SEC Number **CS200319138**
File Number

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
AND ITS SUBSIDIARIES

(Company's Full Name)

1205, 1206 & 1405 East Tower PSEC Exchange Rd.
Ortigas Center Pasig City

(Company's Address)

635-5241 to 44

(Telephone Number)

December 31

(Calendar Year Ending)
(month & day)

SEC FORM 17-Q

(Form Type)

(Amendment Designation if applicable)

For the Six Months Ended June 30, 2013

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2013**

2. Commission identification number **CS200319138**

3. BIR Tax Identification No. **227-409-243-000**

4. Exact name of issuer as specified in its charter **Alliance Select Foods International, Inc.**

5. **Pasig City, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **1205/1206/1405 East Tower PSEC Exchange Rd. Ortigas Center Pasig City** **1605**
   Address of issuer's principal office Postal Code

8. **635-5241 to 44**
   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 Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common shares, P1.00 Par Value	**1,069,426,237 shares**

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

    Yes [/] No [ ]

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

    The Phil. Stock Exchange - Common shares

12. Indicate by check mark whether the registrant:

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

Yes [/]   No [ ]

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

Yes [/] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements of Alliance Select Foods International, Inc. (the "Company" or "Parent Company") and its Subsidiaries (collectively referred to as the "Group") as of and for the quarter ended June 30, 2013 (with comparative figures as of December 31, 2012 and for the period ended June 30, 2012) and Selected Notes to the Consolidated Financial Statements is hereto attached as Annex "A".

The unaudited financial statements of the Group are presented in United State Dollar, the currency of the primary economic environment in which the Group operates.

Item 2. Management's discussion and analysis of Financial Condition and Results of Operations.

The following discussions should be read in conjunction with the attached unaudited financial statements of Alliance Select Foods International, Inc. (the "Company" or "Parent Company") and its Subsidiaries (collectively referred to as the "Group") as of and for the quarter ended June 30, 2013 (with comparative figures as of December 31, 2012 and for the period ended June 30, 2012).

The table below shows the comparisons of key operating results for the six months period ended June 30, 2013 versus same period in 2012.

In US Dollar	For the Quarter Ended June 30		For the Six Months Ended June 30	
	2013	2012	**2013**	2012
Revenues	**25,223,083**	**19,520,434**	**44,884,839**	**35,268,785**
Gross Profit	**2,388,639**	**1,720,859**	**4,228,378**	**3,401,628**
Selling & Administrative Expenses	**1,583,301**	**1,388,930**	**3,197,426**	**2,684,098**
Profit from Operations	**805,337**	**331,929**	**1,030,952**	**717,530**
Other Non-operating Income	**1,004,444**	**46,851**	**1,009,316**	**54,509**
Other Non-operating Expense	**(341,646)**	**(98,075)**	**(630,421)**	**(108,396)**
Finance Costs	**(495,191)**	**(435,930)**	**(982,181)**	**(947,891)**
Share in Net Income (Loss) of Associates and Joint Venture	**19,221**	**(9,151)**	**82,761**	**(59,445)**
Profit (Loss) Before Tax	**992,166**	**(164,376)**	**510,427**	**(343,693)**
Income Tax Expense	**129,781**	**440,409**	**267,134**	**440,409**
Profit (Loss) for the period	**862,385**	**(604,785)**	**243,293**	**(784,102)**
Profit (Loss) Attributable to Non-Controlling Interest	**(121,640)**	**(153,847)**	**(177,698)**	**(268,104)**
Profit (Loss) Attributable to Equity Holders of the Parent	**984,025**	**(450,938)**	**420,991**	**(515,998)**

RESULTS OF OPERATIONS
Six months Ended June 30, 2013 versus June 30, 2012

The Group continued its steady growth for the quarter ending June 30, 2013. As in the past few quarters, the Group experienced a healthy increase in sales and profits. The growth momentum in sales continued with revenues increase from $19.5 million in the corresponding quarter in 2012 to $25.2 million this quarter. The 29% hike resulted from an across the board increase in all of its local and foreign subsidiaries. Noteworthy, the sales for the first six months of 2013 also increased by approximately 27% reaching $44.9 million versus $35.3 million in the same period last year.

The Group's canned tuna division performance was characterized by a meaningful improvement in fish prices and deliveries. As a result, the company was able to considerably increase the amount of fish processed resulting to higher efficiencies in the processing facilities trickled down to the bottom line leading to a sound upturn in the fortunes and profitability for the division. And with in-progress investments in backward integration into fishing, the company is on track to source part of its own fish supply ensuring supply and price stability.

Generally, the second quarter of the year is typified by a period of slight slow-down in the smoked salmon division. In spite of this worldwide industry phenomenon, all of the company's salmon subsidiaries were able to boost their revenues over the same period last year. With peak sales and profit season expected in the latter part of the year, we project the division to continue contributing a robust share to the company's sales and profit growth.

Better procurement policies and marketing strategies meant that gross profit margin increased at rates higher than growth in sales. Gross profit for the second quarter was $2.4 million, which was 39% better than the corresponding quarter last year. The gross profit margin of 9.5% was better than 8.8% in the second quarter in 2012. Similarly, gross profit increased 24% in the first six months this year as compared to last year.

Other cost control measures helped the company keep its selling and administrative expenses at 6.3% of sales in the quarter versus 7.1% in the corresponding quarter in 2012. These expenses as a percentage of sales were likewise lower in the first half of this year as compared to the same period last year from 7.6% in 2012 to 7.1% in 2013.

As a result of these measures, the company was able to wipe off the losses incurred in the first quarter of this year. Alliance's profits for the quarter were $862 thousand, which was a significant turnaround from a loss of $605 thousand in the second quarter of last year. Most notably, the high profits in the quarter also enabled the company to reverse its losses in the first quarter resulting to a net profit of $243 thousand overall for the first half, which again was markedly a recovery from the loss of $784 thousand incurred in the first six months of 2012.

Financial Condition, Liquidity, and Capital Resources
June 30, 2013 vs. December 31, 2012

Assets

The Groups' total assets as of June 30, 2013 increased to $ 75.6 million from $ 69.2 million a year ago. The decrease in Cash of $ 343 thousand was principally due to utilization of funds for operations. Trade & other receivables increased by 28% due to increase in sales to one customer with 60 days term and other receivable of $1 million arising from sale of one fishing vessel to Haya No.17 Limited. Due from related parties was higher by 277% or $3.9 million due to the sale of two (2) fishing vessels to Wild Catch Fisheries, Inc., an associate. Inventories increased by 28% or $ 2.7 million due to abundant supply of fresh fish which allowed the Gensan and Bitung plant to increase their production volume. Prepayments and other current assets increased by 54% due to prepaid professional fees incurred for the on-going preparations to seek a listing of Singapore Depositary Shares in Singapore Exchange Securities Trading Limited's Catalyst Board and advance payments of costs relating to the importation of raw materials from its foreign suppliers.

For the six months ended June 30, 2013 the Group posted a current ratio of 1.04:1.00

Liabilities

Total liabilities increased by 15% from $38.2 million to $43.9 million. Trade and Other Payables increased by $5.3 million as the Group maximized it's credit terms with suppliers. Loans Payable was higher by 5% due to additional availments to finance the growth in sales. Income tax payable decreased by 50% due to payment of tax liability in 2012. Due to Related Party-current portion increased by 67% due to advances extended to Akaroa by a shareholder for working capital purposes. Loans payable & Due to related party – long term portion decreased by 7% and 34%, respectively due to partial payment of account. Retirement benefit obligation increased by 15% due to additional provision.

The Group's total liabilities to equity ratio as of June 30, 2013 was 1.38:1 from 1.23:1 in December 31, 2012.

Plan of Operation

(a) The company does not foresee any cash flow or liquidity problem over the next twelve (12) months. The company is in compliance with all its debt obligations. The Company is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the Company with entities or other persons created during the reporting period that would have significant impact on the Company's operations and/or financial condition.

As of June 30, 2013, there were no material events or uncertainties known to management that had a material impact on past performance or that could have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Known trends, events, uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/ income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

(b) The Company does not foresee any product research and development to be performed for the next twelve months.

(c) The Company is currently investing in backward integration into fishing which, as necessary would requires purchase and refurbishment of fishing vessels.

(d) The Company does not expect any significant changes in the number of employees for the next twelve months.

Material Changes in Financial Statements
(Increase/Decrease of 5% or more versus the same period in 2012)

Income Statements
Six months ended June 30, 2013 versus same period in 2012.

27% increase in Net Revenue primarily came from the increase in sales volume and selling prices of the tuna and salmon operations.

28% increase in Cost of Sales was principally due to increase in sales volume and higher cost of raw materials.

19% increase in Selling and Administrative Expense primarily came from increase of salary effective September 1, 2012, provision of retirement expense and advertising and promotion of US salmon business.

1752% increase in Other Non-Operating Income was due to gain on sale of fishing vessels and recorded a forex gain due to depreciation of Peso.

482% increase in Other Non-Operating Expense was due to shutdown cost incurred by BGB, provision for doubtful accounts and depreciation of fishing vessels.

239% increase in Share in the Net Income of an Associate and Joint Venture was due to income of AMHI during the period.

39% increase in Income Tax Expense was due to the income tax provision of Spence & Co., Ltd. and tuna operation.

Balance Sheets
As of June 30, 2013 versus December 31, 2012

8% decrease or in Cash and Cash Equivalents was due to utilization of funds for operations.

28% increase in Trade and other receivables was due to increase in sales with 60 days term and other receivable of $1 million arising from sale of fishing vessel to Haya No.17 Limited.

Due from related parties was higher by 277% or $3.9 million due to sale of two (2) fishing vessels to Wild Catch Fisheries, Inc., an associate.

28% increase in Inventories was due to abundant supply of fresh fish which allowed the Gensan and Bitung plant to increase their production volume.

5% decrease in Biological assets was due to currency translation adjustment.

54% increase in Prepayments & Other Current Assets was due to prepaid professional fees incurred for the on-going preparations to seek a listing of Singapore Depositary Shares in Singapore Exchange Securities Trading Limited's Catalyst Board and advance payments of costs relating to the importation of raw materials from its foreign suppliers.

Assets held-for-sale pertains to the three out of seven fishing vessels that the Company acquired from BSJ which were sold on April 4, 16 and June 28, 2013.

33% increase in Investment in an Associate was due to share in income of AMHI during the period and acquisition of 40% ownership in the JV company, Wild Catch Fisheries, Inc.

7% increase in Other non-current assets was due to lease deposit made of BGB for the plant rental to AMHI.

78% increase in Trade and Other Payables as the Group maximized it's credit terms with the fish suppliers.

5% increase in Loans payable was due to additional borrowings to finance the increase in sales.

50% decrease in Income Tax Payable was due to payment of 2012 tax in April 2013.

67% increase in Due to related party – current portion was due to advances extended to Akaroa by a shareholder for its working capital requirements.

7% decrease in Loans payable – net of current portion was due to payment of scheduled loan amortization.

34% decrease in Due to Related Parties was due to partial payment of account.

15% increase in Retirement Benefit Obligation was due to additional provision for the period.

5% increase in Deferred tax liabilities was due to the recognition of taxable temporary differences of Bitung plant.

13% increase in Reserves was due to the appraisal increase on fishing vessel based on the latest independent appraisal report..

10% increase in Retained Earnings was due to profit generated during the period.

311% decrease in Non-controlling Interest was due to share in net loss of the minority shareholders during the period.

KEY PERFORMANCE INDICATORS

The Group uses the following key performance indicators in order to assess the Group's financial performance from period to period. Analyses are employed by comparisons and measurements based on the financial data on the periods indicated below:

Current / Liquidity Ratios		
a.Current ratio	**1.04**	1.06
b.Debt to Equity	**1.39**	1.23
Solvency Ratio		
a.Quick ratio	**0.49**	0.50

	For the Six Months Ended June 30, 2013	
	2013	2012
Net revenue growth rate	27.3%	72.4%
Gross profit margin	9.4%	9.6%
Operating margin	2.3%	1.5%
Net profit margin	0.5%	-2.2%
Return on equity	1.3%	-2.8%
Return on asset	0.6%	-1.3%

The following defines each ratio:

The current ratio is the ratio of the Company's current resources versus its current obligations. This is computed by dividing the current assets by the current liabilities. The result is expressed in number of times.

The quick ratio is the ratio of the Company's cash plus trade and other receivables versus its current obligations. This is computed by dividing the sum of cash and trade and other receivables by the current liabilities. The result is expressed in number of times.

The total liabilities to equity ratio are used to measure debt exposure. It shows the relative proportions of all creditors' claims versus ownership claims. This is computed by dividing total liabilities by total stockholders' equity. The result is expressed in proportion.

The net sales growth rate is the Company's increase in revenue for a given period. This growth rate is computed from the current net sales less net sales of the previous year, divided by the net sales of the previous year. The result is expressed in percentage.

The gross profit margin is the ratio of the Company's gross profit versus its net sales for a given period. This is computed by dividing gross profit by net sales. The result is expressed in percentage.

The operating margin is the ratio of the Company's income from operations versus its net sales for a given period. This is computed by dividing income from operations by net sales. The result is expressed in percentage.

The net income margin is the ratio of the Company's net income after tax versus its net sales for a given period. This is computed by dividing net income after tax by net sales. The result is expressed in percentage.

The return on equity ratio is the ratio of the Company's net income to stockholders' equity. This measures the managements' ability to generate returns on investments. This is computed by dividing net income after tax by the average stockholders' equity. The result is expressed in percentage.

The return on asset ratio is the ratio of the Company's net income to total assets. This is computed by dividing net income after tax by the average total assets. The result is expressed in percentage.

PART II--OTHER INFORMATION

All current disclosures were already reported under SEC Form 17-C.

SIGNATURES

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

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

JONATHAN Y. DEE
Director, President and Chief Executive Officer
Date : July 31, 2013

JOANNA D. LAUREL
Treasurer
Date : July 31 2013

SUBSCRIBED AND SWORN to before me this AUG 05 2013 at QUEZON CITY affiants exhibiting to me their government issued identification cards, as follows:

NAMES	GOV'T.ISSUED ID NO.	DATE OF ISSUE	PLACE OF ISSUE	EXPIRATION
Jonathan Y. Dee	Passport-EB 6894223	Dec. 06, 2012	DFA, Manila	Dec. 05, 2017
Joanna D. Laurel	Passport-EB0678138	Aug. 2, 2010	DFA, Manila	Aug. 1, 2015

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Page No. 68
Book No. 222
Series of 2013

Tomas F. Dulay Jr.
ATTY. TOMAS F. DULAY, JR.
NOTARY PUBLIC
Until Dec. 31, 2013
ADM. MATTER# MP-061 2013-2014
PTR# 7612451 - 01/07/13 Q.C.
IBP# 842680-01/02/13 Q.C.
Roll # 16583 - 03/13/1961
TIN# 410-225-916
MCLE# 000838
#92 Legaspi St., Proj. 4, Q.C.

ANNEX "A"

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
(Formerly Alliance Tuna International, Inc. and its Subsidiaries)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In U.S. Dollar)

		June 30, 2013	December 31, 2012
	Notes	Unaudited	Audited
ASSETS			
Current Assets			
Cash	7	**$ 3,849,023**	$ 4,191,826
Trade and other receivables - net	8	**14,684,820**	11,474,299
Due from related parties	20	**5,316,153**	1,410,956
Inventories - net	9	**12,426,057**	9,681,337
Biological asset	10	**191,368**	201,521
Prepayments and other current assets	11	**2,767,573**	1,799,463
		39,234,994	28,759,402
Assets held-for-sale	16	**-**	4,546,406
Total Current Assets		**39,234,994**	33,305,808
Non-current Assets			
Investment in associates	12	**334,126**	231,397
Investment in joint venture	13	**635,475**	616,165
Property, plant and equipment - net	14	**23,311,727**	23,013,498
Deferred tax assets		**212,554**	212,554
Goodwill on business combination	2	**9,502,585**	9,502,585
Intangible assets	15	**262,912**	267,637
Other non-current assets	17	**2,157,931**	2,022,418
Total Non-current Assets		**36,417,311**	35,866,254
		$75,652,304	$69,172,062
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	18	**$12,223,529**	$ 6,877,989
Loans payable	19	**25,173,340**	23,950,840
Income tax payable		**267,134**	537,775
Due to related parties	20	**43,368**	25,998
Total Current Liabilities		**37,707,370**	31,392,602
Non-current Liabilities			
Loans payable - net of current portion	19	**4,826,186**	5,175,542
Due to related parties	20	**653,099**	986,850
Retirement benefit obligation	21	**482,310**	421,037
Deferred tax liabilities		**249,341**	236,939
Total Non-current Liabilities		**6,210,936**	6,820,368
		43,918,307	38,212,970
Equity			
Share capital	22	**22,575,922**	22,575,922
Reserves	24	**4,623,031**	4,082,955
Retained earnings		**4,667,061**	4,246,070
		31,866,015	30,904,947
Treasury shares	22	**(5,774)**	(5,774)
Equity attributable to equity holders of the parent		**31,860,241**	30,899,173
Non-controlling interest	23	**(126,243)**	59,919
Total Equity		**31,733,998**	30,959,092
		$75,652,304	$69,172,062

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In U.S. Dollar)

		For the Quarter Ended June 30		For the Six Months Ended June 30	
	Notes	**2013**	2012	**2013**	2012
Net Revenue	26	**$25,223,083**	$19,520,434	**$44,884,839**	$35,268,785
Cost of Goods Manufactured and Sold	28	**22,834,444**	17,799,575	**40,656,461**	31,867,157
Gross Profit		**2,388,639**	1,720,859	**4,228,378**	3,401,628
Selling and Administrative Expenses	29	**1,583,301**	1,388,930	**3,197,426**	2,684,098
Profit from Operations		**805,337**	331,929	**1,030,952**	717,530
Other Non-Operating Income	27	**1,004,444**	46,851	**1,009,316**	54,509
Other Non-Operating Expenses	30	**(341,646)**	(98,075)	**(630,421)**	(108,396)
Finance Costs	33	**(495,191)**	(435,930)	**(982,181)**	(947,891)
Share in the Profit (Loss) of an Associate	12,13	**19,221**	(9,151)	**82,761**	(59,445)
Profit (Loss) Before Tax		**992,166**	(164,376)	**510,427**	(343,693)
Income Tax Expense (Benefit)		**129,781**	440,409	**267,134**	440,409
Profit (Loss)		**$862,385**	($604,785)	**$243,293**	($784,102)
Attributable to:					
Equity holders of the parent		**$984,025**	($450,938)	**420,991**	(515,998)
Non-controlling interest	23	**(121,640)**	(153,847)	**(177,698)**	(268,104)
		$862,385	($604,785)	**$243,293**	($784,102)
Earnings Per Share					
Basic and diluted earnigs per share	34	**$0.0009**	($0.0004)	**$0.0004**	($0.0005)
Profit (Loss) for the Year		**$862,385**	($604,785)	**$243,293**	($784,102)
Other Comprehensive Income					
Exchange differences on translating foreign operations			-		54,746
Other Comprehensive Income - net of tax			-		54,746
Total Comprehensive Income		**$862,385**	($604,785)	**$243,293**	($729,356)
Attributable to:					
Equity holders of the parent		**$984,025**	($450,938)	**$420,991**	($488,569)
Non-controlling interest		**(121,640)**	(153,847)	**(177,698)**	(240,787)
		$862,385	($604,785)	**$243,293**	($729,356)

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

(Formerly Alliance Tuna International, Inc.)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts In U.S. Dollar)

	Notes	Share Capital	Share Premium	Revaluation Increment	Share Dividends Payable	Fair value on Investment Revaluation Reserve	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Non-controlling Interest	Total
Balance, January 1, 2012		17,861,369	2,948,340	57,668	3,258,912	4,877	139,714	3,795,727	(5,774)	275,400	28,336,233
Additional subscription		3,258,912	-	-	(3,258,912)	-	-	-	-	-	-
Repurchase of shares issued to non-controlling interests	23									(500,000)	(500,000)
		21,120,281	2,948,340	57,668	0	4,877	139,714	3,795,727	(5,774)	(224,600)	27,836,233
Other comprehensive income											
Exchange differences on translating foreign operations		-	-	-	-	-	27,429	-	-	27,317	54,746
Share in other comprehensive income of a joint venture	13	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	23	-	-	-	-	-	-	(515,998)	-	(268,104)	(784,102)
Total comprehensive income (loss)		-	-	-	-	-	27,429	(515,998)	-	(240,787)	(729,356)
Balance, June 30, 2012		**21,120,281**	**2,948,340**	**57,668**	**0**	**4,877**	**167,143**	**3,279,729**	**(5,774)**	**(465,387)**	**27,106,877**
Additional subscription	23	1,455,641	873,392	-	-	-	-	-	-	-	2,329,033
Repurchase of shares issued to non-controlling interests	24	-	-	-	-	-	-	(7,563)	-	7,563	-
Acquisition of new partially-owned subsidiary	24,25	-	-	17,624	-	-	-	-	-	69,040	86,664
Noncontrolling interest in the subsidiary's investments	24	-	-	-	-	-	-	-	-	19,141	19,141
Effects on noncontrolling interest		-	-	-	-	-	-	-	-	-	-
due to the loss of control over a subsidiary	24	-	-	-	-	-	-	(860,638)	-	721,686	(138,952)
		22,575,922	3,821,732	75,292	0	4,877	167,143	2,411,528	(5,774)	352,043	29,402,763
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	(3,615)	-	-	(4,267)	-	-	(15,719)	(23,601)
Share in other comprehensive income of a joint venture	13	-	-	-	-	21,793	-	-	-	-	21,793
Profit (Loss) for the year	24	-	-	-	-	-	-	1,834,542	-	(276,405)	1,558,137
Total comprehensive income (loss)		-	-	(3,615)	-	21,793	(4,267)	1,834,542	-	(292,124)	1,556,329
Balance, December 31, 2012		**$22,575,922**	**$3,821,732**	**$71,677**	**$0**	**$26,670**	**$162,876**	**$4,246,070**	**($5,774)**	**$59,919**	**$30,959,092**
Effects on noncontrolling interest		-	-	-	-	-	-	-	-	-	-
due to the loss of control over a subsidiary	24	-	-	-	-	-					
		22,575,922	3,821,732	71,677	0	26,670	53,822	4,246,070	(5,774)	59,919	30,850,038
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	2,997	-	-	(8,464)	(5,467)
Revaluation increment				563,374							563,374
Share in other comprehensive income of a joint venture	13	-	-	-	-	82,761	-	-	-	-	82,761
Profit (Loss) for the year	24	-	-	-	-	-	-	420,991	-	(177,698)	243,293
Total comprehensive income (loss)		-	-	563,374	-	82,761	2,997	420,991	-	(186,162)	883,960
Balance, June 30, 2013		**$22,575,922**	**$3,821,732**	**$635,051**	**$0**	**$109,431**	**$56,819**	**$4,667,061**	**(5,774)**	**(126,243)**	**$31,733,998**

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
(Formerly Alliance Tuna International, Inc.)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts In U.S. Dollar)

		For the Six Months Ended June 30	
	Notes	**2013**	2012
Cash Flows from Operating Activities			
Profit (Loss) before tax		**$510,427**	($343,693)
Adjustments for:			
Finance costs	33	**982,181**	947,891
Depreciation and amortization	14,28,29	**740,491**	537,104
Share in loss (profit) of associates and joint venture	12,13	**(82,761)**	59,445
Retirement benefit	21,28	**61,273**	24,000
Exchange differences on translating foreign operations		**5,467**	54,746
Interest income	7, 27	**(8,654)**	(17,625)
Foreign exchange gain - net		**(440,392)**	-
Gain on sale of property, plant and equipment	15, 28	**(529,591)**	-
Provision for doubtful accounts	8, 30	**123,966**	-
Provision for inventory obsolescence		**49,000**	-
Operating cash flows before working capital changes		**1,411,407**	1,261,868
Decrease (Increase) in:			
Trade and other receivables		**(2,210,521)**	(532,720)
Inventories		**(2,734,567)**	(1,425,113)
Prepayments and other current assets		**(968,110)**	(1,563,994)
Other-non current assets		**(135,513)**	-
Increase in trade and other payables		**5,275,532**	1,804,580
Cash used in operations		**638,229**	(455,379)
Income tax paid		**(537,775)**	(156,260)
Net cash used in operating activities		**100,454**	(611,639)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	14	**(602,287)**	(428,229)
Acquisition of investment in subsidiary		**-**	(500,000)
Due from related parties		**(60,197)**	869,076
Other-non current assets		**4,725**	59,843
Acquisition of investment in associate		**(39,279)**	-
Interest income received		**8,654**	17,625
Proceeds from sale of property, plant and equipment		**529,591**	-
Net cash used in investing activities		**(158,793)**	18,315
Cash Flows from Financing Activities			
Proceeds from bank loans		**31,277,147**	28,877,863
Payment of bank loans		**(30,404,004)**	(25,889,278)
Finance costs paid		**(841,226)**	(775,230)
Proceeds from (Payment of) due to related parties		**(316,381)**	(6,474)
Net cash from financing activities		**(284,464)**	2,206,881
Effects of Foreign Exchange Rate Changes		**-**	-
Net Increase (Decrease) in Cash and Cash Equivalents		**(342,803)**	1,613,557
Cash and Cash Equivalents, Beginning		**4,191,826**	1,636,464
Cash and Cash Equivalents, End	7	**$ 3,849,023**	$ 3,250,021

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2013 and DECEMBER 31, 2012 AND FOR THE SIX MONTHS ENDED JUNE 30, 2013 and 2012
(Amounts In U.S. Dollar)

1. CORPORATE INFORMATION

Alliance Select Foods International, Inc. (the "Parent Company") is a public corporation under Section 17.2 of the Securities Regulation Code (SRC) and was incorporated and registered in the Philippine Securities and Exchange Commission (SEC) on September 1, 2003. The Parent Company is primarily engaged in the business of manufacturing, canning, importing and exporting of food products such as marine, aquaculture and other processed seafoods. Its shares are listed in the Philippine Stock Exchange (PSE) since November 8, 2006.

Furthermore, the Parent Company was registered with the Board of Investments (BOI) on August 24, 2004 under the Omnibus Investments Code of 1987, otherwise known as Executive Order No. 226, on a non-pioneer status as new export producer of canned tuna and its by-product, fishmeal. As such, the Parent Company is entitled to certain incentives such as income tax holiday (ITH) for four years plus three bonus years from the date of registration and subject for approval of extension by the BOI; tax credit on raw materials and supplies used for export products; and additional deduction for labor expense, subject to certain requirements under the terms of its BOI registration. The Parent Company has been granted by the BOI three years extension of ITH that ended on August 23, 2011.

On July 1, 2010, the Board of Directors has resolved to change the corporate name from Alliance Tuna International, Inc. to Alliance Select Foods International, Inc. The change in corporate name was then approved by the SEC on July 22, 2010.

On November 25, 2011, SEC has approved the increase in the Parent Company's authorized share capital from P950,000,000 divided into 950,000,000 shares to P1,500,000,000 divided into 1,500,000,000 shares having a par value of P1 per share.

The financial position and results of operations of the Parent Company and its subsidiaries (the "Group") are consolidated in these financial statements.

The Parent Company's principal place of business is located at Suites 1205, 1206 & 1405 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. It has plant facilities located in Barrio Tambler, General Santos City, Philippines.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

PFRS is an International Financial Reporting Standards equivalent.

Basis of Preparation and Presentation

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for:

- certain financial instruments carried at amortized cost;
- inventories carried at the lower of cost or net realizable value;
- biological assets measured at fair value less costs to sell;
- retirement benefit obligation recognized at present value less fair value of plan assets, as adjusted by unrecognized past service cost and unrecognized actuarial gains and losses;
- assets held-for-sale measured at the lower of carrying amount and fair value less cost to sell; and
- land carried at revalued amount.

Functional and Presentation Currency

These consolidated financial statements are presented in U.S. Dollar, the currency of the primary economic environment in which the Group operates. All amounts are recorded in the nearest dollar, except when otherwise indicated.

3. BASIS OF CONSOLIDATION AND COMPOSITION OF THE GROUP

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Alliance Select Foods International, Inc. and all companies it controls (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date control exists and cease to be consolidated from the date the control is lost.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having deficit.

The Group accounting policies for business combination and intragroup transactions and balances are disclosed in Note 5, under significant accounting policies.

Composition of the Group

Details of the Parent Company's subsidiaries as at June 30, 2013 are as follows:

	Ownership Interests			Acquired/ Incorporated
	2013	2012	2011	**Date**
PT International Alliance Food Indonesia (PTIAFI)	**99.98%**	99.98%	89.98%	May 28, 2008
Prime Foods New Zealand Limited (PFNZ)	**50.00% + 1 share**	50.00% + 1 share	50.00% + 1 share	January 6, 2009
Big Glory Bay Salmon and Seafood Company Inc. (BGB)	**50.00% + 1 share**	50.00% + 1 share	50.00% + 1 share	October 29, 2009
ASFI Choice Foods, Inc. (ASFIC)	**100.00%**	100.00%	100%	April 11, 2011
Spence & Company Ltd. (Spence)	**100.00%**	100.00%	100%	August 10, 2011
Akaroa Salmon (NZ) Ltd. (Akaroa)	**80.00%**	80.00%	-	October 1, 2012
Alliance MHI Properties, Inc. (AMHI)	**-**	-	40.00%	June 18, 2010

The principal activities and other details of the subsidiaries are as follows:

PTIAFI

PTIAFI was established under the Indonesian law within the framework of the Foreign Capital Investment Law No. 25 year 2007 based on Notarial Deed No. 101 dated May 21, 2001. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in the Decision Letter No. AHU-24298.AH.01.01 dated May 28, 2008.

PTIAFI is primarily engaged in canned fish processing exclusively for international market. The plant is located at JI. Raya Madidir Kelurahan Madidir Unet Ling. II Kecamatan Madidir, Bitung, Indonesia.

This investment in PTIAFI provides the Company with access to the rich Indonesian marine resources.

On February 10, 2012, the Parent Company has purchased 500,000 shares of PT Wailan Pratama, a fishing company, at book value for $500,000 which has been approved by the Indonesia Investment Coordinating Board and the Department of Law and Human Rights in accordance to Indonesian Law. This event has increased Parent's stake in PTIAFI from 89.98% as at December 31, 2010 to 99.98% on February 10, 2012 and as at December 31, 2012.

The boost in stake by the Parent Company is being done at a time when the Group plans to aggressively increase its production and marketing efforts in Indonesia. Indonesia is extremely rich in marine resources and full control of PTIAFI will enable the Group tap additional export markets around the globe.

On December 20, 2011, PTIAFI has founded and established PT Van de Zee (VDZ) under the current Indonesian law with 80% percentage ownership and is considered a subsidiary of PTIAFI. VDZ will be operating in integration with the tuna processing activities of PTIAFI. VDZ's establishment as a foreign investment company has been approved by the Indonesian Investment Coordinating Board or Bedan Koordinasi Penanaman Modal and Ministry of Laws and Human Rights of the Republic of Indonesia.

Indonesia's Ministry of Fisheries and Marine Resources has accepted fees from VDZ for an initial allocation of 5,000 metric tons for 2012. Conditional on the fulfillment of its five-year vessel acquisition program, VDZ has a potential allocation of 30,000 metric tons by 2016. This means by that year, VDZ would be able to support a 100% capacity utilization of PTIAFI's processing plant which has a capacity of 90 metric tons per day.

On May 26, 2010 the Board of Directors authorized the Company to increase its equity investment in PTIAFI from $825,600 to $4,499,000 by converting its outstanding cash advances in the amount of $3,673,400 into equity and applying the same as payment for the additional 3,673,400 shares at a par value of $1.00. The percentage ownership thus increased from 79.92% as at December 31, 2009 to 89.98% as at December 31, 2010. The Company's joint venture partner in the subsidiary, PT Wailan Pratama, also converted part of its advances and increase its shareholdings from 206,400 shares as at December 31, 2009 to 500,001 shares as at December 31, 2010 with a par value of $1.00.

PFNZ

PFNZ is a company domiciled in New Zealand and is registered under the Companies Act of 1993 on September 8, 1993. The Ministry of Economic Development assigned company number 625998 to PFNZ as part of its registration process.

PFNZ is primarily engaged in the business of processing, manufacturing and distributing smoked salmon and other seafoods under the Prime Smoke and Studholme brand for distribution in New Zealand and other countries. The investment in PFNZ is the first venture of the Company in the salmon business. The plant is located in Hororata RD2 Darfield, New Zealand.

BGB

BGB is a joint venture between the Parent Company and its New Zealand-based subsidiary PFNZ. It was established primarily to engage in the business of manufacturing goods such as salmon and other processed seafoods. It was registered with the Philippine SEC on October 29, 2009 with registration number CS200916903. Its registered address is located at Suite 1205 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines and its plant facilities is located at Barrio Tambler, General Santos City, Philippines.

The investment in salmon processing allows the Company to be the dominant player in the smoked salmon industry in the region and to continue on a path towards further product and resource diversification.

BGB started its commercial operation on August 1, 2011.

ASFIC

On April 11, 2011, the Company established ASFIC in Massachusetts, USA to serve as the Company's vehicle in making investments in or acquisitions of other companies. ASFIC does not have any revenue nor expenses as the Parent Company used it solely to acquire investments. ASFIC's net assets as at December 31, 2012 and 2011 amounted to $10,000.

SPENCE

On August 10, 2011, the Parent Company acquired 100% of the issued share capital of Spence, located at No. 76 Campanelli Drive, Brockton MA 02301 USA, for a cash consideration of $9,240,946 resulting in recognition of goodwill amounting to $7,451,946. Spence specializes in the production of smoked salmon and other seafoods. Its processing facilities cover an area of 20,000 square meters with a rated capacity of 6 metric tons per day.

The investment in salmon processing allows the Group to diversify its product line to take advantage of the changing food consumption patterns around the globe, address the issue of sourcing raw materials and improve overall margins and profitability.

As at August 10, 2011, Spence's financial position was as follows:

ASSETS	
Current Assets	
Cash	**$1,085,072**
Accounts receivables – net	**541,017**
Inventories	**416,488**
Tax refund receivable	**41,000**
Prepaid expenses	**5,261**
Deferred tax assets	**64,089**
	2,152,927
Non-current Asset	
Property and equipment – net	**359,496**
	$2,512,423
LIABILITIES AND EQUITY	
Current Liabilities	
Accounts payable and accrued expenses	**$ 613,070**
Note payable	**7,762**
	620,832
Non-current Liability	
Deferred tax liability	**102,591**
	723,423
Equity	
Share capital	**100**
Retained earnings	**1,788,900**
	1,789,000
	$2,512,423

Goodwill arising from acquisition on August 10, 2011 amounted to $7,451,946, computed as follows:

Investment	**$9,240,946**
Net assets	**1,789,000**
Goodwill	**$7,451,946**

For consolidation purposes, only the results of operations from the date of Group's acquisition up to the end of reporting period was included in the consolidated statements of comprehensive income for the quarter ended March 31, 2013 and 2012 .

AKAROA

On October 1, 2012, the Company acquired 80% of the issued shares of Akaroa with a fair value of $276,161 at a purchase price of $2,326,800, resulting in a goodwill amounting to $2,050,639, recognized in the consolidated financial statements. Akaroa is a company incorporated and domiciled in New Zealand and is registered under the Companies Act of 1993. Its principal office is located in 9 Pope Street Riccarton, Christchurch New Zealand. Akaroa is engaged in the business of sea cage salmon farming and operates two marine farms in Akaroa Harbor, South Island, New Zealand. It also processes fresh and smoked salmon.

Akaroa also holds 20% stake in Salmon Smolt NZ Ltd., a modern hatchery quarantining high quality and consistent supply of smolts (juvenile salmon) for its farm.

The Group financed this acquisition through a private placement of its authorized unissued shares. The investment in Akaroa will further strengthen the Group's salmon products.

As at October 1, 2012, Akaroa's financial position were as follows:

ASSETS	
Current Assets	
Cash	**$ 40,060**
Trade and other receivables	**207,948**
Other short term financial assets	**25,799**
Inventories and biological asset	**106,333**
Other current asset	**1,314**
	381,454
Non-current Asset	
Property, plant and equipment	**276,416**
Investment in associates	**28,254**
Intangible assets	**96,390**
Other non-current assets	**1,761**
	402,821
	$784,275

LIABILITIES AND EQUITY	
Current Liabilities	
Trade and other payables	**$233,680**
Loans payable – current	**163,909**
	397,589
Non-current Liability	
Loans payable - net of current	**41,485**
	439,074
Equity	
Share capital	**13,275**
Reserves	**207,935**
Retained earnings	**123,991**
	345,201
	$784,275

Goodwill arising from acquisition on October 1, 2012 amounted to $2,050,639, computed as follows:

Investment	**$2,326,800**
Net assets at 80%	**276,161**
Goodwill	**$2,050,639**

For consolidation purposes, only the results of operations from the date of Group's acquisition up to the end of reporting period was included in the consolidated statements of comprehensive income for the quarter ended March 31, 2013 and 2012.

AMHI

AMHI was established primarily to engage as a property holding arm of the Group. It was registered with the Philippine SEC on June 18, 2010 with registration number CS201009131. Its registered address is located at Purok Salayda, Barangay Tambler, General Santos City, Philippines.

AMHI is a Special Purpose Entity (SPE) and considered as a subsidiary of the Parent Company. As an SPE, AMHI conducts its normal operations by exclusively allowing the members of the Group to make use of its properties under lease agreements.

On December 12, 2012, the Parent Company's officers who held key positions in AMHI resigned from AMHI. Moreover, on December 28, 2012, AMHI sold a substantial portion of its assets to the Parent Company to settle amounts due to the latter.

Effective December 28, 2012, the Parent Company ceased to exercise control over AMHI and had reduced financial interest, but continued to have significant influence over AMHI as disclosed in Note 6.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2012

The following new and revised accounting standards that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Group effective January 1, 2012:

Amendments to PFRS 7, *Financial Instruments: Disclosures*

The amendments permit users of financial statements to understand transactions involving the transfer of financial assets (for example, securitizations), including the possible effects of any risk that may remain with the entity that transfer the assets. These amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The amendments did not have a significant impact in the Group's consolidated financial statements.

PIC Q&A 2011-02, PFRS 3.2, *Common Control Business Combinations*

The interpretation provides guidance on accounting for business combinations involving entities under common control that are excluded from the scope of PFRS 3, *Business Combinations*. It clarifies that common control business combinations are typically accounted for using the pooling of interests method. In some cases, the acquisition method under

PFRS 3 can be used where common control business combinations have commercial substance. This interpretation also includes factors that may be considered when evaluating whether the business combinations have commercial substance or none.

The interpretation did not have a significant impact to the Group's consolidated financial statements.

PIC Q&A 2011-03, *Accounting for Intercompany Loans*

The interpretation provides guidance on the accounting treatment of an interest free or below market interest rate loan among group companies. It includes discussion on the treatment of the different types of intercompany loans in the books of the parent company and subsidiaries, impairment assessment, and disclosure requirements.

The interpretation did not have a significant impact to the Group's consolidated financial statements.

PIC Q&A 2011-04, PAS 32.37-38, *Costs of Public Offering of Shares*

The interpretation provides guidance on the accounting treatment of costs on public offering of shares that involves issuing new shares and a listing with the stock exchange. This interpretation clarifies that the costs of listing shares are not considered as costs of an equity transaction since no equity instrument has been issued and such costs are recognized as an expense in the consolidated profit or loss when incurred. The interpretation discusses the nature of the costs of public offering of shares and certain examples of allocations when the joint transaction costs relate to more than one share issuance or listing transaction.

The interpretation did not have a significant impact to the Group's consolidated financial statements.

PIC Q&A 2011-05, PFRS 1.D1-D8, *Fair Value or Revaluation as Deemed Cost*

The interpretation provides guidance on the accounting treatment of revaluation increment of property, plant and equipment when revalued amounts are accounted for as "deemed cost" at the date of transition to PFRS. It requires that the revaluation increment be closed to opening retained earnings and not to other equity category. The interpretation also requires that the amount of revaluation surplus closed to retained earnings shall not form part of retained earnings available for dividend distribution. Furthermore, it discusses the disclosure requirements and criteria on when to include a third statement of financial position relating to revaluation increment of property, plant and equipment accounted for as "deemed cost".

The interpretation did not have a significant impact to the Group's consolidated financial statements.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2012

The Group will adopt the following PFRS when these become effective and to the extent applicable:

Amendments to PAS 1, *Presentation of Financial Statements*

The amendments require companies preparing financial statements in accordance with PFRSs to group items of other comprehensive income into items that may or may not be reclassified to profit or loss in subsequent periods. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either in a single statement or two consecutive statements. The amendments are effective for annual periods beginning on or after July 1, 2012 with early application permitted.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

Amendments to PAS 19, *Employee Benefits*

The amendments change the accounting for defined benefit plans and termination benefits. These amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets as it occur, thus, resulting in the elimination of the "corridor approach" as previously permitted under PAS 19. These also require acceleration in the recognition of past service costs and the immediate recognition of all actuarial gains and losses through other comprehensive income. In effect, the net pension asset or liability recognized in the statements of financial position shall be presented in its full value whether it is a plan deficit or surplus. The amendments are effective for annual periods beginning on or after January 1, 2013 with early application permitted.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

PAS 27, *Separate Financial Statements (as amended in 2011)*

The standard outlines the accounting and disclosure requirements for separate financial statements, which are the financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*. The standard also outlines the accounting treatment and additional disclosure requirements for dividends. The amendments are effective for annual periods beginning on or after January 1, 2013 with early application permitted.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

PAS 28, *Investments in Associates and Joint Ventures (as amended in 2011)*

The standard outlines the application, with certain limited exceptions, of the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices). The amendments are effective for annual periods beginning on or after January 1, 2013 with early application permitted.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

Amendments to PFRS 7, *Financial Instruments: Disclosures on Asset and Liability Offsetting*

The amendments include new disclosure requirements that pertain to all recognized financial instruments that are set off in accordance with paragraph 42 of PAS 32, *Financial Instruments*: Presentation. The amendments are effective for annual periods beginning on or after January 1, 2013.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

PFRS 10, *Consolidated Financial Statements*

The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. This standard also includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure or rights to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in this standard to deal with complex scenarios. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

Future adoption of the standards will have no material effect on the Group's consolidated financial statements.

PFRS 11, *Joint Arrangements*

The standard deals on how a joint arrangement be classified when two or more parties have joint control. Under this standard, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, investments in joint ventures under this standard are required to be accounted for using the equity method of accounting. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

Future adoption of the standards will have no material effect on the Group's consolidated financial statements.

PFRS 12, *Disclosures of Interest in Other Entities*

The standard requires companies to disclose information about its interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The disclosure requirements in this standard are more extensive than those in the current standards. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

Future adoption of the standards will have no material effect on the Group's consolidated financial statements.

Amendments to PFRS 10, PFRS 11 and PFRS 12, *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*

The amendments clarify certain transitional guidance on the application of PFRS 10, PFRS 11 and PFRS 12. The major clarifications are as follows:

- The amendments define the date of initial application of PFRS 10 as the beginning of the annual reporting period in which this standard is applied for the first time.
- The amendments clarify how a reporting entity should adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application under PFRS 10 is different from that under PAS 27/ SIC-12.
- When the control over an investee was lost during the comparative period (e.g. as a result of a disposal), the amendments state that there is no need to adjust the comparative figures retrospectively even though a different consolidation conclusion might have been reached under PAS 27/SIC-12 and PFRS 10.
- When a reporting entity concludes, on the basis of the requirements of PFRS 10, that it should consolidate an investee that was not previously consolidated, the entity should apply acquisition accounting in accordance with PFRS 3, *Business Combinations* to measure assets, liabilities and non-controlling interests of the investee at the date when the entity obtained control of the investee. The amendments clarify which version of PFRS 3 should be used in different scenarios.
- The amendments provide additional relief by limiting the requirement to present adjusted comparative information to the period immediately before the date of initial application. These amendments also eliminate the requirements to present comparative information for disclosures related to unconsolidated structured entities for any period before the first annual period in which PFRS 12 is applied.

- The effective date of the amendments is aligned with the effective dates of PFRS 10, PFRS 11 and PFRS 12.
- The Group has yet to determine the impact of the future adoption of the amendments to PFRS 7 in the consolidated financial statements.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

PFRS 13, *Fair Value Measurement*

The standard establishes a single source of guidance and disclosure requirements for fair value measurements. The scope of PFRS 13 applies to both financial instrument and non-financial instrument items for which other PFRSs require or permit fair value measurements and disclosures, except in specified circumstances. The disclosure requirements in PFRS 13 are more extensive than those required in the current standards. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

Future adoption of the standards will have no material effect on the Group's consolidated financial statements.

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

The interpretation sets the accounting for the benefits arising from stripping activity in the production phase of surface mining operations. The interpretation is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

Future adoption of the interpretations will have no material effect on the Group's consolidated financial statements.

Annual Improvements to PFRSs 2009-2011 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-Time Adoption of PFRS*

The amendments provide a policy option for entities that stopped applying PFRSs and will resume reporting under PFRS after a certain period of time. These entities may either prepare financial statements in accordance with PFRS 1 or apply all applicable PFRS retrospectively in accordance with PAS 8, Accounting Policies, Changes in Estimates and Errors as if the entity had never stopped applying PFRS. The amendments also clarify that upon adoption of PFRS, the entity who capitalized borrowing cost under previous GAAP, need not adjust the said borrowing cost in its opening statement of financial position at the date of transition. Furthermore, the amendments also require entities to account for borrowing cost incurred on qualifying assets already under construction in accordance with PAS 23 on or after the said date.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

Amendment to PAS 1, *Presentation of Financial Statements*

The amendments clarify that:

- the minimum required comparative period is the preceding period;
- when an entity prepares financial statements and voluntarily includes more than the minimum comparative information, it shall include comparative information in related notes; and
- when an entity is required to present a third statement of financial position, it shall not be required to include the comparative information in related notes.

Future adoption of the standards will have no material effect on the Group's consolidated financial statements.

Amendments to PAS 16, *Property, Plant and Equipment*

The amendments clarify that spare parts, stand-by or servicing equipment are required to be classified as property, plant and equipment when they meet the definition of property, plant and equipment, and shall only be classified as inventory when it does not meet the definition of property, plant and equipment.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

Amendments to PAS 32, *Financial Instruments: Presentation*

The amendments clarify that income tax relating to distributions to holders of an equity transactions are required to be accounted for in accordance with PAS 12, *Income Taxes*. This may result in items of income tax being recognized in equity or in profit or loss.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

Amendments to PAS 34, *Interim Financial Reporting*

The amendments clarify that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for the segment from the amount disclosed in the last annual financial statements.

The above improvements are effective for annual periods beginning on or after January 1, 2013 and shall be applied retrospectively. However, early application of these improvements is permitted.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

Amendments to PAS 32, *Financial Instruments: Presentation*

The amendments provide clarifications on the application of the offsetting rules of financial assets and financial liabilities. The amendment is effective for annual periods beginning on or after January 1, 2014.

Future adoption of the amendments will have no material effect on the Group's consolidated financial statements.

PFRS 9, *Financial Instruments*

The standard requires all recognized financial assets that are within the scope of PAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

For financial liabilities that are designated as at fair value through profit or loss (FVTPL), the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. The standard is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

Future adoption of the standards will have no material effect on the Group's consolidated financial statement.

5. SIGNIFICANT ACCOUNTING POLICIES

Business Combination

The Group applies the acquisition method to account for business combinations. Under this method, assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired, i.e. discount on acquisition, is credited to profit and loss in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognized.

At the acquisition date, the Group measures the components of non-controlling interests in the subsidiary that are present ownership interests and entitle the holders to a proportionate share of the entity's net assets in the event of liquidation at either at fair value; or at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required by PFRSs.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may result in amounts previously recognized in other comprehensive income being reclassified to profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intragroup Transactions and Balances

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including inter group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used in line with those used by the Parent Company. All intra-group transactions, balances, income and expenses are eliminated in the consolidation.

Financial Assets

Initial recognition of financial assets

Financial assets are recognized in the Group's financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified at FVTPL.

Classification of financial assets

Financial assets are classified into the following specified categories: financial assets FVTPL, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently, the Group's financial assets consist of loan and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Group's financial assets classified under this category include cash and cash equivalents, trade and other receivables, due from related parties, and refundable lease deposit under other non-current assets.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on effective interest basis for debt instruments other than those assets classified as at FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial re-organization; or
- default or delinquency in interest or principal payments; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss with the exception of trade receivables, wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in consolidated profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the carrying amount of the financial asset derecognized and the consideration received or receivable is recognized in consolidated profit or loss.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Inventories

Inventories are measured initially at cost. Costs comprise direct materials, direct labor costs and those overheads incurred in bringing the inventories to their present location and condition. Subsequently, inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distributing the goods.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the consolidated statements of comprehensive income. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to consolidated profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Special Purpose Entities (SPEs)

An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs' risks and rewards, the Group concludes that it controls an SPE. SPE controlled by the Group are established under terms that impose strict limitations on the decision-making powers of the SPE's management enabling the Group to receive the majority of the benefits related to the SPE's operations and net assets, exposing the Group to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE's or their assets.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 results of operation and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale. Investment in an associate is carried in the consolidated statements of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill. Goodwill is included within the carrying amount of the investments and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition, i.e. discount on acquisition is immediately recognized in consolidated profit or loss in the period of acquisition.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment, including goodwill, is tested for impairment in accordance with the Group's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount, higher of value in use and fair value less costs to sell, with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Investments in a Joint Venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held-for-sale.

Under the equity method, investments in a joint venture is carried in the consolidated statements of financial position at cost as adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in a joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. From the date the Group disposes of its interest or when such external restrictions are placed on a jointly controlled entity that the Group no longer has joint control, the Group shall discontinue the use of equity method.

When the Group transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognized in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

The investment in a joint venture is derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in a joint venture and is recognized in consolidated profit or loss.

Biological Assets

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Group and the fair value or cost of the assets can be measured reliably.

The Group measures its biological assets on initial recognition, and at the end of each reporting period, at fair value less estimated costs to sell. Estimated costs to sell include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties.

The Group, through Akaroa, was permitted by New Zealand Inland Revenue Department (IRD) to use the national average market values issued by IRD as a proxy for fair value of a class of livestock, provided that such values are applied consistent to a class of livestock. The cost of biological assets per IRD approval stated that the cost is same as its acquisition cost. IRD's approval gives Akaroa the permission to use national average market values as proxy to fair values or cost in accordance with PAS 41, *Agriculture* (par. 30).

Harvested agricultural produce are also carried at fair value less estimated costs to sell at harvest point.

The Group's classifies its biological assets as consumable biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets.

Gains or losses arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset are included in the consolidated profit or loss for the period in which they arise.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. At the end of each reporting period, items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Major spare parts and stand-by equipment qualify as property and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant, and equipment.

Estimated future dismantlement costs of items of property and equipment arising from legal or constructive obligations are recognized as part of property, plant and equipment and are measured at present value at the time the obligation was incurred.

Land held for use in the production or supply of goods or services, or for administrative purposes, is stated in the consolidated statements of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of each reporting period.

The latest revaluation of the above land was made on February 1, 2011 by John J Ryan & Associates Ltd., a registered appraiser in New Zealand.

Any revaluation increase arising on the revaluation of such land is charged to other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is charged to consolidated profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation surplus relating to a previous revaluation of that asset.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Fishing vessel	40 years
Buildings	25 years
Machinery and equipment	15 years
Plant and office furniture, fixtures and equipment	5 years
Transportation equipment	5 years

Building and leasehold improvements are depreciated over the improvements' useful life of seven years or when shorter, the terms of the relevant lease.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated profit or loss.

Investment Properties

Investment properties are properties that are held to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

Gains or losses arising from changes in the fair value of investment property are included in the consolidated profit or loss on the period in which they arise.

Depreciation of building is computed on the straight-line method based on the estimated useful life of 25 years.

Transfers to, or from, investment property shall be made only when there is a change in use.

Investment property is derecognized by the Group upon its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated profit or loss in the period in which the property is derecognized.

Intangible Assets

Acquired intangible assets

Intangible assets that are acquired by the Group with finite useful lives are initially measured at cost. At the end of each reporting period items of intangible assets acquired are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the intangible asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the consolidated profit or loss as incurred.

Amortization of intangible assets with definite useful lives

Amortization for salmon farming consent with finite useful life is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the consolidated profit or loss on a straight-line basis over the estimated useful life of salmon farming consent, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of the salmon farming consent for the current and comparative periods is 25 years.

Intangible assets with indefinite useful lives

Intangible assets with indefinite life are not amortized. However, these assets are reviewed annually to ensure the carrying value does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Group considers its fishing license and mycrocystic consent having an indefinite useful life for the following reasons:

- there have been no established legal or contractual expiration date;
- impracticability of the determination of the intangible assets' economic useful lives; and
- unforeseeable limit to the period over which the fishing license and mycrocystic consent are expected to generate net cash flows for the Group.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit or group of units on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Non-current Assets Held-for-Sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held-for-sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a *pro-rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognized in the consolidated profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

If the non-current assets no longer met the criteria to be classified as held-for-sale, the Group shall cease to classify the asset held-for-sale. The Group shall measure a non-current asset that ceases to be classified as held-for-sale at the lower of:

- its carrying amount before the asset was classified as held-for-sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset not been classified as held-for-sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

In general, the Group classifies assets as held-for-sale when the following conditions are met:

- Group Management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active programme to locate a buyer is initiated;
- the sale is highly probable, within 12 months of classification as held-for-sale subject to limited exceptions;
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

These assets are presented as assets held-for-sale in the statements of financial position.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Financial liabilities

Financial liabilities are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Group's financial liabilities, except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Since the Group does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in consolidated profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring Group's own shares are shown as a deduction from equity attributable to the Group's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Group's equity holders.

Stock dividend distributable

Share dividend payable is recognized at the date of declaration. Its measurement is dependent on the percentage of share dividends issue as compared to the total shares outstanding at date of declaration. If the percentage of declared share dividends is less than 20%, the Parent Company measures it at par value or fair market value at the date of declaration; whichever is higher and any excess of fair value over its par is considered to be share premium. If the percentage of the declared share dividends is 20% or more, the Parent Company measures it on par value.

Repurchase, disposal and reissue of shares capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which include directly attributable cost, net of any tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognized as increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Retained earnings

Retained earnings represent the accumulated income of the Group attributable to the Parent Company after deducting dividends declared by the latter.

Non-controlling interest

Non-controlling interest represents the accumulated income after dividends declared attributable to the non-controlling shareholders of the subsidiaries.

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

The Group has a non-contributory retirement plan. The post-employment expense is determined using the Projected Unit Credit Method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Post-employment benefit expenses include current service cost plus amortization of past service cost, experience adjustments and changes in actuarial assumptions over the expected average remaining working lives of the covered employees. Cumulative actuarial gains and losses in excess of the 10% of the greater between present value of the defined benefit obligation and fair value of any plan assets were amortized over the expected average remaining working lifetime of the employees and recognized as part of retirement expense.

Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation reduced by fair value of plan asset as adjusted for unrecognized past service cost and as reduced by the fair value of plan assets.

The funding policy is to contribute an amount based on the actuarial valuation report which is carried out at end of reporting period.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sale of goods

Sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and volume rebates. Sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales return

Sales return is recognized at the time of actual return of goods. It is measured by the amount of the revenue previously recognized in which the return is associated. It is treated as a contra revenue account and represents a direct deduction from amounts receivable for goods provided in the normal course of business.

The Group does not offer to its customers a general right of return. However, the Group accepts returns of damaged and defective products that are shipped directly from the Group or for products that are already expired.

Other income

Other income is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably. Other income includes interest income, rental income, income from insurance settlement, gain on sale of property, plant and equipment, foreign exchange gain, reversal of doubtful accounts and miscellaneous income. The specific policies over the specific classification of other income are as follows:

Rental income

Revenue recognition for rental income is disclosed in the Group's policy for leases.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income from insurance settlement

Income from insurance settlement is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

Gain on sale of property, plant and equipment, foreign exchange gain, and reversal of doubtful accounts

Accounting policies for the recognition of gain on sale of property, plant and equipment, foreign exchange gain, and reversal of doubtful accounts are disclosed in the policies on property, plant and equipment, foreign exchange transactions and translations, and financial assets, respectively.

Miscellaneous income

Miscellaneous income is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably. Miscellaneous income is the income that cannot be classified as a sale of goods, rental income, interest income, income from insurance settlement, gain on sale of property, plant and equipment, foreign exchange gain, and reversal of doubtful accounts.

Expense Recognition

Expenses are recognized in consolidated profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in consolidated profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Expenses in the consolidated statements of comprehensive income are presented using the function of expense method. Cost of goods manufactured and sold are expenses incurred that are associated with the goods sold and include components of cost of good manufactured.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currency Transactions and Translations

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in the consolidated profit or loss for the year.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the consolidated profit or loss in the period in which they are incurred.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the Group if that person:

- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the reporting entity or of a parent of the Group.

An entity is related to the Group if any of the following conditions apply:

- the entity and the Group are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- the entity is controlled or jointly controlled by a person who is a related party as identified above; and
- a person that has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax.

Current tax expense

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Parent Company's registered product was granted an ITH starting August 24, 2004 up to August 23, 2011 as disclosed in Note 1. After the ITH, the liability for current tax is calculated using a tax rate of 30% under the normal taxation or 2% of defined gross income under minimum corporate income tax (MCIT), whichever is higher.

The income tax rates of subsidiaries are as follows:

ASFIC	40%
Spence	40%
Akaroa	28%
PFNZ	28%
PTIAFI	25%
BGB	ITH

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in associate except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes are recognized as an expense or income in consolidated profit or loss, except when they relate to items that are recognized outside consolidated profit or loss, whether in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized outside consolidated profit or loss.

Earnings per Share

The Group computes its basic earnings per share by dividing consolidated profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares issued and outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Group and the weighted average number of shares outstanding are adjusted for the effects off all dilutive potential ordinary shares.

Events after the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that;
- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the financial statements.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements.

Segment reporting

The Group's revenue is classified into sales of canned and processed seafoods and sales of fishmeal. Although the revenue can be identified separately, the Group uses the same assets and resources for its sales of canned and processed seafoods and sales from fishmeal activities. Segregation and/or identification/allocation of those resources for each activity are impracticable since sales from fishmeal activities are minimal and do not exceed the 10% threshold criteria set forth in PFRS 8.

For management purposes, the Group is currently organized activities based on its products (i.e. sale of canned and processed seafoods; and sale of fishmeal) and considers each product as one segment. The core activity is the canned and processed seafoods which account for more than 98.3% of the Group's consolidated revenues, consolidated profit for the year, and consolidated total assets. Thus, Management believes that the Group's only reportable segment is the Group's activities taken as a whole.

Classification of lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of the ownership to the lessee otherwise; leases are classified as operating leases. Judgment is used in determining whether the significant risk and rewards of ownership are transferred to the lessee. In making such judgment, the Group evaluates the terms and conditions of the lease arrangement. Failure to make the right judgment would directly affect the Group's assets and liabilities.

The lease contracts entered into by the Group are classified as operating leases as disclosed in Note 32.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the US Dollar. The US Dollar is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the Group in determining the costs and selling price of its inventories.

Presentation of third statement of financial position

It will often be necessary for the management to exercise judgment in determining whether an additional consolidated statement of financial position at the beginning of the earliest comparative period is required to be presented. When applying judgment, it is necessary to consider whether the information set out an additional consolidated statement of financial position would be material to users of the consolidated financial statements.

Based on careful evaluation, Management believes that the change in prior year presentation and reclassifications made in the consolidated financial statements, as disclosed in Note 42, would not have material impact on the Groups consolidated financial statements. Accordingly, the third consolidated statement of financial position is not prepared and presented.

Determination of control

Management exercises its judgment in determining whether the Parent Company has control over another entity by evaluating the substance of relationship that indicates the control of Parent Company over its subsidiaries and special purpose entity. The recognition and measurement of the Parent Company's investments over these entities will depend on the result of the judgment made.

Based on the assessment made by the Management, the Parent Company has control over its subsidiaries PTIAFI, PFNZ, BGB, Spence and Akaroa as at December 31, 2012 and 2011, and special purpose entities ASFIC as at December 31, 2012 and 2011 and AMHI as at December 31, 2011. Accordingly, the financial statements of these entities are included in the consolidated financial statements of the Parent Company.

Determination of joint control

Management exercises its judgment in reassessing whether the Group has joint control over FDCP Inc. (FDCP) or mere significant influence by evaluating the substance of relationship that may exist between the Group over FDCP. The recognition and measurement of the Group's investments over FDCP will depend on the result of the judgment made.

On the basis of the reassessment made on the circumstances disclosed in Note 42, the Group accounts for its 40% ownership in FDCP as an Investment in Joint Venture as it exercises joint control over the strategic financial and operating decisions relating to the JV's activities which require the unanimous consent of the parties in a collective sense. Moreover, in cases of deadlocks or when the parties do not reach unanimous consent, parties seek independent arbitration to reach conclusion.

Loss of control

Based on the reassessment made by the Management due to the changes in circumstances arising from the restructuring of AMHI disclosed in Note 3, the Parent Company ceased to exercise control over AMHI effective December 28, 2012. As a result of the loss of control, the Group accounts for its 40% ownership in AMHI as an investment in an associate from the time the control is lost.

Determination of significant influence

Management exercises its judgment in determining whether the Group has control over another entity by evaluating the substance of relationship that indicates the significant influence of the Group over its associates. The recognition and measurement of the Group's investments over these entities will depend on the result of the judgment made.

Based on the assessment made by the Management, the Group has significant influence over AMHI and Salmon Smolt NZ Limited (SSNZ) as at June 30, 2013.

Biological assets

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the management shall exercise its judgment in determining the best estimate of fair value.

After exerting its best effort in determining the fair value of the Group's biological assets, the management believes that the fair value of its biological assets cannot be measured reliably since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable. Accordingly, the Group's biological assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

Classification of assets as held-for-sale

As disclosed in Note 15 and 17, Management classified the amount of the three fishing vessels as non-current assets held-for-sale and presented as current assets on the basis of a written serious intent from a buyer to purchase the assets. The Management is committed to sell these assets and expects these assets to be sold within 12 months. Accordingly, these assets are classified as assets as held-for-sale as at June 30, 2013.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimating useful lives of assets

The useful lives of the Group's assets with definite lives are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties, property, plant, and equipment, and intangibles assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of investment properties, property, plant, and equipment, and intangibles assets would increase the recognized operating expenses and decrease non-current assets.

Asset impairment

The Group performs an impairment review when certain indicators are present.

Determining the recoverable amounts of investment properties, property, plant and equipment, intangible assets, and assets held-for-sale which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial position and result of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

Total carrying amounts of investments in associates, investment in a joint venture, investment properties, property, plant and equipment, intangible assets and assets held-for-sale as at June 30, 2013 and December 31, 2012 are disclosed in Notes 12, 13, 14, 15, 16 and 17, respectively.

As at June 30, 2013 and December 31, 2012, Management believes that the recoverable amounts of the Group's investments in associates, investment in a joint venture, investment properties, property, plant and equipment, intangible assets and assets held-for-sale exceed their carrying amounts. Accordingly, no impairment loss was recognized in 2013 and 2012.

Revaluation of Assets

Land and Fishing Vessel

The Group has adopted the fair value approach in determining the carrying value of its land and fishing vessel. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis for determining fair value.

The carrying amounts of land carried at fair value as at June 30, 2013 and December 31, 2012 amounted to $1,322,629 and $1,599,107, respectively, as disclosed in Note 15. Revaluation increment in other comprehensive income amounted to $115,335 in 2011 based on the latest revaluation date disclosed in Note 15.

The carrying amounts of land carried at fair value as at June 30, 2013 and December 31, 2012 amounted to $926,573 and $367,916, respectively, as disclosed in Note 15. Revaluation increment amounted to $563,374 was based on the latest revaluation date disclosed in Note 15.

Estimating the fair value of refundable lease deposit at initial recognition and disclosure

In the determination of the fair value of the refundable lease deposit, the Group applies discounted cash flow method using the effective interest rates of similar type of instruments which considers the following factors:

- expected future cash flows;
- time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the cash flows;
- price for bearing the uncertainty inherent in the cash flows (i.e., a risk premium); and
- non-performance risk relating to that liability, including the obligor's own credit risk.

The carrying amounts of refundable lease deposit, as disclosed in Note 18, would be affected by changes in these factors and circumstances.

The fair values of refundable lease deposit as at March 31, 2013 and December 31, 2012 using DCF are disclosed in Notes 21 and 38.

Deferred tax assets

The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Total deferred tax assets recognized in the consolidated statements of financial position as at June 30, 2013 and December 31, 2012, amounted to $212,554, as disclosed in Note 36.

Estimating allowances for doubtful accounts

The Group estimates the allowance for doubtful accounts related to its receivables based on the assessment of specific accounts when the Group has information that certain counterparties are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Group used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

Total trade and other receivables recognized in the consolidated statements of financial position amounted to $14,684,820 and $11,474,299, which is net of the related allowances for doubtful accounts amounting to $28,026 and $22,667, as at June 30, 2013 and December 31, 2012, respectively as disclosed in Note 8.

Estimating net realizable value of inventories

The net realizable value of inventories represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The Group determines the estimated selling price based on recent sale transactions of similar goods with adjustments to reflect any changes in economic conditions since the date the transactions occurred. The Group records provision for excess of cost over net realizable value of inventories. While the Group believes that the estimates are reasonable and appropriate, significant differences in the actual experience or significant changes in estimates may materially affect the consolidated profit or loss and consolidated equity.

Total inventories recognized in the consolidated statements of financial position amounted to $12,426,057 and $9,681,337, which is net of the related allowance for raw materials obsolescence of $82,402 and $27,678, as at June 30, 2013 and December 31, 2012, respectively as disclosed in Note 9.

Revenue recognition

The Group's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result in material adjustments in future periods.

Net revenue recognized for the six months ended June 30, 2013 and 2012 amounted to $44,884,839 and $35,268,785, respectively, as disclosed in Note 27.

Post-employment and other employee benefits

The determination of the retirement obligation cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, discount rates, expected returns on plan assets and rates of compensation increase among others. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

Retirement expense amounted to $61,273 and $93,227 in the first half of 2013 and 2012, respectively, and accrued retirement obligation recognized amounted to $482,310 and $421,037, as at June 30, 2013 and December 31, 2012, respectively, as disclosed in Note 22.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of each reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	2013	2012
Cash on hand and in banks	**$3,849,023**	$3,390,695
Cash equivalents	**-**	801,131
	$3,849,023	$4,191,826

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Group classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition.

Cash in banks earned an average interest of 0.25% per annum in 2013 and 2012 while cash equivalents earned an average interest rate of 0.80% per annum in 2013 and 2012. Cash in banks are unrestricted and immediately available for use in the current operations of the Group.

Interest income earned from cash in banks amounted to $8,654 and $17,625, in 2013 and 2012, respectively, as disclosed in Note 28.

8. TRADE AND OTHER RECEIVABLES – net

The Group's trade and other receivables consist of:

	2013	2012
Trade	**$12,952,000**	$11,092,827
Less: Allowance for doubtful accounts	**28,026**	22,667
	12,923,974	11,070,160
Advances to third party	**1,000,000**	
Claims receivable	**221,312**	219,693
Advances to employees	**40,830**	42,689
Others	**498,704**	141,757
	$14,684,820	$11,474,299

Claims receivable includes, but is not limited to, insurance claims and refunds from government agencies.

Others include, but is not limited, to claims from suppliers.

The average credit period taken on sale of goods is 48 days. No interest is charged on the outstanding trade receivables even beyond their credit terms.

Trade and other receivables amounting to $3,632,196 and $2,516,135 as at June 30, 2013 and December 31, 2012, respectively, have been pledged as security for the Group's short-term loans from a foreign bank with an outstanding balance of $4,000,000 and $3,350,000 as at June 30, 2013 and December 31, 2012, respectively, as disclosed in Note 20.

Movements in the allowance for doubtful accounts follow:

	Notes	2013	2012
Balance, January 1		**$ 22,667**	$ 23,175
Doubtful accounts expense	30	**5,359**	-
Reversal of allowance for doubtful accounts	28	**-**	(13,307)
Currency translation adjustment		**-**	12,799
Balance, June 30		**$28,026**	$22,667

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Group believes that there is no further allowance for doubtful accounts required.

Management believes that the carrying amounts of trade and other receivables approximate fair values.

9. INVENTORIES – net

Details of the Group's inventories are as follows:

	Note	2013	2012
Raw and packaging materials		**$3,626,661**	$2,215,632
Less: Allowance for inventory obsolescence		**82,402**	27,678
		3,544,259	2,187,954
Finished goods	29	**8,524,418**	7,093,854
Work-in-process		**-**	80,413
Parts and supplies		**357,380**	319,116
		$12,426,057	$9,681,337

The inventories recognized as expense in 2013 and 2012 amounted to $40,656,461 and $31,867,157, respectively, as disclosed in Note 29.

The carrying amount of raw materials amounted to $3,544,259 and $2,187,954 net of allowance for inventory obsolescence as at June 30, 2013 and December 31, 2012, respectively.

Movements in the allowance for inventory obsolescence are as follows:

	Note	2013	2012
Balance, January 1		**$ 27,678**	$ 7,678
Loss on inventory obsolescence	29	**54,724**	20,000
Balance, March 31		**$82,402**	$27,678

Inventories with a carrying amount of $1,740,554 and $1,473,822 as at June 30, 2013 and December 31, 2012, respectively, have been pledged as security for the Group's short-term loans from a foreign bank with a carrying amount of $4,000,000 and $3,350,000 as at June 30, 2013 and December 31, 2012, respectively, as disclosed in Note 20.

10. BIOLOGICAL ASSETS

Biological assets of the Group are comprised solely by consumable female smolts. Female smolts are young salmons at the stage when it migrates from fresh water to the sea.

Smolts arrive at the farm annually around October to December. They are cultured during its developmental phase which lasts around the average period of six months from the date of arrival. At this phase, water temperature is being strictly monitored not to exceed 11˚C. When the water temperature exceeds 11˚C, smolts are taken out from the water and will undergo the grading process. Grading process usually happens around July or August of each year. The survival rate of fish from grading to harvesting is about 85%.

Point of harvest is usually around February of each year and continues over a 12-month period. Daily harvest ranges from 200 - 300 salmons or double the amount depending on the season.

As at June 30, 2013 and December 31, 2012, the carrying amount of the Group's biological assets amounted to $191,368 and $201,521, respectively, which have been valued at its proxy market value of NZ$0.90 per smolt or approximately US$0.73 per smolt using the average foreign exchange rate in 2012 of NZ$1.00 equivalent to US$0.81.

Though PAS 41 requires the biological assets to be valued at fair value less cost to sell, Akaroa met the following criteria for differential reporting concessions under NZ Financial Reporting Act 1993:

a. Akaroa is not publicly accountable; and
b. Akaroa is 'not large' as defined by the Institute of Chartered Accountants of New Zealand.

Akaroa is allowed to value the smolts at average market values of 0.90 NZD as issued by the New Zealand Inland Revenue Department (IRD). The average market value issued by the IRD is considered to be the proxy for fair value of the smolts.

The fair value less estimated point-of-sale costs cannot be determined and improbable due to the following factors that affect the determination of the growth of the biological assets:

a. inclement weather, such as raging storms can cause havoc to the farm and lead to significant fish loss;
b. the quality of smolts which is a crucial factor in the achievement of the desired weight of fish; and
c. the risk of salmon disease outbreak that cannot be discounted.

Management believes that the fair value of its biological assets cannot be measured reliably since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable. Accordingly, the Group's biological assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below.

	2013	2012
Deposits - fish supplier and other	**$ 744,831**	$ 917,873
Prepaid professional fees	**858,235**	495,883
Input value-added tax (VAT)	**165,148**	148,794
Prepaid taxes and licenses	**92,825**	52,916
Prepaid insurance	**86,290**	42,261
Prepaid freight	**19,967**	41,631
Prepaid importation	**346,623**	21,734
Prepaid rent	**69,699**	12,436
Others	**383,955**	65,935
	$2,767,573	$1,799,463

As at June 30, 2013, deposits represent advance payments for raw materials and rental offices.

Prepaid professional fees relates to the Company's on-going preparations to seek a listing of Singapore Depositary Shares in Singapore Exchange Securities Trading Limited's Catalyst Board.

Prepaid importation pertains to the Company's advance payments of costs relating to the importation of raw materials from its foreign suppliers based on an agreed price and quantity. This shall be included as part of the total cost of raw materials when delivered.

12. INVESTMENT IN ASSOCIATES

Details and movements of the Group's investment in associates are as follows:

	AMHI	SSNZ	WCFI	Total
Acquisition cost	**$8,613**	**$27,319**	**$ -**	**$ 35,932**
Equity in profit for the year	**163,713**	**31,752**	**-**	**195,465**
Balance, December 31, 2012	**172,326**	**59,071**	**-**	**231,397**
Equity in profit (loss) for the year	**63,450**	**-**		**63,450**
Investment	**-**	**-**	**39,279**	**39,279**
	$235,776	**$59,071**	**$39,279**	**$334,126**

AMHI

As disclosed in Note 3, the AMHI was previously a subsidiary of the Parent Company. However, effective December 28, 2012, the Parent Company ceased to exercise control over AMHI due to changes in circumstances, and consequently made AMHI its associate.

The Group has 40% interest over AMHI as at March 31, 2013 and December 31, 2012.

SSNZ

The Group has 20% interest over SSNZ. SSNZ engages in the farming of salmon in South Island of New Zealand and is incorporated in 2008.

The Group's Management believes that there are no indications of impairment for its investment in associates.

WCFI

On January 31, 2013, the Company signed a joint venture agreement with CHL Fishing Industry, Inc. (CHL) and CHL Construction & Development Enterprises, Inc. (CHLC) to incorporate a joint venture fishing company (JVC) to be named Wild Catch Fisheries, Inc. (WCFI) which shall have an initial authorized capital stock of P16,000,000 consisting of 16,000,000 common shares with a par value of P1.00 per share. The Group has 40% interest over WCFI. It was incorporated on March 8, 2013.

13. INVESTMENT IN A JOINT VENTURE

FDCP

FDCP is engaged in the manufacturing and wholesale of tin cans. The Group's ownership interest in FDCP is 40% as at June 30, 2013 and December 31, 2012.

Details and movements of the Group's investment in a joint venture are as follows:

	2013	2012
Acquisition cost	**$240,964**	$240,964
Accumulated equity in profit for the year:		
Balance, beginning	**348,531**	244,459
Equity in profit (loss) for the year	**19,310**	104,072
Balance, end	**367,841**	348,531
Share in fair value gain on available-for-sale investments:		
Balance, beginning	**26,670**	4,877
Fair value gain during the year	**-**	21,793
Balance, end	**26,670**	26,670
	$635,475	$616,165

The Group previously presented its investment in FDCP as an investment in an associate under the equity method reclassified as an investment in a joint venture as at June 30, 2013, as disclosed in Note 42.

Management determines that the change in presentation has no material impact to the Group's consolidated financial statements, as disclosed in Note 42.

The Group's Management believes that there are no indications of impairment for its investment in a joint venture as at June 30, 2013 and December 31, 2012.

14. PROPERTY, PLANT AND EQUIPMENT - net

Movements in the carrying amounts of the Group's property, plant and equipment are as follows:

	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture Fixtures and Equipment	Fishing Vessels	Construction in Progress	Total
Cost									
Balance, January 1, 2011	$1,447,468	$2,653,394	$3,912,384	$522,001	$256,836	$68,196	$ -	$1,036,526	$ 9,896,805
Additions	-	358,384	1,574,334	273,193	45,371	8,842	377,350	303,105	2,940,579
Revaluation	115,335	-	-	-	-	-	-	-	115,335
Reclassification	-	-	-	-	-	-	-	(921,437)	(445,108)
Disposals	-	476,329	-	(230,869)	-	-	-	-	(230,869)
Translation adjustment	(9,773)	(6,542)	39,015	359	316	-	-	-	23,375
Balance, December 31, 2011	1,553,030	3,481,565	5,525,733	564,684	302,523	77,038	377,350	418,194	12,300,117
Additions	-	1,787,992	1,927,242	211,040	41,969	3,269	15,554,046	-	19,525,558
Reclassification	-	430,763	(141,160)	(81,451)	(12,511)	-	(4,575,000)	(418,194)	(4,797,553)
Disposals	-	(648,249)	(273,321)	-	-	(43,046)	-	-	(964,616)
Translation adjustment	46,077	63,257	49,436	4,722	3,242	-	-	-	166,734
Balance, December 31, 2012	1,599,107	5,115,328	7,087,930	698,995	335,223	37,261	11,356,396	-	26,230,240
Additions	-	4,795	178,010	51,015	11,638	7,892	348,938	-	602,287
Revaluation	-	-	-	-	-	-	563,374	-	563,374
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Translation adjustment	(36,752)	(33,754)	(132,322)	(6,136)	(4,020)	-	-	-	(212,985)
Balance, June 30, 2013	1,562,356	5,086,368	7,133,618	743,874	342,841	45,153	12,268,708	-	27,182,916
Accumulated Depreciation and Amortization									
Balance, January 1, 2011	-	704,860	896,481	349,022	173,782	38,505	-	-	2,162,650
Depreciation and amortization	-	168,246	497,259	64,543	30,230	4,965	-	-	765,243
Disposals	-	(327,448)	-	(99,127)	-	-	-	-	(426,575)
Translation adjustment	-	-	18,762	(128)	230	-	-	-	18,864
Balance, December 31, 2011	-	545,658	1,412,502	314,310	204,242	43,470	-	-	2,520,182
Depreciation and amortization	-	237,616	591,666	58,359	33,764	5,806	103,708	-	1,030,919
Reclassification	-	812	(82,441)	(17,999)	(812)	-	(28,594)	-	(129,034)
Disposals	-	(82,951)	(137,242)	-	-	(27,255)	-	-	(247,448)
Translation adjustment	-	15,741	19,573	3,941	2,868	-	-	-	42,123
Balance, December 31, 2012	-	716,876	1,804,058	358,611	240,062	22,021	75,114	-	3,216,742
Depreciation and amortization	-	165,519	340,105	45,314	15,979	4,091	137,847	-	708,856
Reclassification	-	(2,771)		-	-	-	-	-	(2,771)
Translation adjustment	-	(16,510)	(29,691)	(4,341)	(3,224)	-	-	-	(51,637)
Balance, June 30, 2013	-	865,581	2,114,472	399,584	252,817	26,112	212,961	-	3,871,189
Carrying Amounts June 30, 2013	**$1,562,356**	**$4,220,787**	**$5,019,145**	**$344,289**	**$ 90,023**	**$19,040**	**$12,055,747**	**$ -**	**$23,311,727**
Carrying Amounts December 31, 2012	$1,599,107	$4,398,452	$5,283,872	$340,384	$ 95,161	$15,240	$11,281,282	$ -	$23,013,498

Group has pledged the certain property, plant and equipment having a total carrying amount of \$4,553,429 and \$4,270,618 as at June 30,2013 and December 31, 2012, respectively, to secure short-term loans granted to the Group as disclosed in Note 20.

On December 29, 2011, the Group received a commercial tuna fishing vessel with a fair market value of \$377,350 from BSJ as a partial settlement of its obligation to the Company, as disclosed in Note 11.

On September 7, 2012, the Group acquired additional six commercial tuna fishing vessels from BSJ by virtue of "dacion en pago" with an aggregate fair value amounting to \$15,225,410 as a full settlement of its advances, as disclosed in Note 11.

Included in the additions to building and machinery and equipment in 2012 are purchased properties from AMHI amounting to \$1,321,127 and \$759,091, respectively, as disclosed in Notes 14 and 21.

In 2011, a certain property, plant and equipment was sold to MCC for the consideration amounting \$117,660.

The disposals in 2012 are due to the change in circumstances resulting in the loss of control of the Parent Company over AMHI, as disclosed in Notes 3 and 6

Reclassification from fishing vessels pertains to three commercial tuna fishing vessels reclassified to assets held-for-sale, as disclosed in Note 17.

A parcel of land located in New Zealand owned by the Group, through PFNZ, was revalued on the basis of market value. Latest revaluation of the land was made by John J Ryan & Associates on February 1, 2011.

Had the land of the Group been carried at cost, its carrying amount as at December 31, 2012 and 2011 would be \$1,437,695 and \$1,483,772, respectively.

The revaluation surplus is disclosed in Note 25.

Management believes that there is no indication that an impairment loss has occurred.

Total property, plant and equipment held by the Group as at June 30, 2013 and December 31, 2012 amounted to \$23,311,727 and \$27,559,904 respectively, which comprised the amounts analyzed above and assets classified as held-for-sale amounting to nil and \$4,546,406 as at June 30, 2013 and December 31, 2012, respectively.

15. INTANGIBLE ASSETS - net

Intangible assets pertain to fishing licenses, salmon farming consent, and mycrocystic consent. The carrying amounts of the Group's intangible assets follow:

	Mycrocystic Consent	Salmon Farming Consent	Fishing License	Total
Cost	$24,588	$70,627	$173,851	$269,066
Accumulated Amortization				
Amortization	-	1,413	-	1,413
Net foreign currency exchange Differences	-	16	-	16
Balance, December 31, 2012	$24,588	$69,198	$173,851	$267,637
Amortization	-	-	-	-
Net foreign currency exchange Differences	(1,239)	(3,486)	-	(4,725)
Carrying Amount June 30, 2013	**$23,349**	**$65,712**	**$173,851**	**$262,912**

Salmon farming consent is a marine farming license to grow, among other fish, salmon in the ocean. The Group has obtained two salmon farming consents. The consents allow the Group to have fish farms in two places in Akaroa harbor. The first consent was given on May 2, 1991 for salmon farming in Lucas Bay covering almost 1.8 hectares. The second consent was given on November 27, 2000 for salmon farming in Titoki Bay where the Group can culture green and blue mussels, rock lobster, snapper, paua and other salmon species. The licenses allow the Group to utilize a total area of approximately 2.9 hectares.

Macrocystic consent is a resource consent granted by the New Zealand government to the Group in relation to its salmon farming activities.

Fishing license is granted by Indonesian government to the Group to do fishing activities within the Indonesian sea region.

Management believes that there is no indication that an impairment loss has occurred on its intangible assets with definite useful lives. The Group has determined, based on annual impairment testing, that the carrying amounts of intangible assets with indefinite useful life are not in excess of their net recoverable amounts.

16. ASSETS HELD-FOR-SALE

This pertains to three out of seven fishing vessels that the Company acquired from BSJ, as disclosed in Notes 11 and 15, with a total carrying amount of nil and $4,546,406 as at June 30, 2013 and December 31, 2012, respectively.

The Company sold the three fishing vessels on April 4, 16 and June 28, 2013 at its appraised value.

17. OTHER NON-CURRENT ASSETS

Details of the other non-current assets are shown below:

	Note	2013	2012
Refundable lease deposit	21	**$1,722,137**	$1,650,879
Input VAT		**421,833**	369,307
Others		**13,961**	2,232
		$2,157,931	$2,022,418

Refundable lease deposit pertains to lease deposit made to AMHI as at June 30, 2013 and December 31, 2012 and lease deposit made to MCC as at December 31, 2011, as disclosed in Note 21.

In December 28, 2012, pursuant to the Memorandum of Understanding executed between the Parent Company and AMHI, the Parent Company has assigned, endorsed and transferred to AMHI the entire amount of guarantee deposits made to MCC amounting to $1,650,879. The same was acknowledged by MCC. Details are further discussed in Note 21.

18. TRADE AND OTHER PAYABLES

The details of the outstanding trade and other payables are as follows:

	2013	2012
Trade	**$10,089,297**	$4,645,321
Accrued expenses	**1,110,461**	1,397,308
Taxes payables	**163,067**	187,450
Customers' deposits	**201,924**	169,764
Others	**658,780**	478,146
	$12,223,529	$6,877,989

The average credit period on purchases of certain goods from suppliers is 15 to 45 days. No interest is charged on the outstanding payables even beyond their credit terms.

Details of accrued expenses are as follows:

	2013	2012
Employee benefits	**$405,340**	$ 406,467
Due to government agencies	**-**	170,070
Interest	**140,955**	167,873
Salaries, wages, and other employee benefits	**139,057**	149,462
Freight	**44,692**	39,765
Management fees	**33,644**	33,644
Professional fees	**14,458**	23,451
Utilities	**13,101**	9,624
Others	**319,214**	396,952
	$1,110,461	$1,397,308

19. LOANS PAYABLE

The details of the total outstanding loans of the Group are as follows:

Short-term loans

Terms and conditions of outstanding short-term loans and borrowings are as follows:

Creditor	Original Currency	Nominal Interest Rate %	Year of Maturity	**2013**	2012
Local Bank	USD	4.1 to 5.0%	2013	**5,513,419**	$ 5,878,927
Investment Bank	PHP	5.20%	2013	**4,445,009**	4,673,238
Local Bank	USD	4.4 to 5.0%	2013	**5,143,415**	4,441,271
Foreign Bank	USD	6.50%	2013	**4,550,000**	3,350,000
Investment Bank	USD	4.90%	2013	**2,700,000**	2,700,000
Foreign Bank	USD	4.80%	2013	**1,250,000**	1,250,000
Local Bank	USD	4.80%	2013	**653,279**	544,877
				24,255,122	22,838,313
Add: Current portion of long-term loans				**918,218**	1,112,527
				25,173,340	$23,950,840

Loan from a local bank, with an outstanding balance of $5,143,415 as at June 30, 2013 and December 31, 2012, respectively, is secured by the export proceeds of the Purchase Order and Letters of Credit.

Loans from a foreign bank, with an outstanding balance of $4,000,000 and $3,350,000 as of June 30, 2013 and December 31, 2012, respectively, is secured by the Subsidiary's assets with a carrying amount of $9,596,012 and $8,260,575, respectively, with break down as follows:

	Note	**2013**	2012
Trade and other receivables	9	**$3,632,196**	$2,516,135
Inventories	10	**1,740,554**	1,473,822
Property, plant and equipment	15	**4,223,262**	4,270,618
		$9,596,012	$8,260,575

All other loans payable represent unsecured peso and US dollar denominated loans from local and foreign banks as well as with an investment bank. These are revolving credit facilities in the form of export packing credit, export bills purchase, import letter of credit, trust receipts and through the issuance of promissory note to finance the Group's working capital requirements. The term ranges from 30 to 180 days payable upon maturity. The amount includes the current portion of long-term debt.

Long-term loans

Terms and conditions of outstanding long-term loans and borrowings are as follows:

Creditor	Original Currency	Nominal Interest Rate %	Year of Maturity	**2013**	2012
Local Bank	USD	6-Mos Libor + 3.75%	2016	**2,321,429**	$2,500,000
Local Bank	USD	90Day PDSTF + 5%	2016	**1,714,286**	1,857,143
Local Bank	USD	4.31%	2016	**529,375**	625,625
Foreign Bank	NZD	10.2%-11.1%	2024	**561,596**	596,630
Foreign Bank	USD	7.22%	2015	**242,091**	276,480
Local Bank	USD	9.18%	2015	**178,637**	182,577
HC Studholme	NZD	7.50%		**110,519**	116,382
Individual	NZD	Non-interest bearing	2016	**38,915**	40,980
Foreign Finance Corporation	NZD	9.90%	2016	**47,556**	92,252
				5,744,404	6,288,069
Less: Current maturities of long-term loans				**918,218**	1,112,527
				4,826,186	$5,175,542

The long-term loans with an outstanding balance of $2,321,429 and $1,714,286 as at June 30, 2013 and $2,500,000 and $1,857,143 as at December 31, 2012, are secured by a guarantee up to 90% of the principal amount by Philippine Export Import Credit Agency (PHILEXIM) and assignment of Spence shares of stocks. The proceeds of the loan was utilized to partially finance the acquisition of 100% stake in Spence.

The outstanding mortgage loan of $103,710, net of current portion of $74,927 pertains to loans availed by the Group from a certain local bank to finance the acquisition of the Group's transportation equipment, as disclosed in Note 15. Transportation equipment under mortgage has a carrying amount of $203,663. Interest rate is 9.18% per annum, payable on a monthly basis and maturing in September 2015.

The Group entered into a five-year loan facility with a local bank in the principal amount of $770,000 drawn on February 9, 2011 to partially finance the construction of the salmon processing plant and acquisition of plant machinery and equipment. This is secured by a chattel on the Group's properties with a carrying value of $1,825,965. Moreover, the Parent Company executed a guarantee agreement in favor of Land Bank of the Philippines as part of the security for the credit facilities obtained by BGB.

In April 23, 2012, the Group entered into a Facility Agreement with a foreign bank. This facility has a maximum amount of $300,000. The outstanding loans drawn from this facility are due within three (3) years with eight (8) months grace period from the date of agreement.

The Group obtained loans from various banks and financial institutions to finance the acquisition of machinery and equipment. An existing long-term loan is secured by a mortgage on land, with certificate of title nos. 217835 and 217836 as disclosed in Note 15. In addition, some of these loans are secured by the Group's plant furniture, fixtures and equipment and transportation equipment as disclosed in Note 15.

Total finance costs arising from loans amounted to $882,300 and $867,014 in 2013 and 2012, respectively, as disclosed in Note 35.

20. RELATED PARTY TRANSACTIONS

Details of the transactions between the Group and its related parties for the years ended June 30, 2013, December 31, 2012 and 2011 and related outstanding balances as at June 30, 2013, December 31, 2012 and 2011 are as follows:

	Amounts			Due from / (Due to)					
	2013	2012	2011	**2013**	2012	2011	Terms	Conditions	Note
ASSOCIATES									
ADVANCES GRANTED									
AMHI	**$ -**	$ 100,570	$ 154,032	**$ 585,708**	$ 593,076	$2,414,345	0% to 5.6% Interest; Payable on demand	Unsecured, no impairment	21.g
SSNZ	**-**	-	-	**24,200**	25,484	-			
WCFI	**-**	-	-	**3,881,816**	-	-			
	-	100,570	154,032	**4,491,724**	618,560	2,414,345			
REFUNDABLE LEASE DEPOSIT									
AMHI	**71,258**	1,650,879	-	**1,722,137**	1,650,879	-	Payable after 5 years; Discounted at 4.2169%	Not applicable	21.e
LEASE									
AMHI	**176,811**	738,832	720,336	**-**	-	-	3-5 years	Not applicable	21.d
PURCHASE OF FIXED ASSETS									
AMHI	**-**	2,080,218	-	**-**	-	-	Not applicable	Not applicable	21.f
JOINT VENTURE									
FDCP									
Advances granted	**-**	370,761	503,891	**32,237**	9	151,697	0% interest; Payable on demand	Unsecured, no impairment	21.b
Purchases	**746,659**	4,222,602	3,170,874	**-**	-	-	Not applicable	Not applicable	
	746,659	4,593,363	3,674,765	**32,237**	9	151,697			
VENTURER									
FDPHI									
Advances granted	**$ -**	$ -	$ -	**$ 16,230**	$ 16,425	$17,228	0% Interest; Payable on demand	Unsecured, no impairment	21.a

(Forward)

	Amounts			Due from / (Due to)					
	2013	2012	2011	**2013**	2012	2011	Terms	Conditions	Note
SUBSIDIARY OF VENTURER									
MCC									
Advances obtained	**(3,000)**	(3,000)	(863,810)	**(653,099)**	(986,850)	(967,090)	10% per annum on the 1st P50M and 8% on excess; Payable on demand	Unsecured, no impairment	21.a
Refundable lease deposit	**-**	-	-	**-**	-	2,170,815			21.d
Lease	**-**	41,815	40,768	**-**	-	-			21.d, 21.e
				(653,099)	(986,850)	1,203,725			
SHAREHOLDER OF SUBSIDIARIES WITH SIGNIFICANT INFLUENCE									
ADVANCES OBTAINED									
DUNCAN D. BATES	**-**	**-**	-	**(43,368)**	(25,998)	-	0% Interest; Payable on demand	Unsecured, no impairment	21.c
ADVANCES GRANTED									
PT WAILAN PRATAMA	**-**	**-**	1,025,734	**775,962**	775,962	1,025,734	0% Interest; Payable on demand	Unsecured, no impairment	21.c
RETIREMENT FUND									
Contribution	**-**	**-**	-	**25,685**	25,685	23,436	Not applicable	Not applicable	18.j
Due from related parties				**$5,316,153**	$1,410,956	$1,194,659			
Due to related parties				**($696,467)**	($1,012,848)	($ 967,090)			
Refundable lease deposit				**$1,722,137**	$1,650,879	$2,170,815			
Retirement fund				**$ 25,685**	$ 25,685	$ 23,436			

Finance costs related to advances from a related party amounted to $97,669 and $ 80,877 in 2013 and 2012, respectively, as disclosed in Note 35.

Significant Contract Agreements

a. On October 18, 2004, the Group entered into a Memorandum of Agreement with FDPHI to purchase the debt of FDPHI from certain creditors with miniscule amounts at net present value of $17,228. In return, the Group received a total of $26,324 from FDPHI over a period of 10 years. In addition, a corresponding number of the Parent Company's shares which would have accrued to the creditors were likewise issued to the Parent Company. The corresponding 287,537 common shares were issued on November 8, 2006 as treasury shares. These are part of the shares declared by the SEC as exempted from registration under Sec. 10.2 of the SRC on September 21, 2006.

b. As at June 30, 2013 and December 31, 2012, the amounts that are due to the Group from FDCP are $32,237 and $9, respectively.

c. The Group entered into purchase commitments of fish from PT Wailan Pratama which approximately made up the nil, 7% and 56% of the total purchases of fish in 2012, 2011 and 2010, respectively.

d. Duncan D. Bates extended a non-interest bearing cash advance to Akaroa as part of the Share Purchase Agreement for its working capital requirements. As at June 30, 2013 and December 31, 2012, the balance of the Group due to DD Bates amounted to $43,368 and $25,998, respectively.

e. The Group renewed its contract with MCC for the operating lease of the latter's land, plant, machinery and equipment in Barrio Tambler, General Santos City (Gensan Plant), Philippines, at a monthly rental of $21,443 in 2010. The original lease term started from March 1, 2004 and expired on December 23, 2010.

   The lease contract between MCC and the Group was extended to a much longer term effective January 24, 2011 to December 23, 2013.

   On May 16, 2011, the contract of lease between MCC and the Group was likewise terminated and the actual transfer of title to the Group has occurred through AMHI.

   The Group has an outstanding refundable lease deposit from MCC amounting to $2,170,815 as at December 31, 2011, as disclosed in Note 18.

   Consequent to the loss of control over AMHI, a Memorandum of Understanding with Deed of Assignment (MOU-DA) was executed between the Group and AMHI on December 28, 2012. Under the MOU-DA, the two parties intend to enter into a long-term lease contract in order to secure long-term possession of the land. The contemplated long-term lease will require the Group to pay AMHI a security deposit in an amount equivalent to thirty six (36) months of the first's monthly rental or equivalent to $2,029,579. In order to pay the security deposits contemplated by the proposed long-term lease agreement, the Group assigned, endorsed and transferred its refundable lease deposit from MCC to AMHI with a revalued amount of $2,020,456 on December 31, 2012, and the Group shall pay AMHI an additional amount of $9,123 to complete the amount of the security deposit required.

   The Group's refundable lease deposit receivable from AMHI was discounted at 4.2169% as of June 30, 2013, receivable one time after five years resulting in a present value of $1,650,879, as disclosed in Note 18. The difference between its fair value and present value amounting to $378,700 is recognized as finance cost as disclosed in Note 35.

f. In addition, the Group leases from MCC an office condominium unit where its head office is located for a period of two years from January 1, 2009 to December 31, 2011, renewable by mutual agreement of both parties. The lease contract was renewed on December 29, 2011 with the term of two years commencing from January 1, 2012 until December 31, 2013. The lease is classified as an operating lease with a monthly rental of $3,615 and $3,485 in 2013 and 2012, respectively, as disclosed in Note 32.

g. On December 28, 2012, a Deed of Absolute Sale was executed between the Group and AMHI whereby the Group has acquired some of AMHI's property and equipment with an aggregate purchase price of $2,080,218, as disclosed in Note 15.

h. The Group is a co-borrower to the long-term loan of its associate AMHI from a local bank pursuant to the loan agreement dated January 13, 2011. The outstanding balance of the loan as of June 30, 2013 and December 31, 2012 are P91,500,000 and P106,750,000 respectively, at prevailing bank interest rate. The loan is secured by real estate mortgage on a parcel of land covered by TCT T-80905 with an area of 68,751 sq. m. registered in the name of AMHI plus the existing improvements and chattel mortgage of the plant equipment and machineries located within the collateral property.

Intra-group Amounts and Balances

Upon consolidation, significant intra-group amounts and balances are eliminated to reflect the Group's consolidated financial position and performance as a single entity.

Intra-group receivables as at June 30, 2013 and December 31, 2012 that are eliminated upon consolidation are as follows:

	2013	2012
Parent Company's receivable from:		
BGB	**$3,193,608**	$2,355,804
PTIAFI	**1,085,708**	855,118
Spence	**38,938**	641,923
PFNZ	**468,529**	396,441
Akaroa	**179,902**	106,642
	4,966,685	4,355,928
Spence's receivable from Parent Company	**300,000**	250,000
PFNZ's receivable from BGB	**251,759**	179,657
BGB's receivable from PFNZ	**254,282**	131,701
	$5,772,726	$4,917,286

Intra-group payables as at June 30, 2013 and December 31, 2012 eliminated upon consolidation are as follows:

	2013	2012
Payable to Parent Company:		
BGB	**$3,193,608**	$2,355,804
Spence	**38,938**	641,923
PTIAFI	**1,085,708**	855,118
PFNZ	**467,892**	397,649
Akaroa	**179,902**	104,130
	4,966,048	4,354,624
BGB's payable to:		
PFNZ	**257,018**	188,909
	257,018	188,909
Parent Company's payable to Spence	**300,000**	250,000
PFNZ's payable to BGB	**206,863**	129,129
	$5,729,929	$4,922,662

Other intra-group balances for the years ended December 31, 2012 and 2011 that are eliminated upon consolidation are as follows:

	2013	2012
Commission income	**$304,403**	$180,937
Management fee	**150,000**	-
Interest expense	**2,926**	-

21. RETIREMENT BENEFIT

The Group values its defined benefit obligation using Projected Unit Credit Method by the service of an independent actuary and accrues retirement benefit expense for its qualified employees based on the minimum retirement benefit provided under Republic Act No. 7641 equivalent to one-half month salary per year of service, a fraction of at least six months being considered as one whole year. One-half month salary is defined as 15 days plus 1/12 of the 13th month pay and the cash equivalent of not more than five days of service incentive leaves. The benefit shall be payable to employees who retire from service who are at least 60 years old and with at least five years of continuous service.

The Group has executed a Trust Agreement with a local bank dated January 13, 2011, establishing the Group's Retirement Plan.

The most recent actuarial valuation was carried out by an independent actuary on January 2, 2013 for data as at December 31, 2012.

22. SHARE CAPITAL

	Note	Shares	2013	Shares	2012
Authorized:					
Ordinary shares of P1 par value each		**1,500,000,000**	**P1,500,000,000**	1,500,000,000	P1,500,000,000
Issued, fully paid and outstanding:					
Beginning		**1,069,713,774**	**$22,575,922**	871,545,024	$ 17,861,369
Additional issuance:					
Exercise of stock rights		**-**	**-**	-	-
Stock dividends	26	**-**	**-**	137,500,000	3,258,912
Sale of shares		**-**	**-**	60,668,750	1,455,641
Total issued and fully paid		**1,069,713,774**	**22,575,922**	1,069,713,774	22,575,922
Treasury shares		**(287,537)**	**(5,774)**	(287,537)	(5,774)
Outstanding shares		**1,069,426,237**	**$22,570,148**	1,069,426,237	$22,570,148

The Parent Company has one class of ordinary shares which carry no right to fixed income.

The history of shares issuances from the initial public offering (IPO) of the Parent Company is as follows:

Transaction	Subscriber	Registration/ Issue Date	Number of Shares Issued
Listing of common shares	Various	November 8, 2006	401,099,610
IPO	Various	November 8, 2006	134,000,000
Stock dividend	Various	December 17, 2007	64,177,449
Stock rights offer (SRO)	Various	July 25,2011	272,267,965
Stock dividend	Various	January 25, 2012	137,500,000
Sale of shares	Various	December 14, 2012	60,668,750
			1,069,713,774

On October 23, 2006, the Parent Company launched an Initial Public Offering (IPO) of 134,000,000 common shares at an offer price of P1.35. The offered shares represented 25.04% of the Parent Company's issued and outstanding capital stock. The Parent Company raised net proceeds of $3,304,556 from the IPO. On November 8, 2006, the Parent Company's shares of stocks totaling 535,099,610 shares were listed with the Philippine Stock Exchange (PSE).

On June 26, 2007, the Parent Company declared 12% stock dividends corresponding to 64,177,449 shares with a value of $3,000,070 to all stockholders of record as of November 20, 2007.

On July 25, 2011, the Company issued an additional 272,267,965 shares arising from its stock rights offer, which entitled each eligible investor to one rights share for every two and two-tenths (2.2) existing common shares held as at June 13, 2011 record date.

In its meeting on August 1, 2011, the Board of Directors approved the increase in the Company's authorized capital stock from P950,000,000 divided into 950,000,000 shares to P1,500,000,000 divided into 1,500,000,000 shares with a par value of P1 per share. The same resolution was approved by the stockholders in their meeting on August 1, 2011. The increase in capital stock was approved by the SEC on November 25, 2011.

On January 25, 2012, the Company issued the 15.78% stock dividend declared on August 1, 2011, as discussed in Note 26.

On October 1, 2012, the Company received additional subscription from certain shareholders for private placement purposes amounting to US$2,329,033. The fund raised from the said private placement was used to finance the Company's acquisition of 80% stake in Akaroa. On November 28, 2012, the PSE approved the application of the Company to list additional 60,668,750 common shares (the "Private Placement Shares"), with a par value of P1.00 per share, to cover its private placement transactions with various subscribers. The Private Placement Shares were issued to the subscribers at a subscription price of P1.60 per share with an aggregate transaction value of P97,070,000.

23. NON-CONTROLLING INTEREST

	Notes	2013	2012
Balance, beginning		**$59,919**	$275,400
Effects of loss of control over AMHI	3, 12	**-**	721,686
Non-controlling interest in Akaroa		**-**	69,040
Translation adjustment		**-**	11,598
Non-controlling interest in PT Van Da Zee		**(8,464)**	19,141
Revaluation increment		**-**	-
Effects of the acquisition of NCI shares in PTIAFI		**-**	(492,437)
Share in loss for the quarter		**(177,698)**	(544,509)
		($ 126,243)	$ 59,919

24. RESERVES

This account consists of:

	Notes	2013	2012
Additional paid-in capital		**$3,821,732**	$3,821,732
Cumulative currency translation adjustments		**139,578**	162,876
Revaluation increment	15	**635,051**	71,677
Fair value on investment revaluation reserve	13	**26,670**	26,670
		$4,623,031	$4,082,955

The revaluation increment amounting to $71,678 arose from the share of the Group in the excess of revalued amounts over its cost and $563,374 arose from the revaluation made on June 28, 2013 for the fishing vessel.. There has been no revaluation made since the latest revaluation disclosed in Note 15.

Increase in revaluation increment in 2013 has been caused by the following:

a. revaluation increment from the newly acquired subsidiary at the date of business combination amounting to $17,624; and

b. foreign currency translation adjustments resulting to a decrease in the revaluation increment amounting to $3,615, net of the share thereto of the non-controlling interest amounting to $3,961.

Fair value on investment revaluation reserve arises from the accumulated share in other comprehensive income of a joint venture, FDCP. The share in other comprehensive income of a joint venture arises solely to the accumulated fair value gain on the joint venture's available-for-sale investments.

Translation reserve comprises all foreign currency differences arising from the translation of the separate financial statements of the Group's foreign subsidiaries whose functional currencies differ from the Group's functional currency.

25. DIVIDENDS DECLARED

On August 1, 2011, the Parent Company declared a 15.78% share dividends corresponding to 137,500,000 shares with a par value of $3,258,912 to all shareholders of record as at January 25, 2012. On the date of dividend declaration, these share dividends are recorded at fair market value of $4,008,462 and the excess of $749,550 is recorded as part of share premium. These shares of stock were issued on January 25, 2012.

On December 4, 2009, the Parent Company declared cash dividends of P.02 per share with a value of $258,430 out of the unrestricted retained earnings as at December 31, 2009. The cash dividends were paid on February 3, 2010.

26. REVENUE - net

An analysis of the Group's net revenue is as follows:

	2013	2012
Sales of goods	**$45,664,402**	$35,926,170
Less: Sales returns	**-**	-
Sales discounts	**17,176**	6,297
Freight	**742,296**	626,516
Commission	**20,091**	24,572
	$44,884,839	$35,268,785

27. OTHER INCOME

An analysis of the Group's other income is as follows:

	Notes	**2013**	2012
Gain on sale of asset		**$529,590**	
Foreign exchange gain		**231,887**	-
Foreign exchange gain - realized		**208,506**	$20,165
Interest income	7	**8,654**	17,625
Miscellaneous		**30,679**	16,719
		$1,009,316	$54,509

28. COST OF GOODS MANUFACTURED AND SOLD

	Notes	2013	2012
Materials used	9	**$32,903,676**	$ 25,005,722
Direct labor		**3,718,750**	2,552,453
Manufacturing overhead			
Fishmeal		**920,088**	837,364
Fuel		**701,527**	725,946
Indirect labor		**534,106**	376,041
Depreciation and amortization	14	**520,361**	357,229
Rental	20, 31	**409,145**	76,267
Light and water		**333,033**	287,831
Warehousing		**324,790**	402,443
Repairs and maintenance		**297,343**	233,139
Consumables		**291,631**	216,126
Freight and handling		**263,006**	361,026
Laboratory		**247,805**	158,699
Outside services		**194,171**	194,105
Insurance		**74,888**	65,919
Representation and entertainment		**58,664**	44,019
Security fees		**54,552**	62,862
Travel and communication		**50,309**	33,500
Amortization of prepayments		**34,159**	11,981
Professional fees		**3,661**	7,537
Others		**131,360**	82,608
Total manufacturing costs		**42,067,025**	32,092,817
Finished goods, beginning	9	**7,093,854**	3,667,344
Total cost of goods manufactured		**49,160,879**	35,760,161
Finished goods, ending	9	**8,504,418**	3,893,004
Cost of goods manufactured and sold		**$40,656,461**	$ 31,867,157

Other manufacturing overhead includes cooperative labor services and office.

29. SELLING AND ADMINISTRATIVE EXPENSES

	Notes	2013	2012
Salaries, wages and other short-term benefits		**$1,307,811**	$ 913,289
Advertising and marketing		**264,351**	141,541
Outside services		**256,875**	167,864
Transportation and travel		**248,589**	283,359
Business development		**157,526**	110,177
Taxes and licenses		**139,619**	112,225
Representation and entertainment		**113,931**	38,270
Rental	20, 31	**79,330**	73,837
Utilities and communication		**76,290**	81,363
Insurance		**68,596**	43,627
Retirement benefit	21	**61,273**	24,000
Depreciation and amortization	14, 15, 16	**55,069**	150,797
Materials and supplies		**53,502**	44,496
Fuel and oil		**46,218**	31,959
Repairs and maintenance		**28,757**	16,567
Other personnel expenses		**26,630**	13,860
Membership dues		**19,372**	19,682
Doubtful accounts expense		**16,519**	-
Freight and handling		**13,604**	74,726
Fringe benefit tax		**13,536**	9,550
Condominium dues		**5,581**	4,997
Liquidated damages		**-**	172,171
Others		**144,447**	155,741
		$3,197,426	$ 2,684,098

Others include buyer's claim, postage and export documentation expenses.

30. OTHER EXPENSES

	2013	2012
Shutdown costs	**$192,862**	-
Provision for doubtful accounts	**172,966**	-
Depreciation of non-operating assets	**169,482**	-
Board of Directors	**91,369**	86,821
Others	**3,742**	19,978
Foreign exchange loss	**-**	1,597
	$630,421	$ 108,396

31. OPERATING LEASE AGREEMENTS

The Group as Lessee

As at January 1, 2013, the Group enters into a new operating lease for the utilization of the Plant site located at Brgy. Tambler General Santos City . Lease is negotiated for an average term of five (5) years renewable upon terms acceptable to both parties. In consideration of the use of the leased premises, the Group pays a monthly rental of $58,338. The long-term lease will require the Group to pay AMHI a security deposit in an amount equivalent to thirty six (36) months of the first's monthly rental or equivalent to $2,029,579.

The Group leases from MCC an office condominium unit where its head office is located for a period of two years from January 1, 2009 to December 31, 2011, renewable by mutual agreement of both parties. The lease contract was renewed on December 29, 2011 with the term of two years commencing from January 1, 2012 until December 31, 2013. The lease is classified as an operating lease with a monthly rental of $3,485, $3,397, and $3,262 in 2012, 2011 and 2010, respectively.

On April 1, 2009 and July 1, 2010, the Group leases from Luthi Machinery Company, Inc. the two Solid Pack canning machines, serial No. SPD8-93 and SP156-95 for a period of five (5) years with an annual minimum rental of $36,000 and $58,000, respectively. Lessee agrees to pay an overage rental of $0.137 and $0.131, respectively, per case packed of filled by Lessee during each year when production from the machine during each year of the Lease term exceeds 275,000 and 300,000 cases, respectively. The lease term is renewable by mutual agreement of both parties.

The Group leases from Gael Land the manufacturing, warehouse and office space, in United States, for a period of nine (9) years from January 1, 2012 to May 31, 2020, renewable by mutual agreement of both parties. In consideration of the use of the leased premises, the Group pays a monthly rental of $17,900. The long-term lease will require the Group to pay the Lessor a refundable security deposit in an amount equivalent to two months rental or equivalent to $35,800.

On August 2012, the Group leases from Baruch Estate the manufacturing and office space, in New Zealand, for a period of five (5) years from August 2012 to July 2017, renewable by mutual agreement of both parties. Lessee agrees to pay a monthly rental of $4,705.

Rental expense charged in profit and loss in relation to the lease agreements amounted to $345,398, $400,703, and $438,916 in 2012, 2011 and 2010, respectively, as disclosed in Notes 29 and 30.

Total rental deposits recognized in the consolidated statements of financial position, as part of other non-current assets, amounted to $1,650,879 and $2,170,815 as at December 31, 2012 and 2011, respectively as disclosed in Note 18. Outstanding prepaid rentals presented in the consolidated statements of financial position, as part of prepayments and other current assets, amounted to $12,436 as at December 31, 2012 as disclosed in Note 11.

32. CORPORATE SOCIAL RESPONSIBILITY

The Group continued to be of service to the deprived provincial communities through its feeding program and participation in tuna donation programs spearheaded by various partner organizations.

Calendar year 2010 marks the third year of the Group's feeding program. There are 161 elementary and 60 high school undernourished students benefited in the program. At the end of the school year, almost 90% of the children attained their normal body weights, thus, contributing a positive effect in their school performance and total well-being. The Group's consistency of organizing yearly feeding programs gained remarkable recognitions, encouraging public and private organizations to do the same and to be of assistance to our fellow Filipinos.

In the calendar year 2011, the Group sustained its feeding program in its adopted public school in General Santos City. The Group also donated canned tuna to the typhoon victims in Luzon and southern part of the Philippines.

The Group is on its 5th year of spearheading the feeding program in Banisil National High School. As in the previous year, the Group enlisted the support of other organization in the community for its sustained 22 week feeding program. The Group catered to 94 undernourished students giving them an opportunity to attend to school every day with a healthy body, mind and spirit. On December 2012, the Group extended relief and support to typhoon victim in New Bataan, Compostela Valley.

33. FINANCE COSTS

The composition of finance costs based on its source are as follows:

	Notes	**2013**	2012
Advances from a related party	20	**$97,669**	$ 80,877
Bank loans	19	**583,303**	552,603
Long-term loans	19	**160,295**	163,225
Bank charges		**73,473**	92,306
Documentary stamps on loan availments		**67,441**	58,850
		$982,181	$ 947,891

34. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Earnings (Loss)	
	2013	2012
Profit (Loss) for the year	**$420,991**	($ 515,998)
Weighted average number of shares Outstanding	**1,069,426,237**	1,008,757,487
Earnings (Loss) per share	**$0.0004**	($ 0.0005)

The Group has no dilutive potential shares in 2013 and 2012; hence, basic earnings per share are equal to the diluted earnings per share.

35. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group's activities are exposed to a variety of financial risks: market risk relating to foreign exchange risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

Market risk

Market risk is the risk due to changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

There has been no change on the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign exchange risk

Foreign exchange risk relates to the possibility that an investment's value changing due to changes in currency exchange rate. The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in foreign currencies. Foreign exchange risk arises from future commercial transactions when recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The Group seeks to mitigate its transactional currency exposures by maintaining its costs at consistent levels, regardless of any upward or downward movements in the foreign currency exchange rates.

Interest rate risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to debt instruments such as bank and mortgage loans. The interest rates on these liabilities are disclosed in Note 20.

The Group has no established policy on managing interest rate risk. Management believes that any variation in the interest will not have a material impact on the net profit of the Group.

Bank and mortgage loans amounting to $29,999,526 and $29,126,382 as at June 30, 2013 and December 31, 2012, respectively, agreed at interest rates ranging from approximately 4% to 11% for bank loans and 9.2% per annum for mortgage loans, expose the Group to fair value interest rate risk.

An estimate of 50 basis points increase or decrease is used in reporting interest rate changes and represents Management's assessment of the reasonably possible change in interest rates.

The effects of a 50 basis points change in interest rate on net profit for the period ended June 30, 2013 and December 31, 2012 is an increase or a decrease of $147,815 and $131,063, respectively. This is mainly attributable to the Group's exposure to interest rates on its borrowings.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to cash, trade and other receivables, due from related parties, and refundable lease deposit.

The Group has adopted a policy of extending sufficient credit terms to customers such as, letters of credit and documents against payment as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade. The Group uses publicly available financial information and its own trading records to rate its major customers.

Based on the prior years' experiences of the Group and based on the assessment of the current economic environment and creditworthiness of its debtors, Management believes receivables are neither impaired nor uncollectible, as disclosed in Note 8.

The carrying amounts of financial assets recorded in the consolidated financial statements, represent the Group's maximum exposure to credit risk without taking account the value of any collateral obtained:

	2013	2012
Cash and cash equivalents	**$ 3,849,023**	$ 4,191,826
Trade and other receivables	**14,684,820**	11,474,299
Due from related parties	**5,316,153**	1,410,956
Refundable lease deposit	**1,722,137**	1,650,879
	$25,572,133	$18,727,960

Included in the Group's trade and other receivables are debtor's accounts which are past due with carrying amounts of $2,087,909 and $4,274,043 as at June 30, 2013 and December 31, 2012, respectively, for which the Group has provided an allowance $28,026 as at June 30, 2013, since there is no significant change in the credit quality of these receivables and the amounts are still considered recoverable.

Aging of accounts that are past due but not impaired:

	2013	2012
1 to 30 days past due	**$1,816,311**	$3,399,419
31 to 60 days past due	**53,113**	749,671
Over 60 days	**218,485**	124,953
	$2,087,909	$4,274,043

Liquidity risk

Liquidity risk refers to the possibility that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves in cash in bank, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the profits of the shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans, and advances received from related parties as offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The debt to equity ratio of the Group at each reporting period is within the acceptable range as follows:

	2013	2012
Debt	**$30,695,993**	$30,139,230
Less: Cash and cash equivalents	**3,849,023**	4,191,826
Net debt	**26,846,970**	25,947,404
Equity	**31,860,241**	30,899,173
Debt to equity ratio	**0.84:1**	0.84:1

Debt is composed of loans payable, and due to a related party as discussed in Notes 20 and 21, respectively, while equity includes share capital and reserves and retained earnings of the Group, less treasury shares.

The Group reviews its capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with it.

The Group is not subject to any externally imposed capital requirements.

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