111122015001591

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	CS200319138
Company Name	ALLIANCE SELECT FOODS INTERNATIONAL, INC.
Industry Classification	Prod., Processing & Preserv. Of Meat, Fish & Other Seafoods
Company Type	Stock Corporation

Document Information

Document ID	111122015001591
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Remarks	

SEC Number **CS200319138**
File Number

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
AND ITS SUBSIDIARIES

(Company's Full Name)

1206 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 Nine Months Ended September 30, 2015

(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 **September 30, 2015**

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. **1206 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	**1,499,712,463 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 at and for the nine months ended September 30, 2015 (with comparative figures as at December 31, 2014 and for the period ended September 30, 2014) and Selected Notes to the Consolidated Financial Statements are hereto attached as Annex "A".

The unaudited financial statements of the Group are presented in US$, the currency of the primary economic environment in which the Group operates.

Item 2. Management's discussion and analysis of financial condition and results

The following discussions should be read in conjunction with the attached unaudited financial statements of the Group as at and for the nine months ended September 30, 2015 with comparative figures as at December 31, 2014 and for the period ended September 30, 2014, whichever is relevant.

The table below shows the comparisons of key operating results for the nine months period ended September 30, 2015 versus the same period in 2014.

	For the Nine Months Ended September 30	
In USD'000	**2015**	2014
Revenue – net	**$ 56,661**	64,184
Gross Profit	**5,330**	7,052
Gross Profit Margin	*9%*	*11%*
Selling and Administrative Expenses	**6,722**	6,138
Other Income	**528**	941
Other Expenses	**919**	145
Finance Costs	**1,254**	1,308
Loss Before Tax	**(2,874)**	(346)
Income Tax Expense	**210**	388
Loss for the Period	**(3,084)**	(734)
Attributable to:		
Equity holders of the parent	**(2,326)**	(552)
Non-controlling interest	**(758)**	(182)
	(3,084)	($734)

Results of operations
Nine months Ended September 30, 2015 versus September 30, 2014

- The Group's consolidated net revenue for the third quarter of 2015 amounted to $56.7 million which is lower by $7.5 million or 12% as compared to the previous year. Almost two thirds of the total revenue was contributed by the tuna business while the rest was from the salmon business. The Group's tuna business decreased its revenue by about $7.1 million or 16%. This was attributable to the significant drop in sales volume of the Indonesian subsidiary by 46% from 181 FCLs a year ago to 97 FCLs this year as a result of low capacity utilization brought about by the moratorium on fishing in Indonesia. This was accompanied by a further decline in the average selling price brought about by a continuous drop in worldwide fish prices. The Group's Salmon business had a slight net decrease in revenue of 2%.

- The Group realized a consolidated gross margin of 9% or a gross profit of $5.3 million which was 24% lower as compared to prior year primarily due to lower capacity utilization and sharp pricing.

- Selling and administrative expenses during the period increased by 10% as compared to the same period last year mainly due to recognition of buyer's claim and inventory writedown amounting to $0.6 million and $0.2 million, respectively. As a percentage of sales, the selling and administrative expenses increased to 12% in 2015 from 10% in 2014.

- The Group had an after-tax net loss of $3.1 million for the nine months ended September 30, 2015 which is a significant decline from prior year's $0.7 million after-tax net loss. This is mainly driven by lower gross margin, non-recurring expenses due to a customer complaint, low fish supply and significant amount of foreign exchange loss due to devaluation of New Zealand dollar against US$. It should also be noted that the prior year's net result of operations includes a gain on transfer of vessel amounting to $0.5 million which was reversed at the end of 2014.

Financial Condition, Liquidity, and Capital Resources
September 30, 2015 vs. December 31, 2014

The Group's total assets increased by 18% or $11.9 million; from $65.8 million as at December 31, 2014 to $77.7 million as at September 30, 2015. This was mainly due to the proceeds from stock rights offer (SRO) amounting to US$21.3 million which was held under escrow pending the approval of the Securities and Exchange Commission ("SEC") for the increase in authorized capital stock of the Parent Company.

The Group's total liabilities declined by $6.5 million or 15%. This was mainly driven by $7.8 million decrease in loans payable which was offset with a $2.3 million increase in due to related parties for working capital purposes. The Group had a total liability to equity ratio of 0.86:1 and 1.82:1 as at September 30, 2015 and December 31, 2014, respectively.

Plan of Operation

(a) The Group does not foresee any cash flow or liquidity problem over the next twelve (12) months. The loan covenant with a local bank requires the Group to maintain its financial condition with a current ratio of equal to or greater than 1.5, debt-to-equity ratio of equal to or less than 3 and bank interest coverage ratio of not less than 3. As at September 30, 2015 and December 31, 2014, the Group was in compliance with its loan covenant on debt-to-equity ratio. On the other hand, current ratio and interest coverage ratio fell below the specified level. These circumstances did not have any adverse effect on the Group's borrowing capacity and overall operation.

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the Group with entities or other persons created during the reporting period that would have significant impact on the Group's operations and/or financial condition.

As at September 30, 2015, 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 to 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) A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The Company plans to derecognize a portion of its deferred tax asset based on the projected taxable income. The planned derecognition of deferred tax asset will result to a deferred income tax expense in the statement of comprehensive income.

(c) As at September 30, 2015, the Parent Company and Studholme Family Trust 2 are in negotiations for the sale of the Parent Company's shares in Prime Foods NZ Limited (PFNZ).

(d) As at September 30, 2015, the Parent Company has an application for increase in authorized capital stock pending approval of the SEC. Upon SEC approval, the Company's outstanding capital stock shall be 2,500,000,000 common shares.

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

Income Statements
Nine months ended September 30, 2015 versus the same period in 2014.

24% decrease in Gross Profit is primarily due to lower capacity utilization and lower selling price as a result of lower fish cost.

44% decline in Other Income is mainly due to gain on transfer of vessel amounting to $0.5 million recognized in the prior year.

10% increase in selling and administrative expenses is mainly due to recognition of buyer's claim and inventory writedown amounting to $0.6 million and $0.2 million, respectively.

535% upsurge in Other Expenses is mainly due to foreign exchange losses from the depreciation of NZ$.

161% increase in share in equity in net earnings of associates is due to the results of operations of AMHI.

106% increase in share in equity in net earnings of joint ventures is due to the results of operations of FDCP.

46% decrease in income tax expense is driven by the negative results of operations during the period as against the better results of operations in the same period last year.

Balance Sheets
As at September 30, 2015 versus December 31, 2014

23% decrease in Cash is mainly due to decrease in the cash level of the Parent Company and the US subsidiary.

100% increase in cash-restricted pertains to SRO proceeds held in escrow pending the approval of SEC for the increase in authorized capital of the Parent Company.

6% decrease in trade and other receivables is mainly due to lower revenue.

45% decrease in Inventories was due to better inventory management. Furthermore, bulk of the finished goods inventory as at December 31, 2014 were sold in 2015.

37% decrease in Biological Assets is mainly due to devaluation of NZ$ as against US$.

5% increase in Prepayments and Other Current Assets is mainly due to unamortized portions of and increase in prepayments for insurance and rent.

108% upturn in Investment in Associates is due to net income earned by AMHI during the period.

8% growth in Investment in Joint Venture is due to profit realized by FDCP during the period.

7% increase in Deferred Tax Assets is due to recognition of deferred income tax benefit for net operating loss carryover of ASFII and BGB for the period.

9% decrease in Other Intangible Assets is mainly due to amortization of salmon farming consent and fishing license.

6% decrease in Trade and Other Payables is mainly due to settlement of customer’s claims and decline in accruals and taxes payable.

27% reduction in Loans Payable is due to payment of short-term loans.

7,980% increase in Income Tax Payable is due to income tax provision of the US subsidiary as at September 30, 2015.

1,525% increase in Due to Related Parties is mainly due to advances from a shareholder for working capital purposes.

Loans payable – net of current portion went down by 21% due to payment of scheduled loan amortization.

100% in increase in deposit on subscription pertains to SRO proceeds held in escrow pending the approval of SEC for the increase in authorized capital of the Parent Company.

91% increase in Non-controlling Interest is due to share of the minority shareholders in net loss 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:

	September 30, 2015	**December 31, 2014**
Current/Liquidity Ratios		
Current Ratio	1.37	0.85
Quick Ratio	0.98	0.31
Liability to Equity Ratio	0.86	1.82

	For the Nine Months Ended September 30	
	2015	2014
Profitability ratios		
Revenue growth rate	-11.7%	2.9%
Gross profit margin	9.4%	11.0%
Net profit margin	-5.4%	-1.1%
Return on Equity	-6.9%	-1.6%
Return on Assets	-3.2%	-0.7%

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 revenue 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 net profit 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 attributable to equity holders of the parent to average 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 attributable to equity holders of the parent to average 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.

RAYMOND K.H. SEE
Director, President and Chief Executive Officer

GRACE S. DOGILLO
Vice President – Finance, Comptroller

SUBSCRIBED AND SWORN to before me this NOV 1 2 2015 at PASIG 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
Raymond K.H. See	Passport-EC3695414	March17,2015	DFA, Manila	March 16,2020
Grace S. Dogillo	Passport-EB8007108	April 30, 2013	DFA, Manila	April 29, 2018

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Book No. I
Series of 2015

ELYRHEY CESAR R. VASIG
NOTARY PUBLIC
ROLL NO. 58928
PASIG CITY

ELYRHEY CESAR R. VASIG
Notary Public for Pasig City
Commission No. 104 (2015-2016)
Roll of Attorneys No. 58928
PTR No. 0405556/01.31.2015/Pasig City
IBP No. L-565207/01.11.2011/Makati City
Rm. 1201, 12th Floor, East Tower, PSE Centre
Exchange Road, Ortigas Center, Pasig City

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollar)

	Notes	September 30, 2015 Unaudited	December 31, 2014 Audited
ASSETS			
Current Assets			
Cash	7	**$ 1,878,603**	$ 2,426,020
Cash-restricted	21	**21,310,148**	-
Trade and other receivables - net	8	**8,699,967**	9,303,672
Due from related parties	19	**494,431**	494,383
Inventories - net	9	**10,304,192**	18,787,629
Biological asset	10	**128,920**	203,763
Prepayments and other current assets	11	**1,640,158**	1,556,596
Total Current Assets		**44,456,419**	32,772,063
Non-current Assets			
Investment in associates	12	**224,981**	108,038
Investment in joint ventures	13	**608,012**	561,207
Property, plant and equipment - net	14	**12,715,518**	13,227,398
Deferred tax assets	34	**8,030,013**	7,489,791
Goodwill on business combination	3	**9,502,585**	9,502,585
Other intangible assets - net	15	**182,485**	200,063
Other non-current assets - net	16	**1,982,523**	1,985,571
Total Non-current Assets		**33,246,118**	33,074,653
		$77,702,537	$65,846,716
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	17	**$ 8,508,570**	$ 9,040,276
Loans payable	18	**21,431,258**	29,201,242
Income tax payable		**106,329**	1,316
Due to related parties	19	**2,495,674**	153,604
Total Current Liabilities		**32,541,832**	38,396,438
Non-current Liabilities			
Loans payable - net of current portion	18	**2,695,972**	3,399,000
Retirement benefit obligation	20	**419,207**	416,146
Deferred tax liabilities	34	**304,470**	304,470
Total Non-current Liabilities		**3,419,650**	4,119,616
		35,961,482	42,516,054
Equity			
Share capital	21	**32,238,544**	32,238,544
Deposit on Subscription	21	**21,408,234**	-
Reserves	23	**7,228,283**	7,062,172
Retained earnings (Deficit)		**(17,371,170)**	(15,045,466)
		43,503,891	24,255,250
Treasury shares	21	**(5,774)**	(5,774)
Equity attributable to equity holders of the parent		**43,498,117**	24,249,476
Non-controlling interest	22	**(1,757,062)**	(918,814)
Total Equity		**41,741,055**	23,330,662
		$77,702,537	$65,846,716

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollar)

		For the Quarter Ended September 30, 2015		For the Nine Months Ended September 30, 2015	
	Notes	**2015 Unaudited**	2014 Unaudited	**2015 Unaudited**	2014 Unaudited
Revenue - net	25	**$17,230,110**	$21,629,891	**$56,661,056**	$64,183,741
Cost of Goods Manufactured and Sold	27	**16,033,357**	19,614,880	**51,330,988**	57,131,970
Gross Profit		**1,196,753**	2,015,011	**5,330,068**	7,051,771
Other Income	26	**454,124**	136,257	**527,860**	940,827
		1,650,877	2,151,268	**5,857,928**	7,992,598
Selling and Administrative Expenses	28	**1,869,717**	2,302,402	**6,722,250**	6,137,622
Other Expenses	29	**312,857**	280,727	**919,401**	144,843
Finance Costs	32	**362,645**	402,151	**1,253,959**	1,308,224
		2,545,219	2,985,280	**8,895,610**	7,590,689
Share in Equity in Net Earnings (Loss) of Associates	12	**40,276**	-	**116,944**	44,862
Share in Equity in Net Earnings (Loss) of Joint Ventures	13	**(444)**	(871,961)	**46,805**	(792,561)
		39,832	(871,961)	**163,749**	(747,699)
Profit (Loss) Before Tax		**(854,510)**	(1,705,973)	**(2,873,933)**	(345,790)
Income Tax Expense (Benefit)	33	**175,952**	(46,767)	**210,421**	388,113
Profit (Loss) for the Year		**($1,030,462)**	($1,659,206)	**($3,084,354)**	($733,903)
Attributable to:					
Equity holders of the parent		**(718,212)**	($1,478,857)	**($2,325,704)**	($552,245)
Non-controlling interest	22	**(312,250)**	(180,349)	**(758,650)**	(181,658)
		($1,030,462)	($1,659,206)	**($3,084,354)**	($733,903)
Earnings (Loss) Per Share					
Basic and diluted earnigs (loss) per share	34	**($0.0005)**	($0.0011)	**($0.0016)**	($0.0004)
Profit (Loss) for the Year		**($1,030,462)**	($1,659,206)	**($3,084,354)**	($733,903)
Other Comprehensive Income (Loss)					
Exchange differences on translating foreign operations		**-**	-	**93,818**	22,552
		-	-	**93,818**	22,552
Total Comprehensive Income (Loss)		**(1,030,462)**	($1,659,206)	**($2,990,536)**	($711,351)
Attributable to:					
Equity holders of the parent		**(718,212)**	($1,478,857)	**($2,152,290)**	($503,918)
Non-controlling interest		**(312,250)**	(180,349)	**(838,247)**	(207,433)
		($1,030,462)	($1,659,206)	**($2,990,537)**	($711,351)

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollar)

	Notes	Share Capital	Deposit on Subscription	Share Premium	Revaluation Increment	Fair value on Investment Revaluation Reserve	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Non-controlling Interest	Total
Balance, January 1, 2014		$22,575,922	-	$3,821,732	$71,677	-	$171,736	$1,330,601	($5,774)	($278,551)	$27,687,343
Additional subscription		9,662,622	-	2,995,413							12,658,035
		32,238,544	-	6,817,145	71,677	-	171,736	1,330,601	(5,774)	(278,551)	40,345,378
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	48,328	-	-	(25,776)	22,552
Remeasurement gain (loss) on retirement		-	-	-	-	-	-	-	-	-	-
Share in other comprehensive income of a joint venture	13	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	24	-	-	-	-	-	-	(552,245)	-	(181,658)	(733,903)
Total comprehensive income (loss)		-	-	-	-	-	48,328	(552,245)	-	(207,434)	(711,351)
Balance, September 30, 2014		**$32,238,544**	**-**	**$6,817,145**	**$71,677**	**-**	**$220,064**	**$778,356**	**($5,774)**	**($485,985)**	**$39,634,027**
Additional subscription		-	-	(48,302)	-	-	-	-	-	-	(48,302)
		32,238,544	-	6,768,843	71,677	-	220,064	778,356	(5,774)	(485,985)	39,585,725
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	(5,716)	-	-	25,784	20,068
Remeasurement gain (loss) on retirement		-	-		-	-	-	51,663	-	121	51,784
Share in other comprehensive income of a joint venture	13	-	-	-	-	7,304	-	8,382	-	-	15,686
Profit (Loss) for the year	24	-	-	-	-	-	-	(15,883,867)	-	(458,734)	(16,342,601)
Total comprehensive income (loss)		-	-	-	-	7,304	(5,716)	(15,823,822)	-	(432,829)	(16,255,063)
Balance, December 31, 2014		**$32,238,544**	**-**	**$6,768,843**	**$71,677**	**$7,304**	**$214,348**	**($15,045,466)**	**($5,774)**	**($918,814)**	**$23,330,662**
Additional subscription		-	21,408,234	-	-	-	-	-	-	-	21,408,234
		32,238,544	21,408,234	6,768,843	71,677	7,304	214,348	(15,045,466)	(5,774)	(918,814)	44,738,896
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	173,414	-	-	(79,597)	93,818
Remeasurement gain (loss) on retirement		-	-		-	-	-	-	-	-	-
Share in other comprehensive income of a joint venture	13	-	-	-	-	(7,304)	-	-	-	-	(7,304)
Profit (Loss) for the year	24	-	-	-	-	-	-	(2,325,704)	-	(758,650)	(3,084,354)
Total comprehensive income (loss)		-	-	-	-	(7,304)	173,414	(2,325,704)	-	(838,247)	(2,997,840)
Balance, September 30, 2015		**$32,238,544**	**$21,408,234**	**$6,768,843**	**$71,677**	**-**	**$387,762**	**($17,371,170)**	**($5,774)**	**($1,757,061)**	**$41,741,056**

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts In U.S. Dollar)

		For the Nine Months Ended Sept 30	
	Notes	**2015 Unaudited**	2014 Unaudited
Cash Flows from Operating Activities			
Profit (loss) before tax		**($2,873,933)**	($345,790)
Adjustments for:			
Finance costs	33	**1,253,959**	1,308,224
Depreciation and amortization	14, 15	**895,018**	1,116,625
Write off of receivables		**6,939**	-
Provision for doubtful accounts		**-**	19,613
Gain on sale of property, plant and equipment	14, 15, 26	**(1,450)**	(537,887)
Retirement benefits	20	**57,316**	122,031
Foreign exchange gain (loss) - net		**(209,927)**	(342,730)
Loss or provision on (reversal of) inventory obsolescence	9, 28	**(0)**	207,851
Loss on inventory writedown	28	**211,200**	-
Share in loss (profit) of associates and joint ventures	12, 13	**(163,748)**	747,699
Interest income	7, 26	**(37,252)**	(39,890)
Operating cash flows before working capital changes		**(861,879)**	2,255,746
Decrease (increase) in:			
Trade and other receivables		**904,328**	(1,814,761)
Due from related parties		**5,948**	(717,924)
Inventories and biological assets		**8,347,080**	(2,940,484)
Prepayments and other current assets		**(79,773)**	(687,605)
Other-non current assets		**115,637**	(138,099)
Increase in trade and other payables		**91,404**	708,573
Cash from (used in) operations		**8,522,745**	(3,334,554)
Income tax paid		**(645,630)**	(227,283)
Interest income received	7	**37,252**	39,890
Contribution to retirement fund		**(33,737)**	-
Net cash from (used in) operating activities		**7,880,630**	(3,521,946)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	14	**(1,098,618)**	(1,088,019)
Proceeds from sale of property, plant and equipment and assets held-for-sale	14	**33,340**	468,065
Acquisition of investment in joint venture		**-**	(847,701)
Net cash used in investing activities		**(1,065,278)**	(1,467,655)
Cash Flows from Financing Activities			
Proceeds from bank loans		**60,282,012**	51,988,820
Payment of bank loans		**(69,171,398)**	(57,227,351)
Finance costs paid		**(1,253,959)**	(1,194,021)
Proceeds from (payment of) due to related parties		**2,344,116**	(6,508)
Issuance of new shares		**-**	12,658,035
Net cash from (used in) financing activities		**(7,799,229)**	6,218,975
Effects of Foreign Exchange Rate Changes		**436,460**	125,685
Net Increase (Decrease) in Cash and Cash Equivalents		**(547,417)**	1,355,059
Cash and Cash Equivalents, Beginning		**2,426,020**	1,568,125
Cash and Cash Equivalents, End	7	**$ 1,878,603**	$ 2,923,184

See Notes to Consolidated Financial Statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2015 and DECEMBER 31, 2014 and FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 and 2014
(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 Suite 1206 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 unaudited interim consolidated financial statements ("consolidated financial statements") of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which include all applicable PFRSs, Philippine Accounting Standards (PASs), 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 Board of Accountancy (BOA) and adopted by the SEC.

Basis of Financial Statement Preparation and Presentation

The accompanying consolidated financial statements have been prepared in accordance with PAS 32, *Interim Financial Reporting*. Accordingly, the consolidated financial statements do not include all of the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2014.

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

- financial instruments carried at amortized cost;
- land carried at revalued amounts;
- investments in associates and joint ventures accounted for using the equity method;
- inventories carried at the lower of cost and net realizable value;
- biological assets measured at fair value less costs to sell; and
- retirement benefit obligation recognized as the net total of the present value of defined benefit obligation less the fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, *Share-based Payment,* leasing transactions that are within the scope of PAS 17, *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2, *Inventories* or value in use in PAS 36, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These consolidated financial statements are presented in United States Dollar (US Dollar or $), 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 and Non-Controlling Interest

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control. When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Composition of the Group

Details of the Parent Company's subsidiaries as at September 30, 2015 and December 31, 2014 are as follows:

	Date Acquired/Incorporated	Ownership Interest
ASFI Thailand	May 12, 2004	**100%**
PT International Alliance Food Indonesia (PTIAFI)	May 28, 2008	**99.98%**
Prime Foods New Zealand Limited (PFNZ)	January 6, 2009	**50.00% + 1 share**
Big Glory Bay Salmon and Seafood Company Inc. (BGB)	October 29, 2009	**68%**
ASFI Choice Foods, Inc. (ASFIC)	April 11, 2011	**100%**
Spence & Company Ltd. (Spence)	August 10, 2011	**100%**
Akaroa Salmon (NZ) Ltd. (Akaroa)	October 1, 2012	**80%**
Alliance Select Foods Pte. Ltd. (ASF)	January 24, 2013	**100%**

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

ASFI Thailand

On March 12, 2004, the Parent Company established ASFI Thailand, a Thailand based wholly-owned subsidiary, the primary activity of which is that of a sales representative office. ASF Thailand's net assets as at September 30, 2015 and December 31, 2014 amounted to nil.

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 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 Group the access to the rich Indonesian marine resources.

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 increased 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.

On December 20, 2011, PTIAFI 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 is operated in integration with the tuna processing activities of PTIAFI. VDZ's establishment as a foreign investment company has been approved by the Indonesia Investment Coordinating Board or Bedan Koordinasi Penanaman Modal and Ministry of Justice and Human Rights of the Republic of Indonesia.

On February 10, 2012, the Parent Company 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 with Indonesia law. This event increased Parent's stake in PTIAFI from 89.98% as at December 31, 2010 to 99.98% on February 10, 2012.

In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51% to take more of profits from the country's vast mineral resources. As a result, PTIAFI, being owned by the Parent Company, sold 31% of its ownership in PT VDZ decreasing its share to 49%. Based on Management's assessment, PTIAFI still has control over PT VDZ.

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 Parent Company in the salmon business. The plant is located in Hororata RD2 Darfield, New Zealand.

In September 2014, PFNZ started operating as a marketing arm of BGB after the cessation of its manufacturing operations.

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 Group 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.

The Company was registered with the BOI and was granted ITH for four years. The ITH registration of the Company expired on June 30, 2014. As a result, the Company has been subjected to normal income tax rate of 30% for the second half of 2014.

In 2013, the Parent Company and PFNZ converted their respective advances to BGB amounting to $257,000 each into equity ownership of 11,082,610 shares of BGB each with a par value of P1 per share. Ownership percentages of the Parent Company and PFNZ remain the same after the conversion.

In 2014, the Parent Company converted a portion of its advances to BGB amounting to $777,047 into 777,047 shares of BGB, resulting in an increased ownership percentage from 50% + 1 to 68% during the year.

ASFIC

On April 11, 2011, the Parent Company established ASFIC in Massachusetts, USA, to serve as the Parent Company's vehicle in making investments in, or acquisitions of other companies, as well as market and distribute the Group's products in the USA. ASFIC is a wholly-owned subsidiary of the Parent Company. ASFIC does not have any revenue nor expenses as the Parent Company used it solely to acquire investments. ASFIC's net assets as at September 30, 2015 and December 31, 2014 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.

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

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.

AKAROA

On October 1, 2012, the Parent 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.

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

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. Management believes that the acquisition of Akaroa will enable the Group to stabilize its supplies of salmon and eventually strengthen its market share in the salmon industry.

ASF

On January 24, 2013, the Parent Company established Alliance Select Foods Pte. Ltd. (ASF), a Singapore based wholly-owned subsidiary. The initial issued and paid up share capital of the subsidiary is SGD10 (Ten Singapore Dollars) with 10 ordinary shares worth SGD1 per share. ASF has not yet started its commercial operation. The Parent Company intends to increase the paid up capital in the future as it becomes operational. The primary activity of the subsidiary will be that of general wholesaler and trader and an investment holding company. ASF's net assets as at September 30, 2015 and December 31, 2014 amounted to nil.

Due to change in Management's strategy and ASF being non-operational, the Parent Company decided to close ASF in 2014, which did not have any material impact on the Group's financial statements.

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.

Initially, 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 to the consolidated financial statements.

For consolidation purposes, the result of operations from January 1, 2012 up to December 27, 2012 was included in the consolidated statements of comprehensive income.

The loss of control over AMHI resulted in the reduction of the Group's retained earnings as at December 31, 2012 amounting to $860,638.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2015

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial years except for the new PFRSs and amendments and improvements to PFRSs that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines which were adopted by the Group effective on January 1, 2015, unless otherwise indicated:

a) PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to the periods of service. This amendment does not have an impact to the Group since none of the entities within the Group have defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

The following Annual Improvements to PFRSs (2010-2012 cycle) did not have a material impact on the Group, unless otherwise stated:

b) PFRS 2, Share-based Payment – *Definition of Vesting Condition*

This improvement is effective for annual periods beginning on or after January 1, 2015 and is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- o A performance condition must contain a service condition;
- o A performance target must be met while the counterparty is rendering service;
- o A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- o A performance condition may be a market or non-market condition; and
- o If the counterparty, regardless of the reason, cases to provide service during the vesting period, the service condition is not satisfied.

c) PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination* (Amendment)

The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32, *Financial Instruments: Presentation*. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014.

d) PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* (Amendments)
The amendments require disclosing the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the two operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only in the judgment made by management in aggregating operating segments and will have no significant impact on the Group's financial position or performance.

e) PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method – Proportionate Restatement of Accumulated Depreciation* (Amendments)
The amendment clarifies that upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

f) PAS 24, *Related Party Disclosures - Key Management Personnel* (Amendment)
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively.

Annual Improvements to PFRSs (2011-2013 cycle)

The following Annual Improvements to PFRSs (2011-2013 cycle) did not have a material impact on the Group, unless otherwise stated:

g) PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
This amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

h) PFRS 13, *Fair Value Measurement - Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied retrospectively.

i) PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as an investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied retrospectively.

Future Changes in Accounting Policies

The Group will adopt the following new and amended standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PAS, PFRS, Philippine Interpretations and IFRS to have a significant impact on the Group's consolidated financial statements.

Effective in 2016

j) PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its property and equipment.

k) PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the

definition of bearer plants will no longer be within the scope of PAS 41. Instead PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less cost to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact as the Group does not have any bearer plants.

l) PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements. The Group is currently assessing the impact of these amendments in the separate financial statements of each entity in the Group.

m) PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investors and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

n) PFRS 11, *Joint Arrangements - Accounting for Acquisition of Interests in Joint Operations* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

o) PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material effect on the Group, unless otherwise stated. These include the following:

p) PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements of PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

q) PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. The amendment will not have an impact on the Group's financial statements since the Group does not offer servicing contracts that involves continuing involvement in a derecognized financial asset.

r) PFRS 7 – *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment will not have any impact on the Group's financial position and performance since it does not offset its financial instruments.

s) PAS 19, *Employee Benefits – regional market issue regarding discount rate*
This amendment is applied retrospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment will not have an impact on the Group's financial statements since the Group's policy is already consistent with the amendment.

t) PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
This amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

u) PFRS 9, *Financial Instruments*
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments*: *Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 is not expected to have a significant impact on the Group's consolidated financial statements since the Group is not involved in any hedging transactions.

Interpretation with Deferred Effective Date

v) Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final revenue standard is issued by the IASB and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed. This interpretation is not relevant to the Group since the Group does not engage in the construction of real estate directly or indirectly through a subcontractor.

Standard Issued but Not Yet Adopted by FRSC

w) IFRS 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new

revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted and implemented locally.

5. SIGNIFICANT ACCOUNTING POLICIES

Business Combination

Acquisitions of businesses are accounted for using the equity method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12 and PAS 19, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another PFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PAS 39 or PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interest even if this results in the non-controlling interest having deficit.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

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

Financial assets are recognized in the Group's consolidated 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 fair value through profit or loss (FVTPL).

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets FVTPL, held-to-maturity investments, available-for-sale financial assets (AFS) 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.

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.

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, trade and other receivables, due from related parties, and refundable lease deposit under other non-current assets.

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 disappearance of an active market for that financial asset because of financial difficulties; 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.

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.

Investment in associates is measured initially at cost. Subsequent to initial recognition, investment in associates is carried in the Group's consolidated financial statements using the equity method.

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. Investments in associates are 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 associates, 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 associates.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associates 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 associates 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 associates, profits and losses resulting from the transactions with the associates 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 assets under PAS 36 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 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.

The investments in associates are 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 associates and is recognized in profit or loss.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with PAS 39. The difference between the previous carrying amount of the associates attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates on the same basis as would be required if that associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates.

Investments in Joint Ventures

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.

Investments in joint ventures are measured initially at cost. Subsequent to initial recognition, investments in joint ventures are carried in the Group's consolidated financial statements using the equity method.

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 investments in joint ventures. 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.

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. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

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. The Management believes that any effect of the changes in the assumptions from this date up to December 31, 2014 is not significant.

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 vessels	40 years
Buildings	25 years
Machinery and equipment	15 years
Office furniture, fixtures and equipment	5 years
Transportation equipment	5 years

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.

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 and fishing license 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 and fishing license, 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 and fishing license for the current and comparative periods is 25 years.

Intangible assets with indefinite useful lives

Macrocystic consent 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 macrocystic 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.

When 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 associates is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in associates is tested for impairment as a single asset when there is objective evidence that the investment in associates may be impaired.

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.

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.

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.

Deficit

Deficit represents accumulated losses incurred by the Company. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

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 classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item Retirement benefit. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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 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.

Sales allowance

Sales allowance is recognized if it is probable that discounts will be granted and the amount can be measured reliably. It is measured as a portion of the revenue previously recognized in which the allowance 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.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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.

Dividend income

Dividend income from investments is recognized when the Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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 all income generated outside the normal course of business.

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 statement of comprehensive income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes Materials used, Direct labor and Manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

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.

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 Parent Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Group and the key management personnel of the Group are also considered to be related parties.

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	30%

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 Business Unit Head 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.

Leases

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Classification of lease as operating lease

Based on Management evaluation, the lease arrangements entered into by Group as a lessor and as a lessee are accounted for as operating leases because the Group has determined that the lessor will not transfer the ownership of the leased assets to the Group upon termination of the lease.

The lease contracts entered into by the Group are classified as operating leases as discussed in Note 30.

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.

Determination of control

The Management assessed whether or not it has control over another entity based on whether the Parent Company has the practical ability to direct the relevant activities of an another entity unilaterally. In making their judgment, the Parent Company considered its controlling financial interest and its ability to direct and make decision over an entity's relevant activities. Accordingly, an entity is considered a subsidiary of the Parent Company based on Management consideration of control as at September 30, 2015 and December 31, 2014.

Based on the assessment made by the Management, the Parent Company has control over its subsidiaries PT International Alliance Foods Indonesia (PTIAFI), Prime Foods NZ Ltd. (PFNZ), Big Glory Bay Salmon and Seafood, Inc. (BGB), Spence & Company, Ltd. (Spence) and Akaroa Salmon New Zealand Limited (Akaroa) as at September 30, 2015 and December 31, 2014, and special purpose entities ASFI Choice Foods, Inc. (ASFIC) and Alliance Select Foods Pte. Ltd. (ASF) as at June 30, 2015 and December 31, 2014. Accordingly, the financial statements of these entities are included in the consolidated financial statements of the Parent Company. ASF would not affect the Company's financial statements since its net assets amounted to nil as at September 30, 2015 and December 31, 2014.

Determination of joint control

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

Based on the assessment made by the Management, the Parent Company has classified its joint arrangements as joint ventures because of its rights over the net assets of FDCP, Inc. (FDCP) and Wild Catch Fisheries, Inc. (WCFI) as discussed in Note 13.

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 associates 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 September 30, 2015 and December 31, 2014.

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, 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.

Revaluation of assets

Land

The Group has adopted the fair value approach in determining the carrying value of its land. 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 latest revaluation of the above land was made on February 1, 2011 by John J Ryan & Associates Ltd., a registered appraiser in New Zealand. The Management believes that any effect of the changes in the assumption from this date up to December 31, 2014 is not significant.

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 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 property, plant, and equipment, and intangibles assets would increase the recognized operating expenses and decrease non-current assets.

As at September 30, 2015 and December 31, 2014, the carrying amounts and accumulated depreciation and amortization of the Group's property, plant and equipment, and intangible assets as disclosed in Notes 14, and 15, respectively, are as follows:

	Carrying Amounts	**Accumulated Depreciation and Amortization**
September 30, 2015		
Property, plant and equipment*	**$ 11,330,958**	**$6,028,129**
Intangible assets**	**163,489**	**80,989**
	$11,494,447	**$6,109,118**
December 31, 2014		
Property, plant and equipment*	$11,672,952	$ 5,745,321
Intangible assets**	176,642	67,836
	$11,849,594	$ 5,813,157

** The above amounts for property, plant and equipment do not include carrying amount of land which is not subject to depreciation.*

*** The above amounts for intangible assets do not include carrying amount of intangible assets with indefinite useful lives which is not subject to amortization.*

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, investments in associates and investments in joint ventures 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 estimation. 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 joint ventures, property, plant and equipment and intangible assets as at September 30, 2015 and December 31, 2014 are disclosed in Notes 12, 13, 14, and 15, respectively.

As at September 30, 2015 and December 31, 2014, Management believes that there is no further allowance for impairment required on the Group's investments in associates, investment in joint ventures, property, plant and equipment and intangible assets except of those that were already provided.

Estimating the fair value of refundable lease deposit

In the determination of the fair value of the refundable lease deposits, 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 19, would be affected by changes in these factors and circumstances.

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 September 30, 2015 and December 31, 2014, amounted to $8,030,013 and $7,489,791 respectively, as disclosed in Note 33.

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 $8,699,967 and $9,303,672, which is net of the related allowances for doubtful accounts amounting to $1,593,834 and $1,620,966 as at September 30, 2015 and December 31, 2014, 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 $10,304,192 and $18,787,629, net of the related allowance for raw materials and finished goods obsolescence of $858,944 and $1,259,431 as at September 30, 2015 and December 31, 2014, 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 nine months ended September 30, 2015 and 2014 amounted to $56,661,056 and $64,183,741, respectively, as disclosed in Note 25.

Retirement Benefit and other post-employment benefit

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 among others, discount rates, and rates of compensation increase. In accordance with PFRS, actual results that differ from the assumptions are recognized as expense and recorded as obligation in the current period. While the Company 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 recognized under the statement of comprehensive income amounted to $57,316 and $122,031 for the nine months ended September 30, 2015 and 2014 respectively, as disclosed in Note 28 and accrued retirement obligation recognized in the consolidated statements of financial position amounted to $419,207 and $416,146 as at September 30, 2015 and December 31, 2014, respectively, as disclosed in Note 20.

7. CASH

Cash 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:

	2015	2014
Cash in banks	**$1,870,167**	$2,419,092
Cash on hand	**8,436**	6,928
	$1,878,603	$2,426,020

Cash in banks earned an average interest ranging from 0.10% to 0.25% per annum in 2015 and 2014. 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 $37,252 and $39,890 in 2015 and 2014, respectively, as disclosed in Note 26.

8. TRADE AND OTHER RECEIVABLES - net

The Group's trade and other receivables consist of:

	Note	**2015**	2014
Trade		**$7,389,492**	$ 8,563,137
Others:			
Related parties	19	**1,168,182**	964,406
Claims receivable		**782,781**	738,788
Advances to employees		**60,676**	61,082
Others		**892,670**	597,225
		10,293,801	10,924,638
Less: Allowance for doubtful accounts		**1,593,834**	1,620,966
		$8,699,967	$ 9,303,672

In 2015 and 2014, related parties include receivables from PT Wailan, an affiliate of a subsidiary, amounting to $942,106, and FDCP amounting to $226,076 and $22,300, respectively, as disclosed in Note 19. The receivable from PT Wailan is provided with full allowance for doubtful accounts as the probability of collection is doubtful.

Claims receivable includes refunds from government agencies.

Others pertain to insurance claims, receivable from supplier and third party arising from sale of property and equipment, and tax credit certificates applied with the Bureau of Internal Revenue (BIR) for input value-added tax (VAT).

In 2014, the Group has written off claims from the BIR amounting to $54,951 as a result of the denial of the Company's application for refund of input VAT covering 2010 and 2011.

The average credit period taken on sale of goods is 38 days. No interest is charged on the outstanding trade receivables even beyond their credit terms.

Trade and other receivables amounting to $6,918,331 and $8,931,327 as at September 30, 2015 and December 31, 2014, respectively, have been pledged as security for the Group's short-term loans from a foreign bank and local bank with an aggregate outstanding balance of $12,970,404 and $21,496,905 as at September 30, 2015 and December 31, respectively, as disclosed in Note 18.

Included in the Company's trade and other receivables are debtor's accounts which are past due with carrying amounts of $2,187,871 and $2,373,421 as at September 30, 2015 and December 31, 2014, respectively, as disclosed in Note 35.

Movements in the allowance for doubtful accounts follow:

	Note	2015	2014
Balance, January 1		**$ 1,620,966**	$ 1,175,280
Doubtful accounts expense		**-**	446,268
Reversal of allowance for doubtful Accounts		**(24,696)**	-
Currency translation adjustment		**(2,436)**	(582)
		$1,593,834	$ 1,620,966

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, Management believes that there is no further allowance for doubtful accounts required in excess of those that were already provided as at September 30, 2015 and December 31, 2014.

9. INVENTORIES - net

Details of the Group's inventories are as follows:

	Note	2015	2014
Finished goods	27	**$6,473,159**	$ 13,925,033
Less: Allowance for obsolescence		**612,775**	1,010,612
		5,860,384	12,914,421
Raw and packaging materials		**4,031,189**	5,531,854
Less: Allowance for obsolescence		**246,169**	248,819
		3,785,020	5,283,035
Parts and supplies		**446,660**	386,178
Work-in-process		**212,128**	203,995
		$10,304,192	$18,787,629

Inventories recognized as expense in 2015 and 2014 amounted to $51,364,964 and $57,131,970 respectively, as disclosed in Note 27.

The carrying amount of raw and packaging materials amounted to $3,785,020 and $5,283,035 as at September 30, 2015 and December 31, 2014, respectively. Movements in the allowance for inventory obsolescence are as follows:

	Note	2015	2014
Balance, January 1		**$ 1,259,431**	$ 67,745
Loss on inventory obsolescence		**-**	1,191,686
Reversal of allowance for inventory obsolescence		**(400,487)**	-
Balance, September 30/December 31		**$858,944**	$1,259,431

Inventories with a carrying amount of $4,492,168 and $11,295,754 as at September 30, 2015 and December 31, 2014, respectively, have been pledged as security for the Group's short-term loans from local and foreign banks with a carrying amount of $12,970,404 and $21,496,905 as at September 30, 2015 and December 31, 2014, respectively, as disclosed in Note 18.

10. BIOLOGICAL ASSETS

Biological assets of the Group comprised solely of 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 on average period of 12-18 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 a grading process, which 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 September 30, 2015 and December 31, 2014, the carrying amount of the Group's biological assets amounted to $128,920 and $203,763, respectively, which have been valued at its proxy market value of NZ$1.00 per smolt or approximately US$0.71 and US$0.85 per smolt using the average foreign exchange rate in 2015 and 2014, respectively, less cost to sell.

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 1.00 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 is impracticable to determine due to the following factors that affect the determination of the growth of the biological assets:

a. inclement weather, such as in case of raging storms that 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.

The Group's biological assets are measured at fair value less estimated costs to sell.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2015	2014
Prepaid taxes and licenses	**$ 364,294**	$384,183
Input value-added tax (VAT)	**303,770**	260,657
Deposits	**173,910**	255,912
Prepaid importation	**288,358**	251,336
Prepaid rent	**155,083**	118,249
Prepaid insurance	**101,693**	55,258
Others	**253,050**	231,001
	$1,640,158	$1,556,596

Prepaid importation pertains to the costs of importation of raw materials from its suppliers based on an agreed price and quantity.

Others pertain to prepayments for subscriptions, membership fees and travel advances.

12. INVESTMENTS IN ASSOCIATES

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

	2015			2014		
	AMHI	**SSNZ**	**Total**	AMHI	SSNZ	Total
Acquisition cost	**$ 8,613**	**$27,319**	**$ 35,932**	$ 8,613	$27,319	$35,932
Accumulated Equity in Profit						
Balance, beginning of the period/year	**33,421**	**38,685**	**72,106**	260,194	40,712	300,906
Equity in profit (loss) for the period/year	**116,943**	**-**	**116,943**	(226,773)	(2,027)	(228,800)
Balance, End of the Period/Year	**150,364**	**38,685**	**189,049**	33,421	38,685	72,106
	$158,977	**$66,004**	**$224,981**	$42,034	$66,004	$108,038

AMHI

As disclosed in Note 3, AMHI was previously classified as 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 September 30, 2015 and December 31, 2014.

SSNZ

The Group has 16% interest over SSNZ through Akaroa. SSNZ is engaged 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 on its investments in associates.

13. INVESTMENTS IN JOINT VENTURES

Details and movements of the Group's investments in joint ventures are as follows:

	2015			2014		
	FDCP	**WCFI**	**Total**	FDCP	WCFI	Total
Acquisition Cost	**$240,964**	**$39,279**	**$280,243**	$240,964	$39,279	$280,243
Accumulated Equity in Profit (Loss)						
Balance, beginning	**392,690**	**(39,279)**	**353,411**	319,165	(39,279)	279,886
Equity in profit (loss) for the year	**46,805**	**-**	**46,805**	73,525	-	73,525
	439,495	**(39,279)**	**400,216**	392,690	(39,279)	353,411
Share in Other Comprehensive Income from						
Accumulated equity in fair value gain on available-for-sale investments						
Balance, beginning	**7,305**	**-**	**7,305**	-	-	-
Equity share for the period/year	**-**	**-**	**-**	7,305	-	7,305
	7,305	**-**	**7,305**	7,305	-	7,305
Remeasurement loss on retirement						
Balance, beginning	**(79,752)**	**-**	**(79,752)**	(88,133)	-	(88,133)
Equity share for the period/year	**-**	**-**	**-**	8,381	-	8,381
	(79,752)	**-**	**(79,752)**	(79,752)	-	(79,752)
	(72,447)	**-**	**(72,447)**	(72,447)	-	(72,447)
	$608,012	**-**	**$608,012**	$561,207	-	$561,207

FDCP

FDCP is engaged in the manufacturing and wholesale of tin cans. The Group's ownership interest in FDCP is 40% as at September 30, 2015 and December 31, 2014.

WCFI

On January 31, 2013, the Parent Company, CHL Fishing Industry, Inc. (CFII) and CHL Construction & Development Enterprises, Inc. (CCDEI), entered into a joint arrangement agreement to establish WCFI, an entity primarily engaged in commercial fishing within and without the Philippine waters and in the High Seas.

The Parent Company recognized its share in losses in 2013 only to the extent of its investment in WCFI amounting to $39,279. The Parent Company's unrecognized share in losses as at September 30, 2015 and December 31, 2014 amounted to $869,918.

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 01, 2014	1,594,166	5,131,864	7,525,546	810,452	330,331	47,777	9,864,094	308,732	25,612,962
Additions	-	18,594	741,143	177,117	36,984	11,968	18,841	542,868	1,547,515
Reclassification	-	-	-	-	-	-	-	(2,235)	(2,235)
Disposals	-	-	(128,288)	(127,806)	-	(2,598)	-	-	(258,692)
Translation adjustment	(39,852)	(20,229)	(68,002)	(4,689)	(1,884)	-	-	-	(134,656)
Balance, December 31, 2014	1,554,314	5,130,229	8,070,399	855,074	365,431	57,147	9,882,935	849,365	26,764,894
Additions	-	59,766	459,753	34,525	55,076	548	93,058	395,892	1,098,618
Reclassification	-	1,737	376,372	-	(2,013)	808	5,288,340	(479,701)	5,185,543
Disposals	-	-	-	(289,912)	(1,440)	-	(288,952)	(36,560)	(616,864)
Translation adjustment	(169,886)	(87,615)	(303,932)	(38,453)	(8,143)	-	-	-	(608,029)
Balance, September 30, 2015	**1,384,428**	**5,104,117**	**8,602,592**	**561,234**	**408,911**	**58,503**	**14,975,381**	**728,996**	**31,824,162**
Accumulated Depreciation and Amortization									
Balance, January 01, 2014	(132)	1,041,681	2,486,238	404,998	236,507	32,529	284,360	-	4,486,181
Depreciation and Amortization	-	252,728	807,573	96,510	36,287	7,357	227,197	-	1,427,652
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-		(88,549)	(139,342)	(2,708)	-	-	-	(230,599)
Translation adjustment	-	(13,269)	(39,484)	(2,849)	(1,322)	-	-	-	(56,924)
Adjustment in Indonesian GAAP	-	-	118,879	-	-	-	-	-	118,879
Balance, December 31, 2014	(132)	1,281,140	3,284,657	359,317	268,764	39,886	511,557	-	5,745,189
Depreciation and Amortization	-	192,830	571,508	66,327	27,156	8,474	11,144	-	877,439
Reclassification	-	-	(74,646)	-	(799)	-	-	-	(75,445)
Disposals	-	-	-	(228,974)	(2,815)	-	(29,317)	-	(261,106)
Translation adjustment	-	(61,254)	(176,622)	(13,874)	(6,330)	-	-	-	(258,080)
Adjustment in Indonesian GAAP	-	-	-	-	-	-	-	-	-
Balance, September 30, 2015	**(132)**	**1,412,716**	**3,604,897**	**182,796**	**285,976**	**48,360**	**493,384**	**-**	**6,027,997**
Allowance for impairment									
December 31, 2014	**-**	**-**	**-**	**-**	**-**	**-**	**7,792,307**	**-**	**7,792,307**
Impairment	-	-	-	-	-	-	5,288,340	-	5,288,340
September 30, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**13,080,647**	**-**	**13,080,647**
Carrying Amounts									
September 30, 2015	**1,384,560**	**3,691,401**	**4,997,695**	**378,438**	**122,935**	**10,143**	**1,401,350**	**728,996**	**12,715,518**
Carrying Amounts									
December 31, 2014	**1,554,446**	**3,849,089**	**4,785,742**	**495,757**	**96,667**	**17,261**	**1,579,071**	**849,365**	**13,227,398**

The Group pledged certain property, plant and equipment having a total carrying amount of $5,167,914 and $5,473,090 as at September 30, 2015 and December 31, 2014, respectively, to secure short-term loans granted to the Group as disclosed in Note 18, summarized as follows:

	2015	2014
Building and leasehold improvements	**$2,597,625**	$2,674,689
Machinery and equipment	**1,705,505**	1,928,226
Land	**854,100**	854,100
Office furniture, fixtures and equipment	**5,619**	8,237
Plant furniture, fixtures and equipment	**5,041**	7,598
Transportation equipment	**24**	240
	$5,167,914	$5,473,090

In addition to the above, certain property, plant and equipment of the Group have been used as securities for the long-term loans obtained from various banks and financial institutions to finance the acquisition of machinery and equipment, as disclosed in Note 18. As at September 30, 2015 and December 31, 2014, the carrying amounts of the property, plant and equipment used as securities are as follows:

	2015	2014
Machinery and equipment	**$1,267,923**	$1,670,717
Land	**729,302**	700,346
Building and leasehold improvements	**739,185**	989,744
Transportation equipment	**64,018**	147,245
	$2,800,428	$3,508,052

On December 29, 2011, the Parent Company received a fishing vessel with a fair market value of $377,350 from BSJ as a partial settlement of its obligation (via "dacion en pago") to the Parent Company of the same amount.

On September 7, 2012 the Parent Company acquired the fishing vessels from BSJ, Parent Company's supplier, by virtue of "dacion en pago" as a full settlement of BSJ's obligation.

On July 16, 2013, one fishing vessel with a carrying amount of $2,482,563 was sold to WCFI for a selling price of $2,530,000, resulting in a gain of $47,437.

On April 15, 2015, the Parent Company and WCFI formally agreed and executed the cancellation of the Deed of Assignment of Vessel and Contracts of Sale of Vessel covering J-103, J-107 and J-168 due to failure of WCFI to pay the consideration. The said cancellation states that the repairs made and improvements made by WCFI shall form part of the vessels to be returned and inures to the benefit of ASFII.

Subsequently, two (2) vessels were transferred back to the Company with a carrying value of $5,381,399 with a provision for impairment amounting to $5,288,340 in 2014 as disclosed in Note 16.

A parcel of land located in New Zealand owned by the Group, through PFNZ, was revalued on the basis of market value. The fair value as at December 31, 2014 amounting to $1,328,808, as disclosed in Note 23, was determined based on the valuation carried out on February 1, 2011 by John J Ryan & Associates. The fair value hierarchy of this property is considered under Level 3 as it was derived from valuation techniques that include inputs for the asset that are not based on observable market data. The valuation was arrived at by reference to market evidence of transaction prices for similar properties located near the underlying parcel of land.

Had the land of the Group been carried at cost, its carrying amount as at September 30, 2015 and December 31, 2014 would be $1,442,724 and $1,554,446, respectively. The revaluation surplus is disclosed in Note 23.

In 2014, the Group provided an allowance for impairment of the value of fishing vessels amounting to $7,792,307, as disclosed in Note 28, due to impairment indicators that existed in 2014. This is also in line with the strategic direction of Management to take practical position regarding its plan for fishing operations.

Management believes that there is no further allowance for impairment required other than that provided for the fishing vessel as at September 30, 2015 and December 31, 2014.

15. OTHER INTANGIBLE ASSETS - net

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

	Note	Mycrocystic Consent	Salmon Farming Consent	Fishing License	Total
Cost		$24,588	$70,627	$173,851	$269,066
Accumulated Amortization					
January 1, 2014		129	7,482	42,824	50,435
Amortization		-	5,608	14,164	19,772
Translation adjustment		1,038	2,521	(4,763)	(1,204)
December 31, 2014		1,167	15,611	52,225	69,003
Amortization	28	-	3,844	12,627	16,471
Translation adjustment		4,425	10,350	(13,668)	1,107
September 30, 2015		5,592	29,805	51,184	86,581
Carrying Amount, September 30, 2015		**$18,996**	**$40,822**	**$122,667**	**$182,485**
Carrying Amount, December 31, 2014		$23,421	$55,016	$121,626	$200,063

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

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.

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. OTHER NON-CURRENT ASSETS

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

	Notes	2015	2014
Related party	8, 19	**$1,820,000**	$ 6,375,000
Refundable lease deposit	19	**1,638,676**	1,720,579
Advances to supplier	19	**958,283**	1,722,767
Input VAT		**280,489**	170,155
Others		**1,442**	1,778
		4,698,890	9,990,279
Less: Allowance for impairment	19	**2,716,367**	8,004,708
		$1,982,523	$1,985,571

In 2014, the Parent Company reclassified its receivables from WCFI relating to the sale of vessels amounting to $6,375,000 to non-current due to sinking of one of the vessels of WCFI in September 2014. Furthermore, due to WCFI's failure to pay the consideration for the said vessels within the agreed period, the Parent Company provided an allowance for impairment for these receivables amounting to $6,281,941. Net receivable from WCFI as at December 31, 2014 amounted to $93,509, as disclosed in Note 19.

As a result of the agreement to cancel the Deed of Assignment of Vessel and Contracts of Sale with WCFI, the Parent Company also reclassified the advances to WCFI amounting to $1,722,767 as at December 31, 2014 to non-current. The Parent Company provided full allowance for impairment on these in full.

On April 15, 2015, receivables from WCFI amounting to $4,555,000, advances to WCFI amounting $826,399 and allowance for impairment amounting to $5,288,340 were reclassified to property, plant and equipment as disclosed in Note 14.

Refundable lease deposit pertains to lease deposit made to AMHI as at September 30, 2015 and December 31, 2014, as disclosed in Note 19.

17. TRADE AND OTHER PAYABLES

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

	2015	2014
Trade	**$ 6,500,870**	$ 5,780,138
Accrued expenses	**1,632,062**	1,911,942
Customer's claims	**120,246**	830,065
Taxes payables	**183,077**	407,214
Customers' deposits	**51,232**	58,929
Others	**21,083**	51,988
	$8,508,570	$ 9,040,276

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.

Trade payables as at September 30, 2015 and December 31, 2014 include payable to FDCP, a related party, amounting to $526,886 and $415,329, respectively as disclosed in Note 19.

Details of accrued expenses are as follows:

	Notes	2015	2014
Salaries, wages, and other employee benefits		**$154,547**	$488,212
Rent	30	**152,809**	340,270
Interest		**210,094**	198,598
Employee benefits		**381,798**	172,658
Freight		**71,441**	153,018
Business Development Expense		**19,477**	144,000
Professionals Fees		**85,148**	120,146
Due to government agencies		**63,853**	56,918
Others		**492,895**	238,122
		$1,632,062	$1,911,942

Others consist of accrual of utilities, security services, commission and directors' per diem.

18. 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 Curre	Nominal Interest Rate %	Year of Maturity	2015	2014
Local bank	USD	4.25 to 4.5%	2015	**$4,645,914**	$6,873,509
Local bank	USD	3.70%	2015	**3,268,821**	6,373,747
Foreign bank	USD	6.50%	2015	**2,040,000**	3,625,000
Investment bank	USD	4.25% to 4.6%	2015	**2,700,000**	2,700,000
Local bank	PHP	5.50%	2015	**2,618,174**	2,241,298
Local bank	USD	4.80%	2015	**397,495**	1,257,400
Private lender	USD	8.00%	2015	**289,371**	296,667
Foreign bank	NZD	10%	2015	**108,349**	31,983
Investment bank	PHP	4.60%	2015	**4,539,062**	3,429,186
Local bank	PHP	5.26%	2015	**-**	1,125,950
				20,607,186	27,954,740
Add: Current portion of long-term loans				**824,072**	1,246,502
				$21,431,258	$29,201,242

Loans from local banks aggregating to $10,930,404 and $17,871,905 as at September 30, 2015 and December 31, 2014, respectively, are revolving facilities in the form of export packing credit, export bills purchase, receivable financing, and import letters of credit and trust receipts. These are secured by the receivables, inventories, real estate mortgage and chattel mortgage on certain plant, machineries and equipment with breakdown as follows:

	Notes	2015	2014
Trade and other receivables	8	**$6,072,052**	$3,356,748
Inventories	9	**3,308,681**	7,715,605
Buildings and leasehold Improvements	14	**1,085,861**	1,103,413
Machinery and equipment	14	**528,230**	586,933
		$10,994,825	$12,762,699

Loans from a foreign bank, with an outstanding balance of $2,040,000 and $3,625,000 as at September 30, 2015 and December 31, 2014, respectively, are secured by the Group's assets with a carrying amount of $6,033,589 and $12,973,472, respectively, with breakdown as follows:

	Notes	2015	2014
Trade and other receivables	8	**$846,279**	$5,574,579
Inventories	9	**1,633,487**	3,580,149
Property, plant and equipment	14	**3,553,823**	3,782,744
		$6,033,589	$12,937,472

In 2013, the Group received a total loan of $640,000 from a private lender to finance the acquisition and upgrade of the fishing vessels. The loan is secured by the acquired fishing vessel and a corporate guarantee from PTIAFI. Under the loan agreement, the private lender is also entitled to receive an incentive fee equivalent to the amount of two (2) pesos (P2.00) per kilo of fish caught using the acquired fishing vessel. The incentive fee will commence as soon as the fishing vessel operates, and will be payable on the 5th day of the month following the catch of the fish and upon verification of the fish catch, for the duration of eighteen (18) months. Based on addendum to loan agreement, the provision for incentive fee was waived in lieu of adjusting the interest rate from 6% to 8% per annum starting from July 25, 2015 until the loan is paid in full. As at September 30, 2015, the loan has an outstanding balance of $289,371.

All other loans from an investment bank and a foreign bank are clean short term facilities through the issuance of promissory notes to finance the Company'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

Creditor	Original Currency	Nominal Interest Rate %	Years of Maturity	**2015**	2014
Local bank	USD	6-Mos Libor + 3.75%	2016	**$-**	$1,785,716
Local bank	PHP	5.5%	2017	**2,533,965**	-
Local bank	USD	90Day PDSTF + 5%	2016	**-**	1,285,714
Foreign bank	USD	7.22%	2016	**252,000**	463,722
Foreign bank	NZD	10.2%-11.1%	2024	**385,113**	501,779
Local bank	USD	4.31%	2016	**96,250**	240,625
Local bank	PHP	9.18%	2015	**58,451**	109,922
HC Studholme	NZD	7.50%		**89,914**	110,859
Foreign Finance Corporation	NZD	9.90%	2016	**72,691**	108,130
Individual	NZD	Non-interest bearing	2016	**31,660**	39,035
				3,520,044	4,645,502
Less: Current portion of long-term loans				**824,072**	1,246,502
				$2,695,972	$3,399,000

The long-term loans with an outstanding balance of $1,785,716 and $1,285,714 as at December 31, 2014, which were 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 were taken out by another local bank on June 30, 2015 and July 3, 2015, respectively, and secured only by the assignment of Spence shares of stocks.

The outstanding mortgage loan of $23,955 and $84,365 , net of current portion of $34,496 and $77,711 , as at September 30, 2015 and December 31, 2014, respectively, 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 14. Transportation equipment under mortgage has a carrying amount of $64,018 and $147,245 as at September 30, 2015 and December 31, 2014, respectively. Interest rate is 9.18% per annum, payable on a monthly basis and maturing from April 2016 to September 2017.

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 machinery and equipment and building and leasehold improvements with a carrying value of $1,512,996. 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.

On 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 years with eight months grace period from the date of agreement. The outstanding balance of this loan facility was fully settled on April 23, 2015.

On September 5, 2013, the Group entered a loan facility from PT Rabobank International Indonesia to finance the capital expenditure requirement for the purchase of fishing vessels and fishing gears. The loan has maximum amount of $720,000 or 80% of the purchase price of the fishing vessels and gear (whichever is the lower) and subject to annual interest equal to the lender's cost of funding plus 3.75%. The outstanding amount drawn from this facility is due within 3 years with 6 months grace period. This facility is secured with the Group's vessels.

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 14. In addition, some of these loans are secured by the Group's machinery and equipment and transportation equipment as disclosed in Note 14.

Total finance costs arising from loans amounted to $959,091 and $1,168,013 for the periods ended September 30, 2015 and 2014, respectively, as disclosed in Note 32.

Loan Covenants

The loan covenant with a local bank requires the Group to maintain its financial condition with a current ratio of equal to or greater than 1.5, debt-to-equity ratio of equal to or less than 3 and bank interest coverage ratio of not less than 3. As at September 30, 2015 and December 31, 2014, the Group was in compliance with its loan covenant on debt-to-equity ratio. On the other hand, current ratio and interest coverage ratio fell below the specified level. These circumstances did not have any adverse effect on the Group's borrowing capacity and overall operation.

19. RELATED PARTY TRANSACTIONS

The summary of the Group's transactions and outstanding balances with related parties as at and for the nine months ended September 30, 2015 is as follows:

		Outstanding Balances				
Nature of Transactions	**Amounts**	**Receivable**	**Payable**	**Terms**	**Condition**	**Notes**
Associates						
Advances Granted						
AMHI	$ -	$ 437,827	$ -	5.6% interest; Payable on demand, cash settlement	Unsecured, no impairment	19.a
Recharges						
AMHI	4,634	36,915	-	n.a.	n.a.	
SSNZ	-	19,689	-	0% to 5.6% Interest; Payable on demand	Unsecured, no impairment	
Refundable Lease Deposit						
AMHI	-	1,638,676	-	Payable after 5 years	Unsecured, no impairment	19.b
Lease						
AMHI	529,305	-	-	3-5 years		19..b
Joint Ventures						
Sale of Assets						
WCFI	(4,555,000)	1,820,000	-	n.a.	n.a.	19.e
Advances as Fish Deposit						
WCFI	(826,399)	958,283	-	n.a.	n.a.	19.d
Various Charges						
FDCP	203,776	226,076	-	n.a.	n.a.	
Purchases						
FDCP	2,976,805	-	526,886	n.a.	n.a.	
Shareholder of Subsidiaries with Significant Influence						
Advances Obtained						
Duncan Bates	-	-	151,558	0% interest; Payable on demand	Unsecured, no impairment	19.f
Shareholder				6.5% interest; Payable on Aug 2015	Unsecured, no impairment	19.h
Advances obtained						
StrongOak, Inc.	2,344,116	-	2,344,116			
Retirement Fund						
Contribution	33,737	-	-	n.a.	n.a.	
Other Receivable	-	226,076	-			
Other Non-current Assets	-	2,778,283	-			
Due from Related Parties	-	494,431	-			
Due to Related Parties	-	-	$2,495,674			
Refundable Lease Deposit	-	$1,638,676	-			
Trade and other payables	-	-	$526,886			

The summary of the Company's transactions and outstanding balances with related parties as at December 31, 2014 are as follows:

Nature of Transactions	Amounts	Outstanding Balances Receivable	Outstanding Balances Payable	Terms	Condition	Notes
Associates						
Advances Granted						
AMHI	$ -	$ 437,827	$ -	5.6% interest; Payable on demand, cash settlement	Unsecured, no impairment	19.a
Recharges						
AMHI	32,281	32,281	-	n.a.	n.a.	
SSNZ	-	24,275	-	0% to 5.6% Interest; Payable on demand	Unsecured, no impairment	
Refundable Lease Deposit						
AMHI	95,626	1,720,579	-	Payable after 5 years	Unsecured, no impairment	19.b
Lease						
AMHI	693,703	-	-	3-5 years		19.b
Joint Ventures						
Sale of Assets						
WCFI	(6,281,941)	93,059	-	n.a.	n.a.	19.e
Sublease						
WCFI	455	-	-	n.a.	n.a.	
Advances as Fish Deposit						
WCFI	1,346,759	1,722,767	-	n.a.	n.a.	19.d
Various Charges						
FDCP	57,700	22,300	-	n.a.	n.a.	
Purchases						
FDCP	4,279,857	-	415,329	n.a.	n.a.	
Subsidiary of Venturer						
Advances Obtained						
MCC	173,089	-	-	10% per annum on the 1st P50M and 8% on excess; Payable after one year	Unsecured, no impairment	
Shareholder of Subsidiaries with Significant Influence						
Advances Obtained						
Duncan Bates	9,841	-	153,604	0% interest; Payable on demand	Unsecured, no impairment	19.f
Retirement Fund						
Contribution	311,275	-	-	n.a.	n.a.	
Other Receivable	-	22,300	-			
Other non-current assets	-	93,059	-			
Due from Related Parties	-	494,383	-			
Due to Related Parties	-	-	$153,604			
Refundable Lease Deposit		$1,720,579				
Trade and other payables	-	-	$415,329			

Significant Contract Agreements

a. The Group extended cash advances to AMHI which the latter used as down payment to purchase from MCC the plant facilities located at General Santos City.

b. The Group entered into a contract with MCC for the operating lease of the latter's land, plant, machinery and equipment in Barrio Tambler, General Santos City (Gensan Plant). The lease term started from March 1, 2004 and expired on December 23, 2010.

   Upon expiration of the lease contract between the Group and MCC, the latter leased the Gensan Plant for one month or until January 23, 2011 to AMHI which in turn sub-leased the Gensan Plant to the Group.

   The lease contract between MCC and AMHI was extended to a much longer term effective January 24, 2011 to December 23, 2013; thus, enabling AMHI to sublease the Gensan Plant to the Group for the same period.

   Following the acquisition of MCC's property by AMHI, the contract of lease between MCC and AMHI was likewise terminated on May 16, 2011. On the same date, ASFII directly leased the property from AMHI for a term of 3 years until May 15, 2014.

   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 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 Parent Company to pay AMHI a security deposit in an amount equivalent to 36 months of the first year'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 deposits 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 required security deposit.

   The Group's refundable lease deposit receivable from AMHI was discounted at 4.2169% over five years resulting in a present value amounting to $1,650,879. The difference between its fair value and present value amounting to $378,700 is recognized as finance cost. In 2015 and 2014, the related interest accretion of the discounted lease deposit resulted in interest income amounting to nil and $67,317, respectively, was included as part of other income as disclosed in Note 26. As at September 30, 2015 and December 31, 2014, the present value of the refundable lease deposit amounted to $1,628,676 and $1,720,579, respectively (Note 16).

   On January 25, 2013, a long term contract was executed between the Group and AMHI, superseding the lease contract made on May 16, 2011. The new term shall be for a period of five (5) years commencing on January 1, 2013 and expiring on December 31, 2017, unless sooner terminated by any party for cause. The lease shall be renewable every five (5) years, upon such terms and conditions mutually agreeable to the parties. Based on the contract, the rental fee shall be P2,403,065 with US dollar equivalent of $58,540, based on foreign exchange rate of January 1, 2013, subject to an annual escalation rate of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. The lease is classified as operating lease as disclosed in Note 30.

c. On December 28, 2012, a Deed of Absolute Sale was executed between the ASFII and AMHI whereby the Company acquired some of AMHI's property, plant and equipment with an aggregate purchase price of $2,080,218.

d. The Parent Company extended advances to WCFI which were used to finance WCFI's pre-operating expenses and working capital requirements. In addition, the Parent Company paid WCFI deposits for the purchase of tuna catch. The terms and application of these deposits against purchase price shall be subject to Joint Venture agreement between the parties. The outstanding balance as at December 31, 2013 is presented as deposits under Prepayments and Other current assets.

e. In 2013, the Parent Company sold three (3) fishing vessels with total carrying amount of $6,303,503 to WCFI for total selling price of $6,375,000, resulting in a gain of $71,497.

f. 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 September 30, 2015 and December 31, 2014, the balance of the Group due to Duncan D. Bates amounted to $116,893 and $153,604, respectively.

g. In 2013, the Group provided full allowance for doubtful accounts on its receivable from PT Wailan Pratama amounting to $942,106 as the probability of collection as at December 31, 2013 is doubtful as disclosed in Note 8.

h. In April 15, 2015, the parent company received advances from Strongoak, Inc., a shareholder, amounting to $2,344,116 for working capital requirements.

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 September 30, 2015 and December 31, 2014 that are eliminated upon consolidation are as follows:

	2015	2014
Parent Company's receivable from:		
BGB	**$4,996,979**	$4,902,519
PTIAFI	**4,193,171**	3,422,349
PFNZ	**1,098,043**	1,036,057
Akaroa	**251,908**	312,484
Spence	**28,539**	38,161
	10,568,640	9,711,570
BGB's receivable from PFNZ	**2,772,462**	3,114,662
Spence's receivable from Parent Company	**1,500,000**	200,000
PFNZ's receivable from BGB	**426,544**	684,067
PTIAFI's receivable from PT Van Dee Zee	**3,228,055**	2,510,555
	$18,495,701	$16,220,854

Intra-group payables as at September 30, 2015 and December 31, 2014 eliminated upon consolidation are as follows:

	2015	2014
Payable to Parent Company:		
BGB	**$ 4,996,900**	$ 4,902,519
PTIAFI	**4,189,908**	3,422,349
PFNZ	**1,060,575**	1,036,057
Akaroa	**251,908**	312,484
Spence	**28,539**	38,161
	10,527,830	9,711,570
PFNZ's payable to BGB	**2,772,462**	3,114,662
Parent Company's payable to Spence	**1,500,000**	200,000
BGB's payable to PFNZ	**366,295**	684,067
PT Van Dee Zee's payable to PTIAFI	**3,228,055**	2,510,555
	$18,394,642	$16,220,854

Other intra-group income and expense balances for the years ended September 30, 2015 and December 31, that are eliminated upon consolidation are as follows:

	2015	2014
Sales	**$1,133,086**	$4,183,135
Cost of goods manufactured and sold	**1,108,345**	-
Dividend income	**-**	800,000
Commission income	**-**	424,010
Management fee	**225,000**	300,000
Interest expense	**8,810**	17,215
Rental income	**-**	4,092
Gain on intragroup sale of property, plant and equipment	**-**	74,645

As a result of the above intra-group accounts eliminations, the Group recognized net currency translation adjustments of $101,059 and $9,477 in 2015 and 2014, respectively.

20. RETIREMENT BENEFIT

The Group values its defined benefit obligation using the 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 sixty years old and with at least five years of continuous service.

The Parent Company executed a Trust Agreement with Land Bank of the Philippines on January 13, 2011, establishing the Parent Company's Retirement Plan. As at September 30, 2015 and December 31, 2014, only the Parent Company's retirement obligation is funded.

The plan typically exposes the Parent Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in cash and cash equivalents and debt instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in fixed income securities.

Interest risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to the Group's employees.

The most recent actuarial valuation was carried out at December 31, 2014 by independent actuaries.

21. SHARE CAPITAL

	Shares	**2015**	Shares	2014
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	**1,500,000,000**	**$32,238,544**	1,069,713774	$22,575,922
Additional issuance	**-**	**-**	430,286,226	9,662,622
Total issued and fully paid	**1,500,000,000**	**32,238,544**	1,500,000,000	32,238,544
Treasury shares	**(287,537)**	**(5,774)**	(287,537)	(5,774)
	1,499,712,463	**$32,232,770**	1,499,712,463	$32,232,770

The Parent Company has one class of ordinary shares which have a par value of P1, carry one vote per share but do not carry a 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
Private placement	Strongoak, Inc.	May 5, 2014	430,286,226
			1,500,000,000

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 shareholders of record as of November 20, 2007, where stocks were subsequently issued on December 17, 2007.

On July 25, 2011, the Parent 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 ordinary 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 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 with a par value of P1 per share. The same resolution was approved by the shareholders in their meeting on August 1, 2011. The increase in share capital was approved by the SEC on November 25, 2011.

On January 25, 2012, the Parent Company issued the 15.78% stock dividend declared on August 1, 2011, as discussed in Note 24.

On October 1, 2012, the Parent Company received additional subscription from certain shareholders for private placement purposes amounting to US$2,329,033. The transaction resulted in a share premium amounting to $873,392. The fund raised from the said private placement was used to finance the Parent Company's acquisition of 80% stake in Akaroa. On November 28, 2012, the PSE approved the application of the Parent Company to list additional 60,668,750 ordinary 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.

On May 5, 2014, the Parent Company's Board of Directors approved the issuance of 430,286,226 shares to Strongoak, Inc. in a private placement for a 28.7% share of the Parent Company's total outstanding shares. The subscription price was P1.31 per share at a 3.3% premium on the 30-day weighted average price for the period. The issuance of shares resulted in an increase in share capital and share premium amounting to $9,662,622 and $2,947,111, respectively.

In its meeting on February 17, 2015, the Board of Directors adopted a resolution to increase the Parent Company's authorized capital stock from one billion five hundred million pesos (P1,500,000,000) divided into one billion five hundred million (1,500,000,000) common shares with a par value of one peso (P1.00) per share, to three billion pesos (P3,000,000,000) divided into three billion (3,000,000,000) common shares with a par value of one peso (P1.00) per share. In the same meeting, the Board of Directors approved the stock rights offering of up to one billion (1,000,000,000) common shares ("the Rights Shares") with a par value of P1.00 per share, by way of pre-emptive rights offering to eligible existing common shareholders of the Corporation at the proportion of one (1) right shares for every one and a half (1 ½) existing common shares held as at the record date.

On March 31, 2015, the shareholders of the Company representing 2/3 of the outstanding capital stock ratified the Board of Directors resolution to increase the authorized capital stock of the Company. This shall be submitted to the Securities and Exchange Commission for approval (see Note 37).

The Board of Directors of the PSE, in its meeting on July 8, 2015, approved the application of the Parent Company to list up to one billion (1,000,000,000) common shares (the "Rights Shares"), with a par value of one Peso (P1.00) per share, to cover its stock rights offering ("SRO") to all shareholders of record date as at August 7, 2015.

The subscribers deposited a total of P1,000,000,000 to an escrow account pending the SEC approval for the Parent Company's increase in authorized capital stock. This was presented in the statements of financial position as cash-restricted and deposit on subscription.

The total number of shareholders as at September 30, 2015 and December 31, 2014 is 250 and 239, respectively.

22. NON-CONTROLLING INTEREST

	2015	2014
Balance, beginning	**($918,814)**	($278,551)
Share in loss for the period/year	**(758,651)**	(640,392)
Remeasurement loss	**-**	121
Translation adjustment	**(79,597)**	8
Balance, ending	**($1,757,062)**	($918,814)

23. RESERVES

This account consists of:

	Notes	**2015**	2014
Share premium	21, 24	**$6,768,843**	$6,768,843
Cumulative currency translation adjustments		**387,763**	214,350
Revaluation increment	14	**71,677**	71,677
Fair value on investment revaluation reserve	13	**-**	7,302
		$7,228,283	$7,062,172

The revaluation increment amounting to $71,677 arose from the share of the Group in the excess of revalued amounts over its cost. There has been no revaluation made since the latest revaluation as disclosed in Note 14.

As at September 30, 2015 and December 31, 2014, the carrying value of land in Note 14 includes land at revalued amounts of $729,302 and $916,089, respectively.

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 from the accumulated fair value gain on the joint venture's available-for-sale investments and remeasurement gains or losses on retirement obligation.

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.

24. 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.

25. REVENUE - net

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

	2015	2014
Sales of goods	**$56,696,503**	$64,586,869
Less: Sales discounts	**24,474**	29,760
Sales returns	**10,973**	373,368
	$56,661,056	$64,183,741

26. OTHER INCOME

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

	Notes	**2015**	2014
Foreign exchange gain		**$ 454,378**	$342,730
Interest income from cash in banks	8	**37,252**	39,890
Gain on transfer of fishing vessel as investment		**-**	537,887
Miscellaneous		**36,230**	20,320
		$527,860	$940,847

27. COST OF GOODS MANUFACTURED AND SOLD

	Notes	2015	2014
Materials used		**$32,376,356**	$46,616,983
Direct labor		**4,344,825**	5,519,362
Manufacturing overhead:			
Fuel		**669,870**	1,529,854
Fishmeal		**822,492**	1,273,595
Depreciation and amortization	14	**826,341**	773,932
Rental	19, 30	**792,560**	748,036
Indirect labor		**606,479**	626,144
Light and water		**523,130**	610,783
Consumables		**340,493**	435,739
Repairs and maintenance		**366,615**	350,276
Warehousing		**798,893**	808,669
Laboratory		**214,187**	250,573
Freight and handling		**272,934**	452,858
Outside services		**287,434**	133,289
Insurance		**140,248**	148,400
Taxes and licenses		**37,905**	73,868
Security fees		**15,396**	59,088
Representation and entertainment		**30,400**	57,562
Travel and communication		**66,427**	84,442
Professional fees		**26,204**	24,544
Amortization of prepayments		**14,769**	74,440
Others		**305,156**	290,687
Total manufacturing costs		**43,879,114**	60,943,124
Finished goods, beginning	9	**13,925,032**	10,764,205
Total cost of goods manufactured		**57,804,147**	71,707,329
Finished goods, ending	9	**6,473,159**	14,575,359
Cost of goods manufactured and sold		**$51,330,988**	$57,131,970

Other manufacturing overhead includes cooperative labor services, office supplies and corporate social responsibility expenses.

28. SELLING AND ADMINISTRATIVE EXPENSES

	Notes	2015	2014
Salaries, wages and other short-term benefits		**$ 2,149,932**	$1,835,580
Outside services		**742,701**	497,160
Buyer's claims		**611,932**	-
Advertising and marketing		**406,594**	466,059
Freight and handling		**623,101**	653,055
Transportation and travel		**313,420**	327,053
Taxes and licenses		**248,921**	203,034
Inventory write-down		**211,200**	-
Insurance		**160,779**	129,624
Rental	19	**143,967**	144,564
Documentary stamp tax		**122,987**	170,178
Fuel and oil		**118,958**	52,576
Representation and entertainment		**109,878**	121,189
Utilities and communication		**105,971**	118,379
Materials and supplies		**103,720**	130,953
Business development		**97,962**	268,101
Depreciation and amortization	14, 15	**86,163**	238,569
Other personnel expenses		**55,195**	120,015
Retirement benefits	20	**57,316**	122,031
Repairs and maintenance		**56,352**	59,826
Membership dues		**38,605**	20,083
Condominium dues		**15,698**	16,749
Fringe benefit tax		**12,889**	14,833
Doubtful accounts expense		**6,939**	19,613
Loss on inventory obsolescence		**-**	207,851
Others		**120,070**	200,547
		$6,722,250	$6,137,622

Others include documentary stamps, postage, commission, export documentation expenses and other fees.

29. OTHER EXPENSES

	2015	2014
Bank charges	**$133,825**	$144,843
Foreign exchange loss	**770,907**	-
Others	**14,669**	-
	$919,401	$144,843

30. OPERATING LEASE AGREEMENTS

The Group as Lessee

The Group entered into a number of lease agreements classified as operating leases summarized as follows:

a. On January 25, 2013, a long term contract was executed between the Group and AMHI. The term shall be for a period of five (5) years commencing on January 1, 2013 and expiring on December 31, 2017, unless sooner terminated by any party for cause. The lease shall be renewable every five (5) years, upon such terms and conditions mutually agreeable to the parties. Based on the contract, the rental fee shall be P2,403,065 with US dollar equivalent of $58,540, based on foreign exchange rate of January 1, 2013, subject to an annual escalation rate of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. Pursuant to the lease contract, the Group required to pay AMHI a total security deposit equivalent to 36 months of the first year's monthly rental as disclosed in Note 19.

b. The Group leases from MCC an office condominium unit where its head office is located for a period of two years from January 1, 2010 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, with a monthly rental fee of $3,485. The lease is classified as operating lease. The lease contract was not renewed subsequent to December 31, 2013.

c. 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.

d. 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 requires the Group to pay the Lessor a refundable security deposit in an amount equivalent to two months rental or equivalent to $35,800.

e. In 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.

Total rental expense charged to profit or loss in relation to these lease agreements amounted to $529,305 and $563,859 in 2015 and 2014, respectively, as disclosed in Notes 27 and 28.

Total rental deposits recognized in the consolidated statements of financial position, as part of other non-current assets, amounted to $1,638,676 and $1,720,579 as at September 30, 2015 and December 31, 2014, respectively, as disclosed in Notes 16 and 19.

Outstanding prepaid rentals presented in the consolidated statements of financial position, as part of prepayments and other current assets, amounted to $155,083 and $118,249 as at September 30, 2015 and December 31, 2014, respectively, as disclosed in Note 11.

31. CORPORATE SOCIAL RESPONSIBILITY

For the past seven (7) years the Company has been giving back to the community by means of a Feeding Program conducted in Banisil High School located at General Santos City which aims to sustainably feed underweight students in an attempt to combat frequent absences and poor academic performance. For school year 2013-2014 which ended last March 21, 2014, 88% or 122 of the 139 underweight students attained their normal nutritional status.

Last August 8, 2014, the Company participated in the launching of the feeding program for 126 Grade 7 students of the same school. Part of the goal is to educate families about health and nutrition, so that they could sustain the progress children have made during the school year feeding program.

32. FINANCE COSTS

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

	Notes	**2015**	2014
Short-term loans	18	**$915,520**	$974,144
Long-term loans	18	**43,571**	193,869
Advances from a related party	19	**294,868**	140,211
		$1,253,959	$ 1,308,224

33. INCOME TAXES

Income tax expense (benefit)

	2015	2014
Current tax expense	**$210,421**	$388,113
	$210,421	$388,113

Deferred tax assets

Deferred tax assets as at September 30, 2015 and December 31, 2014 amounted to $8,030,013 and $7,489,791, respectively, arising from net operating loss carry-over (NOLCO), minimum corporate income tax (MCIT), allowance for doubtful accounts, excess of retirement expense over contribution and accrued expenses.

Deferred tax liabilities

Deferred tax liabilities as at September 30, 2015 and December 31, 2014 amounted to $304,470 arising from unrealized foreign exchange gain and excess of accelerated depreciation used for income tax purposes over the depreciation used for financial reporting purposes.

34. EARNINGS (LOSS) PER SHARE

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

	Earnings (Loss)	
	2015	2014
Profit (loss) for the period	**($3,118,331)**	($552,245)
Weighted average number of shares Outstanding	**1,499,712,463**	1,302,694,960
Earnings (loss) per share	**($0.0016)**	($0.0004)

The Group has no dilutive potential shares in 2015 and 2014; 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 refers to the possibility that 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 18.

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 $24,127,230 and $32,600,242 as at September 30, 2015 and December 31, 2014, 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 September 30, 2015 and December 31, 2014 is an increase or a decrease of $141,819 and $155,756, 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:

	2015	2014
Cash	**$1,578,603**	$ 2,426,020
Cash-restricted	**21,310,148**	-
Trade and other receivables	**9,232,899**	9,303,672
Due from related parties	**494,431**	494,383
Refundable lease deposit	**1,638,676**	1,720,579
	$34,254,757	$13,944,654

Aging of accounts that are past due but not impaired follows:

	2015	2014
1 to 30 days past due	**$1,996,718**	$2,042,389
31 to 60 days past due	**9,287**	279,917
Over 60 days	**181,866**	51,115
	$2,187,871	$2,373,421

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 as offset by cash and cash-restricted, and equity attributable to equity holders of the parent.

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

	2015	2014
Debt	**$35,268,026**	$41,795,438
Less: Cash	**23,188,148**	2,426,020
Net debt	**12,079,878**	39,369,418
Equity	**43,473,941**	24,249,476
Debt to equity ratio	**0.28:1**	1.62:1

Debt is composed of trade and other payables, loans, income tax payable and due to related parties as discussed in Notes 18 and 19, respectively, while equity includes share capital, deposit on subscription, reserves and retained earnings of the Group, less treasury shares.

37. EVENTS AFTER THE REPORTING PERIOD

a) On October 27, 2015, the Company accepted from PFNZ 50,864,702 BGB shares as full payment for PFNZ's payment obligations to the Company, offsetting previous shareholders' advances made by the Company to PFNZ. This had the effect of BGB now being a 100% subsidiary of the Company.

b) On October 28, 2015, the SEC approved the Parent Company's application to increase its authorized capital stock from P1,500,000,000 divided into 1,500,000,000 shares with par value of P1.00 each to P3,000,000,000 divided into 3,000,000,000 shares with par value of P1.00 each.

c) On October 30, 2015, the Company sold its 50% plus 1 interest in PFNZ to HC & JW Studholme No. 2 Family Trust. PFNZ will also repay $1,760,000 of its debt to BGB staggered for 14 years.

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