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SUPREME COURT
FIRST DIVISION

EMCO PLYWOOD CORPORATION and JIMMY LIM,
***Petitioners*,**

-versus-

G.R. No. 148532
April 14, 2004

PERFERIO ABELGAS and ARTURO ABELLANA,
***Respondents*.**
x---x

D E C I S I O N

PANGANIBAN, *J*.:

Not every loss incurred or expected to be incurred by employers can justify retrenchment. They must prove, among others, that the losses are substantial and that the retrenchment is reasonably necessary to avert those losses.

The Case

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, challenging the December 21, 2000 Decision[2] and the June 20, 2001 Resolution[3] of the Court of Appeals[4] (CA) in CA-GR SP No. 51967. The assailed Decision disposed as follows:

> “WHEREFORE, the petition for certiorari is GRANTED and the challenged Orders of the National Labor Relations Commission are hereby declared NULL and VOID.
>
> “Considering that, as borne out of the records, EMCO’s attempted retrenchment of the respondents was legally ineffective, EMCO is ordered to REINSTATE respondents with full backwages, inclusive of allowances and other benefits or their monetary equivalent, computed from the time their compensation was withheld from them up to the time of their actual reinstatement. Where reinstatement is no longer possible because the position they had previously filled are no longer in existence, EMCO shall pay backwages, inclusive of allowances and other benefits, computed from the time their employment was terminated up to the time the decision herein becomes final, and, in lieu of reinstatement, separation pay equivalent to one-month’s pay for every year of service including the putative period for which backwages are payable. In all these cases, the payments received by respondents and for which they executed quitclaims shall be deducted from the backwages and separation pay due to them. Costs against the petitioners.”[5]

The assailed Resolution denied petitioners’ Motion for Partial Reconsideration.

The Facts

The factual antecedents of the case are summarized by the CA as follows:

> “Respondents, the retrenched employees of petitioner seek the review and reversal of the resolutions of the National Labor Relations Commission (‘NLRC’), dated February 11, 1997 and March 25, 1997, respectively.
>
> “The first resolution dismissed respondents’ appeal for lack of merit and affirmed the decision of the Labor Arbiter, dated July 24, 1996, which, in turn, dismissed respondents’ complaint against EMCO and the latter’s general manager, petitioner

Jimmy N. Lim ('Lim'), for illegal dismissal, damages and attorney's fees. The second resolution assailed by the respondents consists of the NLRC's denial of their motion for reconsideration of the earlier mentioned February 11, 1997 resolution.

"EMCO is a domestic corporation engaged in the business of wood processing, operating through its sawmill and plymill sections where respondents used to be assigned as regular workers.

"On January 20, 1993 and of March 2, 1993, EMCO, represented by Lim, informed the Department of Labor and Employment ('DOLE') of its intention to retrench some of its workers. The intended retrenchment was grounded on purported financial difficulties occasioned by alleged lack of raw materials, frequent machinery breakdown, low market demand and expiration of permit to operate its sawmill department. A memorandum was thereafter issued by EMCO, addressed to all its foremen, section heads, supervisors and department heads, with the following instructions:

> '1) Retrench some of your workers based on the following guidelines:
>
> > a) Old Age (58 years and above except positions that are really skilled);
> >
> > b) Performance (Attitude, Attendance, Quality/ Quantity of Work);
>
> '2) Schedule the unspent VL/SL of your men without necessary replacements.'

"Per EMCO's notice to the DOLE, one hundred four (104) workers were proposed for inclusion in its retrenchment program. As it turned out, though, EMCO terminated two hundred fifty (250) workers. Among them were herein respondents.

“Respondents received their separation pay in the amount of four thousand eight hundred fifteen pesos (P4,815.00) each. Deductions were, nevertheless, made by EMCO purportedly for the attorney’s fees payable to respondents’ lawyer, for the latter’s effort in purportedly renegotiating, sometime in 1993, the three peso (P3.00) increase in the wages of respondents, as now contained in the Collective Bargaining Agreement.

“Upon receipt of their separation pay, respondents were made to sign quitclaims, which read:

> ‘TO WHOM IT MAY CONCERN:
>
> > ‘I, ____________ of legal age and a resident of ________________, for and in consideration of the amount of (P_____), the receipt of which, in full, is hereby acknowledged, forever discharge and release EMCO PLYWOOD CORPORATION and all its officers men agents and corporate assigns from any and all forms of actions/suits, debts, sums of money, unpaid wages, overtime pay allowances, overtime pay or an other liability of any nature by reason of my employment which has ceased by this date.
>
> ‘Done this _______________, at Magallanes, Agusan del Norte.’

“About two (2) years later, respondents, through their labor union, lodged a compliant against EMCO for illegal dismissal, damages and attorney’s fees.

“In the main, respondents questioned the validity of their retrenchment and the sufficiency of the separation pay received by them.

“EMCO countered by interposing the defense of lack of cause of action, contending that respondents, by signing the quitclaims in favor of EMCO, had, in fact, waived whatever claims they may have against the latter.

“Finding for EMCO, the Labor Arbiter dismissed respondents’ complaint.

“Respondents’ subsequent appeal to the NLRC was dismissed for lack of merit and the decision of the Labor Arbiter was affirmed. Notably, the NLRC glossed over the issue of whether respondents were validly retrenched, and anchored its dismissal of the appeal on the effect of respondents’ waivers or quitclaims, to quote:

> ‘The pivotal issue brought to fore is whether or not the quitclaims/waivers executed by respondents are valid and binding. The other issues raised by respondents are either related to mere technicality, or are merely ancillary or dependent on the main issue.
>
> ‘x x x x x x x x x
>
> ‘There is no doubt that the respondents voluntarily executed their quitclaims/waivers as manifested by the fact that they did not promptly question their validity within a reasonable time. It took them two (2) years to challenge and dispute the validity of the waivers by claiming belatedly that they were either forced or misled into signing the same. Clearly, this case was instituted by respondents to unduly exact more payment of separation benefits from petitioner at the expense of fairness and justice.’
>
> “In passing, the NLRC likewise affirmed EMCO’s deductions of attorney’s fees from the separation pay received by the respondents.
>
> “A motion for reconsideration of the afore-quoted resolution was filed by respondents on March 10, 1997, but was denied by the NLRC, purportedly, for lack of merit and for having been filed out of time.”[6] *(Citations omitted)*

Ruling of the Court of Appeals

The CA held that the evidence was insufficient to justify a ruling in favor of EMCO, which had not complied with the one-month prior notice requirement under the Labor Code. The appellate court added that the corporation had not served on the employees the required notice of termination. It opined that the Memorandum, having merely provided the guidelines on the conduct of the intended lay-off, did not constitute such notice. Furthermore, the Memorandum was not addressed to the workers, but to the foremen, the department supervisors and the section heads. Moreover, there was no proper notice to DOLE. The corporation terminated the services of 250 employees but included only 104 of them in the list it filed with DOLE. EMCO's argument that the 146 unlisted employees had voluntarily resigned was brushed aside by the appellate court.

The CA also held that before EMCO resorted to retrenchment, the latter had failed to adduce evidence of its losses and to prove that it had undertaken measures to prevent the occurrence of its alleged actual or impending losses.

Moreover, the CA ruled that the corporation had not paid the legally prescribed separation pay, which was equal to one-month pay or at least one-half month pay for every year of service, whichever was higher. Deducting attorney's fees from the supposed separation pay of the employees was held to be in clear violation of the law. Such fees should have been charged against the funds of their union.

The appellate court further held that the cause of action of the employees had not yet prescribed when the case was filed, because an action for illegal dismissal constituted an injury to their rights. The CA added that the provision applicable to the case was Article 1146 of the New Civil Code, according to which the prescriptive period for such causes of action was four (4) years. The Complaint, having been filed by the employees only two years after their dismissal, had not prescribed.

All in all, the appellate court concluded that the retrenchment was illegal, because of EMCO's failure to comply with the legal requirements.

Hence, this Petition.[7]

The Issues

In their Memorandum, petitioners raise these issues for our consideration:

> "I.
>
> Whether or not respondent Court of Appeals seriously erred in reversing the factual findings of both the Labor Arbiter and the NLRC that petitioners had substantially complied with the requisites for a valid retrenchment?
>
> "II.
>
> Whether or not respondent Court manifestly erred in reversing the factual findings of both the Labor Arbiter and the NLRC that private respondents had voluntarily executed their respective Quitclaims?
>
> "III.
>
> Whether or not respondent Court may, in a petition for certiorari under Rule 65 of the Rules of Court, correct the evaluation of evidence made by both the Labor Arbiter and the NLRC, and thereafter substitute its own findings for those of the Labor Arbiter and the NLRC?"[8]

Simply put, petitioners are insisting on the validity of the retrenchment and the enforceability of the Quitclaims. They are also questioning whether or not the appellate court may disturb the findings of the labor arbiter and the NLRC.

This Court's Ruling

The Petition has no merit.

Main Issue:

Retrenchment

Retrenchment is one of the authorized causes for the dismissal of employees. Resorted to by employers to avoid or minimize business losses,[9] it is recognized under Article 283 of the Labor Code.[10]

The "loss" referred to in this provision cannot be of just any kind or amount; otherwise, a company could easily feign excuses to suit its whims and prejudices or to rid itself of unwanted employees. The Court has laid down the following standards that a company must meet to justify retrenchment and to guard against abuse:

> "Firstly, the losses expected should be substantial and not merely de minimis in extent. If the loss purportedly sought to be forestalled by retrenchment is clearly shown to be insubstantial and inconsequential in character, the bonafide nature of the retrenchment would appear to be seriously in question.
>
> "Secondly, the substantial loss apprehended must be reasonably imminent, as such imminence can be perceived objectively and in good faith by the employer. There should, in other words, be a certain degree of urgency for the retrenchment, which is after all a drastic recourse with serious consequences for the livelihood of the employees retired or otherwise laid-off. Because of the consequential nature of retrenchment, it must, thirdly, be reasonably necessary and likely to effectively prevent the expected losses. The employer should have taken other measures prior or parallel to retrenchment to forestall losses, i.e., cut other costs other than labor costs. An employer who, for instance, lays off substantial numbers of workers while continuing to dispense fat executive bonuses and perquisites or so-called 'golden parachutes,' can scarcely claim to be retrenching in good faith to avoid losses. To impart operational

meaning to the constitutional policy of providing 'full protection' to labor, the employer's prerogative to bring down labor costs by retrenching must be exercised essentially as a measure of last resort, after less drastic means – e.g., reduction of both management and rank-and-file bonuses and salaries, going on reduced time, improving manufacturing efficiencies, trimming of marketing and advertising costs, etc. – have been tried and found wanting.

"Lastly, but certainly not the least important, alleged losses if already realized, and the expected imminent losses sought to be forestalled, must be proved by sufficient and convincing evidence. The reason for requiring this quantum of proof is readily apparent: any less exacting standard of proof would render too easy the abuse of this ground for termination of services of employees."[11]

Retrenchment is only "a measure of last resort when other less drastic means have been tried and found to be inadequate."[12]

To prove that the retrenchment was necessary to prevent substantial losses, petitioners present their audited financial statements for the years 1991 and 1992.[13] These statements show that EMCO's net income of P1,052,817.00 for 1991 decreased to P880,407.85 in 1992. They allege that this decrease was due to low market demand, lack of raw materials, frequent breakdown of old equipment and high cost of operations. The financial statements also demonstrate that EMCO's liability then increased from P106,507,214.14 to P123,901,838.30. Petitioners cite several cases in which this Court has held that audited financial statements constitute the normal method of proof of the profit-and-loss performance of a company. These statements allegedly partake the nature of public documents, because they have been audited and duly filed with the Bureau of Internal Revenue. As such, they enjoy the presumption of regularity and validity.

Petitioners further argue that EMCO undertook preventive measures to prevent the occurrence of imminent losses.[14] To accommodate and save all its employees, it allegedly implemented a scheme in which they would work on a rotation basis -- on at least a three-day-work per employee per week schedule.[15] This arrangement was,

however, short-lived to prevent a strike that the union and its members then threatened to stage.[16]

Petitioners also contend that the 146 employees not included in the list submitted to DOLE voluntarily resigned, not solely on the ground that the company's permit to operate its sawmill department had expired, but also because of a period of uncertainty brought about by the aforementioned factors that allegedly justified the retrenchment program.[17]

The Court is not persuaded. "Not every loss incurred or expected to be incurred by a company will justify retrenchment. The losses must be substantial and the retrenchment must be reasonably necessary to avert such losses."[18] The employer bears the burden of proving the existence or the imminence of substantial losses with clear and satisfactory evidence that there are legitimate business reasons justifying a retrenchment.[19] Should the employer fail to do so, the dismissal shall be deemed unjustified. *(Emco Plywood Corporation, et al. vs. Abelgas, et al., G. R. No. 148532, April 14, 2004; Sebuguero vs. NLRC, 248 SCRA 532, 544, September 27, 1995)*.[20]

In the present case, petitioners have presented only EMCO's audited financial statements for the years 1991 and 1992. As already stated, these show that their net income of P1,052,817.00 for 1991 decreased to P880,407.85 in 1992. Somerville Stainless Steel Corporation vs. NLRC[21] held that the presentation of the company's financial statements for a particular year was inadequate to overcome the stringent requirement of the law. According to the Court, "the failure of petitioner to show its income or loss for the immediately preceding years or to prove that it expected no abatement of such losses in the coming years bespeaks the weakness of its cause. The financial statement for 1992, by itself, does not show whether its losses increased or decreased. Although [the employer] posted a loss for 1992, it is also possible that such loss was considerably less than those previously incurred, thereby indicating the company's improving condition."[22]

The Court further held therein that "in the analysis of financial statements, 'one particular percentage of relationship may not be too significant in itself'; that is, it may not suffice to point out those

unfavorable characteristics of the company that would require immediate or even drastic action."[23] Petitioners have failed to prove that their alleged losses were substantial, continuing and without any immediate prospect of abating; hence, the nature of the retrenchment is seriously disputable.

Retrenchment is a management prerogative consistently recognized and affirmed by this Court. It is, however, subject to faithful compliance with the substantive and the procedural requirements laid down by law and jurisprudence.[24] It must be exercised essentially as a measure of last resort, after less drastic means have been tried and found wanting.

The only less drastic measure that EMCO undertook was the rotation work scheme: the three-day-work per employee per week schedule. It did not try other measures, such as cost reduction, lesser investment on raw materials, adjustment of the work routine to avoid the scheduled power failure, reduction of the bonuses and salaries of both management and rank-and-file, improvement of manufacturing efficiency, trimming of marketing and advertising costs, and so on. The fact that petitioners did not resort to other such measures seriously belies their claim that retrenchment was done in good faith to avoid losses.

Defective Notice

For a valid termination due to retrenchment, the law requires that written notices of the intended retrenchment be served by the employer on the worker and on the Department of Labor and Employment at least one (1) month before the actual date of the retrenchment.[25] The purpose of this requirement is to give employees some time to prepare for the eventual loss of their jobs, as well as to give DOLE the opportunity to ascertain the verity of the alleged cause of termination.[26]

There is no showing that such notice was served on the employees in the present case. Petitioners argue that on January 20, 1993, Petitioner Jimmy Lim gave the DOLE a formal notice of the intended retrenchment and furnished the EMCO Labor Association and its general membership copies of the notice by posting it on the bulletin

boards of their respective departments. On March 2, 1993, EMCO sent DOLE another written notice. The next day, Lim sent a Memorandum to the foremen, the section heads, the supervisors and the department heads instructing them to retrench some of the workers based on certain guidelines. Petitioners aver that the Memorandum also served as a written notice to all the employees concerned. Clearly, it is not the notice contemplated by law. The written notice should have been served on the employees themselves, not on their supervisors.

The Notice sent to DOLE was defective, because it stated that EMCO would terminate the services of 104 of its workers. The corporation, however, actually dismissed 250. Petitioners aver that the 146 employees not listed in the Notice sent to DOLE voluntarily resigned; hence, the latter were not retrenched. This assertion does not deserve any consideration. Petitioners reiterate that those workers voluntarily resigned because of the atmosphere of uncertainty, which occurred after the Sawmill Department had been temporarily shut off in February 1993. The renewal of the permit on March 31, 1993, however, removed the alleged shroud of uncertainty.

Moreover, resignation is the voluntary act of employees who are compelled by personal reasons to dissociate themselves from their employment. It must be done with the intention of relinquishing an office, accompanied by the act of abandonment. *(Molave Tours Corporation vs. NLRC, 250 SCRA 325, November 24, 1995; Intertrod Maritime, Inc. vs. NLRC, 198 SCRA 318, June 19, 1991; Magtoto vs. NLRC, 140 SCRA 58, November 18, 1985; Dosch vs. NLRC, 123 SCRA 296, July 5, 1983).*[27]

Therefore, it would have been illogical for respondents to resign and then file a Complaint for illegal dismissal. Resignation is inconsistent with the filing of the Complaint. *(Valdez vs. NLRC, 349 Phil. 760, 767, February 9, 1998; Santos vs. NLRC, 166 SCRA 759, October 28, 1988; Hua Bee Shirt Factory, vs. NLRC, 186 SCRA 586, June 18, 1990; Dagupan Bus Company, Inc. vs. NLRC, 191 SCRA 328, November 9, 1990).*[28]

Propriety of Separation Benefits

Article 283 of the Labor Code provides for the proper separation benefits in this wise:

> "Article 283. In case of retrenchment to prevent losses, the separation pay shall be equivalent to one (1) month pay or at least one half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered one (1) whole year."

The appellate court aptly ruled that petitioners had not complied with this statutory requirement. They deducted the amount of attorney's fees that had allegedly accrued as a result of the renegotiations for a new collective bargaining agreement.[29] Without denying that they deducted those fees, petitioners argue that the deduction was made with the prior approval of respondents.[30]

This contention is untenable. The Labor Code prohibits such arrangement in this wise:

> "Article 222. APPEARANCES AND FEES. –
>
> x x x x x x x x x
>
> (b) No attorney's fees, negotiation fees or similar charges of any kind arising from any collective bargaining negotiations or conclusion of the collective bargaining agreement shall be imposed on any individual member of the contracting union: Provided, however, That attorney's fees may be charged against union funds in an amount to be agreed upon by the parties. Any contract, agreement or arrangement of any sort to the contrary shall be null and void."

The obligation to pay attorney's fees belongs to the union and cannot be shunted to the individual workers as their direct responsibility. The law has made clear that any agreement to the contrary shall be null and void ab initio. *(Bank of the Philippine Islands Employees Union-ALU vs. NLRC, 171 SCRA 556, March 31, 1989)*. Thus,

petitioners' deduction of attorney's fees from respondents' separation pay has no basis in law.

Second Issue:

Validity of the Quitclaims

Petitioners argue that the Quitclaims signed by respondents enjoy the presumption of regularity, and that the latter had the burden of proving that their consent had been vitiated.[32] They further maintain that aside from Eddie de la Cruz, the other respondents did not submit their respective supporting affidavits detailing how their individual consents had been obtained. Allegedly, such documents do not constitute the clear and convincing evidence required under the law to overturn the validity of quitclaims.[33]

We hold that the labor arbiter and the NLRC erred in concluding that respondents had voluntarily signed the Waivers and Quitclaim Deeds. Contrary to this assumption, the mere fact that respondents were not physically coerced or intimidated does not necessarily imply that they freely or voluntarily consented to the terms thereof. *(Philippine Carpet Employees Association vs. Philippine Carpet Manufacturing Corporation, 340 SCRA 383, 394, September 14, 2000)*. Moreover, petitioners, not respondents, have the burden of proving that the Quitclaims were voluntarily entered into. *(Salonga vs. NLRC, 324 Phil. 330, February 23, 1996)*.

Furthermore, in Trendline Employees Association-Southern Philippines Federation of Labor (TEA-SPFL) vs. NLRC, [338 Phil. 681, May 5, 1997] and Philippine Carpet Employees Association vs. Philippine Carpet Manufacturing Corporation, [340 SCRA 383, 394, September 14, 2000], similar retrenchments were found to be illegal, as the employers had failed to prove that they were actually suffering from poor financial conditions. In these cases, the Quitclaims were deemed illegal, as the employees' consents had been vitiated by mistake or fraud.

These rulings are applicable to the case at bar. Because the retrenchment was illegal and of no effect, the Quitclaims were

therefore not voluntarily entered into by respondents. Their consent was similarly vitiated by mistake or fraud. The law looks with disfavor upon quitclaims and releases by employees pressured into signing by unscrupulous employers minded to evade legal responsibilities. *(Talla vs. NLRC, 175 SCRA 479, 480-481, July 19, 1989).*

As a rule, deeds of release or quitclaim cannot bar employees from demanding benefits to which they are legally entitled or from contesting the legality of their dismissal. The acceptance of those benefits would not amount to estoppel. *(Villar vs. NLRC, 387 Phil. 706, 717, May 11, 2000; Olacao vs. NLRC, 177 SCRA 38, August 29, 1989; Lopez Sugar Corporation vs. Federation of Free Workers, 189 SCRA 179, 186-187, August 30, 1990).* The amounts already received by the present respondents as consideration for signing the Quitclaims should, however, be deducted from their respective monetary awards.

Third Issue:

The Office of Certiorari

Petitioners aver that in a special civil action for certiorari, the appellate court is limited to reviewing only questions related to jurisdiction or grave abuse of discretion. As in the present case, however, the lower tribunals' factual findings will not be upheld where there is a showing that such findings were totally devoid of support, or that the judgment was based on a misapprehension of facts. *(Sarao vs. CA, 343 Phil. 774, 780, August 21, 1997; Reyes vs. CA, 328 Phil. 171, 180-181, July 11, 1996; Lagon vs. Hooven Comalco Industries, Inc., 349 SCRA 451, 371, January 17, 2001; Imperial vs. CA, 328 Phil. 366, 373, July 17, 1996; Atlantic Gulf and Pacific Company of Manila, Inc. vs. CA, 317 Phil. 707, 714, August 23, 1995; Cormero vs. CA, 317 Phil. 348, August 14, 1995).*

WHEREFORE, the Petition is **DENIED**, and the assailed Decision and Resolution **AFFIRMED**. Costs against petitioners.

SO ORDERED.

Davide, Jr., *C.J.*, *(Chairman)*, Ynares-Santiago, Carpio, and Azcuna, *JJ.*, concur.

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[1] Rollo, pp. 9-47.
[2] Id., pp. 49-60.
[3] Id., p. 62.
[4] Eighth Division. Penned by Justice Eriberto U. Rosario Jr., with the concurrence of Justices Ramon Mabutas Jr. (Division chairman) and Roberto A. Barrios (member).
[5] Assailed Decision, p. 15; rollo, p. 60.
[6] Assailed Decision, pp. 4-8; id., pp. 52-56.
[7] The case was deemed submitted for decision on October 9, 2002, upon this Court's receipt of respondents' Memorandum, which was signed by Atty. Danilo P. Rubio. Petitioners' Memorandum, signed by Attys. Gregorio M. Batiller Jr. and Gavino F. Reyes, was received by the Court on September 12, 2002.
[8] Petitioners' Memorandum, pp. 12-13; rollo, pp. 173-174.
[9] AG & P United Rank and File Association vs. NLRC, 332 Phil. 937, 944, November 29, 1996; citing Precision Electronics Corporation vs. NLRC, 178 SCRA 667, October 23, 1989.
[10] ART. 283. CLOSURE OF ESTABLISHMENT AND REDUCTION OF PERSONNEL. – The employer may also terminate the employment of any employee due to the installation of labor saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the worker and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to the installation of labor saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closure or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher. A fraction of at least six (6) months shall be considered as one (1) whole year.
[11] Saballa vs. NLRC, 329 Phil. 511, 526-527, August 22, 1996, per Panganiban, J.; citing Lopez Sugar Corporation vs. Federation of Free Workers, 189 SCRA 179, 186-187, August 30, 1990, per Feliciano, J.
[12] Edge Apparel, Inc. vs. NLRC, 349 Phil. 972, 983, February 12, 1998;, per Vitug, J.; citing Guerrero vs. NLRC, 329 Phil. 1069, 1076, August 30, 1996, per Puno, J.

[13] Audited financial statements for 1991-1992 (See petitioners' Memorandum, p. 15; rollo, p. 176):

EMCO PLYWOOD CORPORATION
STATEMENT OF INCOME FOR THE YEARS
ENDED DECEMBER 31, 1992 AND 1991

	1992	***1991***
SALES	***₱ 127,587,597.21***	***₱ 178,049,527.00***
COST OF SALES	*99,233,805.52*	*140,459,417.00*
GROSS PROFIT	*28,353,791.69*	*37,590,110.00*
OPERATING EXPENSES	*26,999,379.61*	*36,004,512.00*
INCOME FROM OPERATIONS	***1,354,412.08***	***1,585,598.00***
PROVISION FOR INCOME TAX	*474,004.23*	*532,781.00*
NET INCOME	***₱ 880,407.85***	***₱ 1,052,817.00***

[14] Petitioners' Memorandum, p. 20; rollo, p. 181.
[15] Id., pp. 21 & 182.
[16] Ibid.
[17] Id., pp. 21-22 & 182-183.
[18] Guerrero vs. NLRC, supra, p. 1075.
[19] Somerville Stainless Steel Corporation vs. NLRC, 350 Phil. 859, 872, March 11, 1998; citing San Miguel Jeepney Service vs. NLRC, 332 Phil. 804, 851, November 28, 1996.
[20] Emco Plywood Corporation, et al. vs. Abelgas, et al., G. R. No. 148532, April 14, 2004; Sebuguero vs. NLRC, 248 SCRA 532, 544, September 27, 1995
[21] Supra at note 19.
[22] Id., p. 873, per Panganiban, J.; citing Philippine School of Business Administration (PSBA Manila) vs. NLRC, 223 SRCA 305, June 8, 1993, per Romero, J.
[23] Somerville Stainless Steel Corporation vs. NLRC, supra, p. 874, per Panganiban, J.; citing Moore, Carl L. and Jaedicke, Robert K., Managerial Accounting (1967), p. 169.
[24] Lopez Sugar Corporation vs. Federation of Free Workers, supra; Anino vs. NLRC, 352 Phil. 1098, May 21, 1998; Edge Apparel, Inc. vs. NLRC, supra; Philippine Tuberculosis Society, Inc. vs. NLU & NLRC, 356 Phil. 63, August 25, 1998.
[25] Article 283 of the Labor Code of the Philippines; Fuentes vs. NLRC, 334 Phil. 22, January 2, 1997.
[26] Serrano vs. NLRC, 380 Phil. 416, 445, January 27, 2000 .
[27] Molave Tours Corporation vs. NLRC, 250 SCRA 325, November 24, 1995; Intertrod Maritime, Inc. vs. NLRC, 198 SCRA 318, June 19, 1991; Magtoto

vs. NLRC, 140 SCRA 58, November 18, 1985; Dosch vs. NLRC, 123 SCRA 296, July 5, 1983)

[28] Valdez vs. NLRC, 349 Phil. 760, 767, February 9, 1998; Santos vs. NLRC, 166 SCRA 759, October 28, 1988; Hua Bee Shirt Factory, vs. NLRC, 186 SCRA 586, June 18, 1990; Dagupan Bus Company, Inc. vs. NLRC, 191 SCRA 328, November 9, 1990.

[29] Petitioners' Memorandum, p. 28; rollo, p. 189.

[30] Ibid.

[32] Petitioners' Memorandum, p. 30; rollo, p. 191.

[33] Ibid.

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