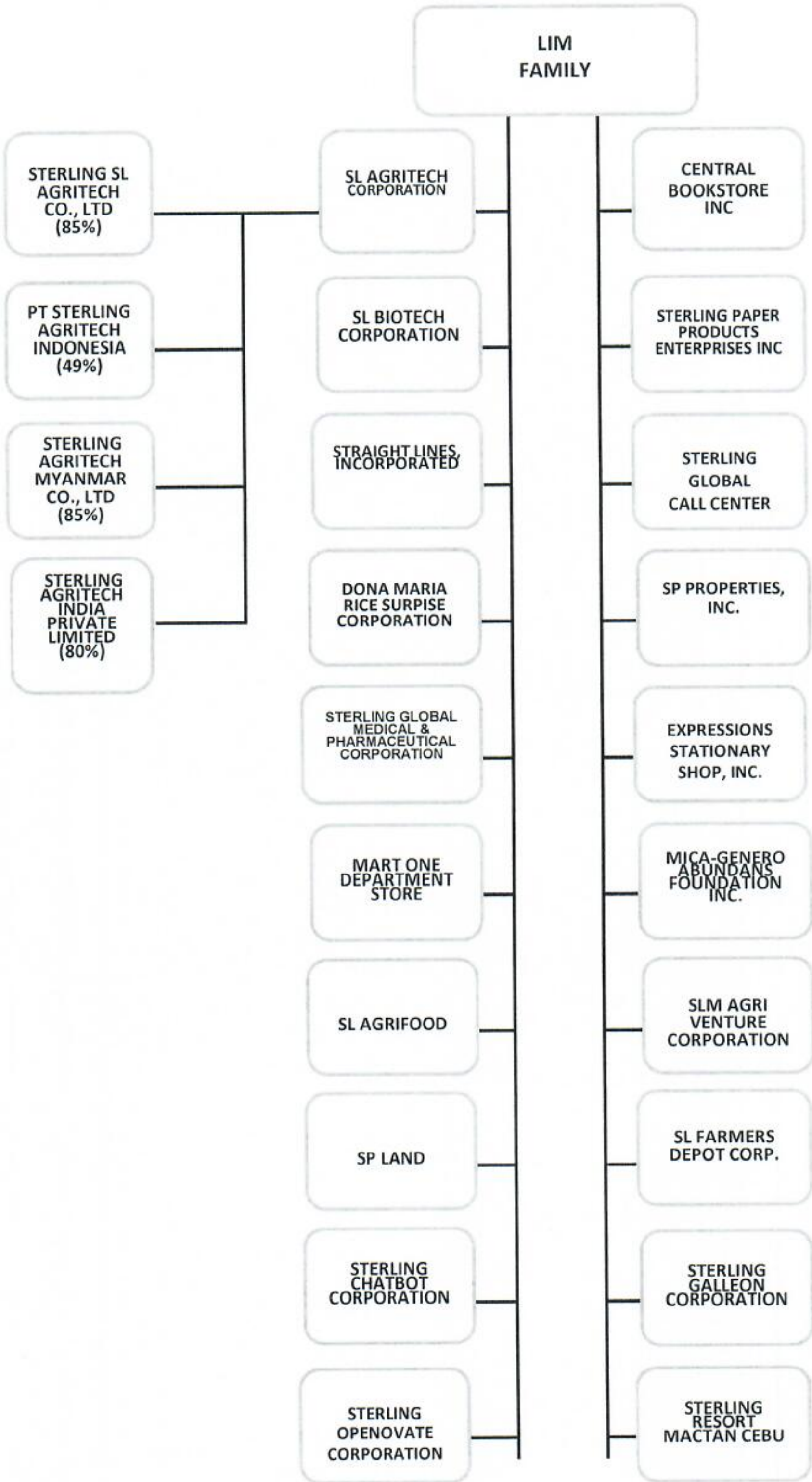
SL AGRITECH CORPORATION
Supplementary Schedule of Retained Earnings Available for Dividend Declaration
May 31, 2021

Unappropriated retained earnings, beginning balance, as previously reported	**1,836,817,016**
Effects of adoption of new accounting standards	
Accumulated fair value gain on agricultural produce and biological assets - beginning balance	(1,242,674,990)
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	(3,345,630)
Unappropriated retained earnings, beginning, as restated	**590,796,396**
Net income during the year closed to retained earnings	591,932,308
Unrealized foreign exchange gain in prior year - net realized during the year	3,345,630
Less:	
Adjustments:	
Fair value gain on agricultural produce and biological assets	412,647,368
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	2,224,696
Unappropriated retained earnings available for dividend distribution, end	**771,202,270**

Conglomerate Map

*SRC RULE 68 (as amended) section 4.H, page 21

Listed companies and investment houses that are part of a conglomerate or group of companies.
A map showing the relationship between and among the company and its iltimate
parent company, middle parent, subsidiaries or co-subsidiaries; and associates



SL Agritech Corporation
Financial Soundness Indicators

The financial soundness indicators of the Company for the last three (3) fiscal years are as follows:

Particulars	2021	2020	2019
A. Current and Liquidity Ratios 1. Current Ratio (Current Assets/Current Liabilities)	1.01	1.07	1.11
2. Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	0.50	0.55	0.49
B. Solvency Ratio (Net Income + Depreciation)/Total Liabilities	0.07	0.07	0.09
C. Asset to Equity Ratio (Total Asset/Total Equity)	3.95	4.17	3.57
D. Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	2.95	3.17	2.57
E. Debt Ratio (Total Liabilities/Total Assets)	0.75	0.76	0.72
F. Interest Coverage Ratio (EBIT/Interest Expense)	1.67	1.57	1.93
G. Profitability Ratios 1. Return on Assets (%) (Net Income/Total Assets)	0.03	0.03	0.04
2. Return on Equity (%) (Net Income/Ending Stockholders' Equity)	0.12	0.13	0.16
H. Net Profit Margin (Net Incomeafter Tax/Total Revenue)	0.07	0.10	0.11
I. Earnings per Share Attributable to Equity Holders of Parent (P) (Net income attributable to equity holders of the Parent Company/Weighted average number of common shares outstanding)	0.26	0.24	0.25

SL AGRITECH CORPORATION AND SUBSIDIARIES
RATIO ANALYSIS

For Fiscal Year Ending May 31

Particulars	2021	2020	2019
A. Current and Liquidity Ratios 1. Current Ratio (Current Assets/Current Liabilities)	1.01	1.07	1.11
2. Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	0.50	0.55	0.49
B. Solvency Ratio (Net Income + Depreciation)/Total Liabilities	0.07	0.07	0.09
C. Asset to Equity Ratio (Total Asset/Total Equity)	3.95	4.17	3.57
D. Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	2.95	3.17	2.57
E. Debt Ratio (Total Liabilities/Total Assets)	0.75	0.76	0.72
F. Interest Coverage Ratio (EBIT/Interest Expense)	1.67	1.57	1.93
G. Profitability Ratios 1. Return on Assets (%) (Net Income/Total Assets)	0.03	0.03	0.04
2. Return on Equity (%) (Net Income/Ending Stockholders' Equity)	0.12	0.13	0.16
H. Net Profit Margin (Net Incomeafter Tax/Total Revenue)	0.07	0.10	0.11
I. Earnings per Share Attributable to Equity Holders of Parent (P) (Net income attributable to equity holders of the Parent Company/Weighted average number of common shares outstanding)	0.26	0.24	0.25
J. Gross Profit Ratio (Gross Profit / Net Sales)	0.26	0.36	0.36
K. Operating Expense Ratio (Operating Expense/ Net Sales)	0.11	0.15	0.15
L. Net Income Ratio (Net Income/ Net Sales)	0.07	0.10	0.11