COVER SHEET

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S.E.C. Registration Number

ALLIANCE SELECT FOODS
INTERNATIONAL INC.

(Company's Full Name)

UNIT 1206 EAST TOWER PHIL.
STOC EXCHANGE CENTRE,
EXCHANGE ROAD ORTIGAS CENTER
PASIG CITY, METRO MANILA

(Business Address: No. Street City/Town Province)

Atty. Barbara Anne C. Migallos
Atty. Salvador Paolo A. Panelo, Jr.

Contact Person

8969357 to 59

Telephone Number of the Contact Person

1	2

Month

3	1

Day

Fiscal Year

SEC 20-IS
Definitive Information Statement
(Annual Stockholders' Meeting)

FORM TYPE

Every 15th day of June

Annual Meeting

N/A

Secondary license Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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Migallos • Luna Law

MIGALLOS & LUNA LAW OFFICES
7th Floor, The PHINMA Plaza, 39 Plaza Drive
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Website: www.migalloslunalaw.com

Barbara Anne C. Migallos
Troy A. Luna

Ma. Concepcion Z. Sandoval
Salvador Paolo A. Panelo, Jr.

Daneia Isabelle F. Palad
Ma. Karla Josee C. Ilagan
Liselle Angela I. Bascara

19 May 2017

SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
Secretariat Building, PICC Complex,
Roxas Boulevard, Metro Manila

Attention: **DIRECTOR VICENTE GRACIANO P. FELIZMENO, JR.**

MS. TRIXIE POSADAS

Re: **Re-Filing of the Definitive Information Statement for the 2017 Annual General Meeting of Stockholders of Alliance Select Foods International, Inc.**

Gentlemen:

We write on behalf of our client, **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "**Company**").

In compliance with the directive of this Honorable Commission in its letter dated 16 May 2017, which the Company received by fax on 18 May 2017, the Company hereby re-files the enclosed Definitive Information Statement ("**DIS**") and Management Report ("**MR**"), which now include the Company's unaudited interim financial statements for the period ended 31 March 2017 on SEC Form 17-Q.

Relevant changes to the DIS and MR from the Company's previous filing are underscored for reference. For the DIS, the changes refer to the inclusion of the abovementioned SEC Form 17Q (pages 2 and 23), and the new distribution date of the DIS and MR of 24 May 2017 (pages 1 and 26). The changes to the MR pertain to the Company's financial results for the first quarter of 2017, which were previously not included. The enclosed DIS and MR are identical to those previously filed in all other respects.

We trust that you will find the enclosed DIS and MR in order, and respectfully pray that clearance for the distribution of the same be issued soonest. Should you have any questions, please contact our Attys. Salvador Paolo A. Panelo, Jr. or Daneia Isabelle F. Palad at **8969357** to **59.**

Very truly yours,

MIGALLOS & LUNA LAW OFFICES

By:

BARBARA ANNE C. MIGALLOS

SALVADOR PAOLO A. PANELO, JR.

DANEIA ISABELLE F. PALAD

C2360 Cover letter re-filing DIS (19MAY17) spp74

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
Notice of Annual Meeting of Stockholders

TO OUR STOCKHOLDERS:

Please be informed that the Annual General Meeting of the Stockholders of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "Company") will be held on **June 15, 2017 (Thursday) at 2:30 p.m.** (the "Annual General Meeting" or the "Meeting"). The venue of the Meeting will be at The Linden Suites, 37 San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila 1600. The order of business thereat will be as follows:

1. Call to order;
2. Proof of the required notice of the meeting;
3. Certification of quorum;
4. Reading and approval of the Minutes of Meeting held on June 28, 2016;
5. Presentation of the Annual Report and the Audited Financial Statements for the Year Ended December 31, 2016 and Action Thereon;
6. Ratification and approval of the acts of the Board of Directors and Executive Officers for the corporate year 2016-2017;
7. Appointment of Independent External Auditors;
8. Election of Directors, including Independent Directors;
9. Other matters.

There will be an **OPEN FORUM** before the approval of the Annual Report and the Audited Financial Statements for the year ended December 31, 2016 is submitted to the vote of the shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

A brief statement of the rationale and explanation for each Agenda item which requires shareholders' approval is contained in **Annex "A"** of this Notice. The Information Statement accompanying this Notice contains more detail regarding the rationale and explanation for each of such Agenda items.

For the purpose of the meeting, only stockholders of record at the close of business on **April 28, 2017** will be entitled to this Notice, and to vote at the Meeting. Please bring some form of identification, such as passport, driver's license, or company I.D. in order to facilitate registration which will start at 1:00 p.m. on June 15, 2017.

Any stockholder who cannot attend the Meeting in person and desires to be represented thereat is requested to date and sign the attached proxy form, and mail it back using the return envelope. The proxy should be mailed in time so as to be received by the Office of the Assistant Corporate Secretary at the Company's principal office on or before **June 6, 2017**, which is the deadline for submission of proxies. Proxy validation will commence on June 9, 2017 at 10:00 a.m. at the offices of the Company's stock transfer agent, Securities Transfer Services, Inc. ("STSI") at the Ground Floor, Benpres Building Exchange Road cor. Meralco Ave. Pasig City, Metro Manila.

Copies of the Minutes of previous stockholders' meetings are available on the Company's website (http://allianceselectfoods.com/) and will be available for examination during office hours at the office of the Corporation.

BARBARA ANNE C. MIGALLOS
Corporate Secretary

ANNEX "A"

EXPLANATION AND RATIONALE
For each item on the Agenda of the
2017 Annual General Stockholders' Meeting of
ALLIANCE SELECT FOODS INTERNATIONAL, INC.
requiring the vote of stockholders

AGENDA

1. **Call to Order**
The Chairman of the Meeting will formally open the 2017 Annual General Stockholders' Meeting. The Directors and Officers of the Company who are present thereat will be introduced.

2. **Proof of Required Notice of the Meeting**
The Corporate Secretary will certify that copies of this Notice and the Information Statement have been duly sent to stockholders as of record date of April 28, 2017 within the periods prescribed by the applicable rules.

3. **Certification of Quorum**
The Corporate Secretary will attest whether a quorum is present for the meeting.

4. **Reading of the Minutes of the 2016 Annual General Stockholders' Meeting held on June 28, 2016 and Action Thereon**

Shareholders may examine the Minutes of the previous annual stockholders' meeting in accordance with Sec. 74 of the Corporation Code. The Minutes are available on the Company's website.

Resolution to be adopted: Shareholders will vote for the adoption of a resolution approving the minutes of the 2016 Annual Stockholders' Meeting held on June 28, 2016.

5. **Presentation of the Annual Report and the Audited Financial Statements for the Year ended December 31, 2016 and Action Thereon**

A summary of the Annual Report and the financial statements of the Company, audited by the Company's independent external auditors, Reyes Tacandong & Co., for the year ended December 31, 2016 will be presented. Copies of the said Annual Report with the said financial statements are enclosed with the Information Statement, and are also available on the Company's website.

There will be an **OPEN FORUM** after the presentation. A shareholder, upon identifying himself or herself, may raise questions that are relevant or express an appropriate comment.

Resolution to be adopted: Shareholders will vote for the adoption of a resolution approving the Annual Report and the Audited Financial Statements for the year ended December 31, 2016.

6. **Ratification and Approval of the Acts of the Board of Directors and Executive Officers for the Corporate Year 2016-2017**
Actions by the Board of Directors and by the Officers for the corporate year 2016-2017 are summarized in the Information Statement.

Resolution to be adopted: Shareholders will vote for the adoption of a resolution ratifying and approving the acts of the Board of Directors and Officers.

7. **Appointment of Independent External Auditors**
The Audit Committee endorsed the appointment of Reyes Tacandong & Co. as the Company's independent external auditors for the year 2017. The Board of Directors approved the appointment of Reyes Tacandong & Co., subject to approval by the stockholders.

Resolution to be adopted: Shareholders will vote on a resolution for the appointment of said auditing firm as independent external auditor of the Company for 2017.

8. **Election of Directors, including Independent Directors**
The Final List of Candidates for election as directors, as prepared by the Nominations Committee in accordance with the Company's By-Laws and Manual on Corporate Governance, will be presented to the shareholders, and the election of directors will be held.

9. **Other Matters**
Matters that are relevant to and appropriate for the annual stockholders' meeting may be taken up. No resolution, other than the resolutions explained in the Notice and the Information Statement, will be submitted for voting by the shareholders.

10. **Adjournment**

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[ ] Preliminary Information Statement
[X] Definitive Information Statement

2. Name of Registrant as specified in its charter:
ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(formerly Alliance Tuna International, Inc.)

3. Province, country or other jurisdiction of incorporation or organization:
Metro Manila, Philippines

4. SEC Identification Number: **CS200319138**

5. BIR Tax Identification Code: **227-409-243-000**

6. **Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila** — **1605**
Address of principal office — Postal Code

7. Registrant's telephone number, including area code: **(632) 635-5241 to 44**

8. Date, time and place of the meeting of security holders

Date	:	**June 15, 2017**
Time	:	**2:30 p.m.**
Place	:	**The Linden Suites, 37 San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila 1600**

9. Approximate date on which this Information Statement is first to be sent or given to security holders: **May 24, 2017**

10. **In case of Proxy Solicitations:**

Name of Person Filing the Statement/Solicitor	:	**Alliance Select Foods International, Inc.**
Address	:	**Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road Ortigas Center, Pasig City, Metro Manila 1605**
Telephone No.	:	**(632) 635-5241 to 44**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Number of Shares of Common Stock Issued:	**2,499,712,463 (as of March 31, 2017)**
Amount of Debt Outstanding:	**$27,749,080 (as of December 31, 2016)**

12. Are any or all of registrant's securities listed in a Stock Exchange?
(x) Yes ( ) No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **Philippine Stock Exchange, Inc. – Common Shares**

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The Annual General Meeting of the Stockholders of Alliance Select Foods International, Inc. (the "Company"), a corporation organized and existing under the laws of the Philippines with address at Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, will be held on **June 15, 2017 (Tuesday)** at **2:30 p.m.** (the "Annual General Meeting" or the "Meeting"). The venue of the Meeting will be at The Linden Suites, 37 San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila 1600.

The Agenda of the Meeting, as indicated in the accompanying Notice of Annual General Meeting, is as follows:

1. Call to order;
2. Proof of the required notice of the Meeting;
3. Certification of quorum;
4. Reading and approval of the Minutes of the 2016 Annual Stockholders' Meeting held on June 28, 2016;
5. Presentation of the Annual Report and the Audited Financial Statements for the Year Ended December 31, 2016 and Action Thereon;
6. Ratification and approval of the acts of the Board of Directors and Executive Officers;
7. Appointment of Independent External Auditors;
8. Election of Directors, including Independent Directors;
9. Other matters.

There will be an **OPEN FORUM** before the approval of the Annual Report and the Audited Financial Statements for the year ended December 31, 2016 is submitted to the vote of the shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

Copies of the Annual Report on SEC Form 17-A with the Audited Financial Statements for the year ended December 31, 2016, <u>and the Company's unaudited interim financial statements for the first quarter of 2017 on SEC Form 17-Q (the "First Quarter Report")</u> are attached to this Information Statement, and are also available on the Company's website (http://allianceselectfoods.com/). Upon written request of a shareholder, the Company shall furnish such shareholder with printed copies of the said Annual Report and First Quarter Report as filed with the SEC, free of charge. The contact details for obtaining such copy are on Page 27 of this Information Statement.

For the purpose of the Meeting, only stockholders of record at the close of business on **April 28, 2017** will be entitled to vote. Stockholders are requested to bring some form of identification such as passport, driver's license, or company I.D. in order to facilitate registration, which will start at 1:00 p.m.

Shareholders who cannot attend the Meeting may accomplish the attached Proxy Form. Please indicate your vote (Yes, No, Abstain) for each item in the attached form, and submit the same on or before **June 6, 2017** to the Office of the Assistant Corporate Secretary at the Company's principal office.

Proxies will be validated by a special committee consisting of the Company's Corporate Secretary, Compliance Officer, and a representative of the Company's stock transfer agent, Securities Transfer Services, Inc. ("STSI"). The special committee will validate the proxies on June 9, 2017 at the office of STSI at the Ground Floor, Benpres Building Exchange Road cor. Meralco Ave. Pasig City, Metro Manila.

The Corporate Secretary and Assistant Corporate Secretary will be responsible for the tabulation of votes at the Meeting. Validated proxies will be voted as indicated by the shareholder in the proxy, and in accordance with applicable rules.

Voting procedures are contained in Item 19 (Pages 25-26) of this Information Statement and will be stated at the start of the Meeting. Cumulative voting is allowed; please refer to Item 4 (Page 4) and Item 19 (Pages 25-26) for an explanation of cumulative voting.

Further information and explanation regarding specific agenda items, where appropriate, are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

Item 2. Dissenters' Right of Appraisal

There are no corporate matters or action to be taken during the Meeting that will entitle a stockholder to a Right of Appraisal as provided in Title X of the Corporation Code of the Philippines (Batas Pambansa [National Law] No. 68).

For the information of stockholders, any stockholder of the Company shall have a right to dissent and demand payment of the fair value of his shares in the following instances, as provided in the Corporation Code of the Philippines:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);

3. In case of merger or consolidation (Section 81); and

4. In case of investments in another corporation, business or purpose (Section 42).

The Corporation Code of the Philippines (at Section 82) provides that the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares: provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office.

At the time of the filing of this Information Statement, the Company has not been informed by any incumbent director in writing of an intention to oppose any action to be taken at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of March 31, 2017, there are **2,499,712,463** outstanding and issued common shares of the Company, exclusive of 287,537 treasury shares. The Company does not have any class of shares other than common shares.

All stockholders of record as of **April 28, 2017** are entitled to notice and to vote at the Meeting.

A stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy.

Cumulative voting may be adopted in the election of directors as allowed by the Corporation Code of the Philippines. On this basis, each registered stockholder as of April 28, 2017 may vote the number of shares registered in his name for each of the directors to be elected; or he may multiply the number of shares registered in his name by the number of directors to be elected, and cast the total of such votes for one (1) director. A stockholder may also distribute his votes among some or all of the directors to be elected.

Voting Procedures are stated in Item 19 (Pages 25-28) of this Information Statement.

Security Ownership of Certain Record and Beneficial Owners

To the best of the knowledge of the Company, the following stockholders own more than five percent (5%) of the Company's outstanding capital stock as of March 31, 2017:

Title of Class	Name, Address of Record Owner, and Relationship With Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% of Class
Common	PDC Nominee Corporation *Beneficial Owner:* **Strongoak, Inc.** 18/F Security Bank Centre 6776 Ayala Ave Makati City Metro Manila Philippines *Stockholder* Please see Note 2.	Strongoak, Inc. (Please see Note 2) Proxy Named: (Please see Note 1)	Filipino	1,382,755,864	55.32%
Common	**PCD Nominee Corporation** 37th Fl., Tower One, The Enterprise Center, Paseo de Roxas corner Ayala Avenue, Makati City *Stockholder* Please see Note 3.	PCD Nominee Corporation (Please see Note 3.) Proxy Named: Please see Note 1	Filipino	622,875,496 (exclusive of shares of StrongOak, Inc. held through PCD)	24.92%
Common	**Harvest All Investment Ltd.**, SAR Room 904, Harvest Bldg, 29-35 Wing Kut St, Central, Hong Kong *Stockholder*	Harvest All Investment Ltd. (Same as Record Owner) Proxy Named: (Please see Note 1)	Hong Kong	177,261,165	7.09%

Common	**Victory Fund Ltd.,** 4304, 43/F, China Resources Bldg, 26 Harbour Road, Wanchai, Hong Kong *Stockholder*	Victory Fund Ltd. (Same as Record Owner) Proxy Named: (Please see Note 1)	Hong Kong	138,474,015	5.54%
Common	**PCD Nominee Corporation** 37th Fl., Tower One, The Enterprise Center, Paseo de Roxas corner Ayala Avenue, Makati City *Stockholder* Please see Note 4.	PCD Nominee Corporation (Please see Note 5). Proxy Named: (Please see Note 1)	Foreign	96,202,453	3.85%
	TOTAL			**2,417,568,993**	**96.71%**

[1] The proxies naming the natural persons authorized to vote the shares of the foregoing record owners for the Meeting have not yet been received by the Company. The deadline set by the Board of Directors for the submission of proxies is on June 6, 2017.

[2] Mr. Antonio C. Pacis and Ms. Marie Grace T. Vera Cruz currently represent Strongoak in the Board of Directors of the Company.

[3] PCD Nominee Corporation ("PCD Nominee") is a wholly-owned subsidiary of the Philippine Depository & Trust Corp., the depository infrastructure for equities and fixed income markets in the Philippines. PCD Nominee is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owners of such shares are PCD Nominee's participants who hold the shares on their own behalf or in behalf of their clients.

The 1,382,765,864 shares held by Strongoak, Inc. through PCD Nominee, and the 622,875,496 shares reflected above under PCD Nominee (Filipino), are shares beneficially owned by Filipinos.

[4] Please see Note 3. The 96,202,453 shares reflected above under PCD Nominee Corporation (Foreign) are the shares beneficially owned by foreigners.

Except as stated above, the Company has no knowledge of any person or any group who, directly or indirectly, is the beneficial owner of more than 5% of the Company's outstanding shares or who has a voting power, voting trust or any similar agreement with respect to shares comprising more than 5% of the Company's outstanding common stock. Other than Strongoak, Inc., the Company is not informed of any other participants under the PCD Nominee account who own more than 5% of the voting securities of the Company as of March 31, 2017.

Security ownership of Directors, Officers and Management

<u>Security Ownership of Directors and Officers</u>

To the best knowledge of the Company, the beneficial ownership of the Company's directors and officers as of March 31, 2017 is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	**Antonio C. Pacis** *Chairman*	400 (Direct)	Filipino	0.00%
Common	**George E. SyCip**, *Vice Chairman*	2,314,954 (Direct)	American	0.09%
Common	**Raymond K.H. See**, *Director, President and CEO*	15,521 (Direct)	Filipino	0.00%
Common	**Marie Grace T. Vera Cruz**, *Director*	400 (Direct)	Filipino	0.00%
Common	**Erwin M. Elechicon**, *Independent Director*	200 (Direct)	Filipino	0.00%
Common	**Joseph Peter Y. Roxas** *Director*	2,241,000 (Direct)	Filipino	0.08%
Common	**Dobbin A. Tan** *Independent Director*	10,000 (Director)	Filipino	0.00%
Common	**Barbara Anne C. Migallos** *Corporate Secretary*	0	Filipino	0.00%
Common	**Lisa Angela Y. Dejadina** *Senior Vice President - Business Development and Operational Excellence*	0	Filipino	0.00%
Common	**Grace S. Dogillo**, *Vice President – Finance (Retired as of April 4, 2017)*	133,919 (Direct)	Filipino	0.01%
Common	**Ma. Kristina P. Ambrocio** *Vice President – Head of Legal, Compliance Officer and Assistant Corporate Secretary*	0	Filipino	0.00%
	TOTAL	**4,716,394**		**0.19%**

Voting Trust Holders/Changes in Control

The Company has no knowledge of any voting trust holders of 5% or more of the Company's stock, or of any arrangements that may result in a change of control of the Company.

The Company conducted a stock rights offering in 2015 consisting of 1,000,000,000 common shares at a price of P1.00 per share by way of pre-emptive rights offering exclusively to shareholders of the Company as of August 7, 2015, at the proportion of one stock rights share for every one and one-half common shares of the Company. The stock rights offering resulted in a change of control of the Company.

Strongoak, Inc. ("Strongoak"), which previously owned 430,286,226 shares, equivalent to 28.69% of the outstanding capital stock prior to the stock rights offering, subscribed to an additional 952,479,638 common shares under the said stock rights offering for a total subscription price of P952,479,636.00. Strongoak now owns 1,382,765,864 shares, equivalent to 55.32% of the outstanding capital stock of the Company. Prior to the stock rights offering, no single shareholder had control of or more than 50% of the voting power in the Company.

Item 5. Directors and Executive Officers

The names of the incumbent directors of the Company, their respective ages, citizenship, period of service, directorships in other companies and positions held for the last five (5) years are as follows:

DIRECTORS

Director	Nationality	Position	Age	Period of Service (as of March 31, 2017)
Antonio C. Pacis	Filipino	Chairman	76	2 years and 3 months (First elected on December 8, 2014)
George E. SyCip	American	Vice Chairman	60	12 years and 1 month (First elected on February 12, 2005)
Raymond K. H. See	Filipino	Director, President, and CEO	49	2 years and 3 months (First elected on December 8, 2014)
Erwin M. Elechicon	Filipino	Independent Director	57	2 years and 9 months (First elected on June 16, 2014)

Marie Grace T. Vera Cruz	Filipino	Director	36	2 years and 9 months (First elected on June 16, 2014)
Joseph Peter Y. Roxas	Filipino	Director	55	1 year and 1 month (First elected on March 1, 2016)
Dobbin A. Tan	Filipino	Independent Director	53	1 year and 1 month (First elected on March 1, 2016)

ANTONIO C. PACIS - 76, Filipino citizen; Chairman of the Board

Mr. Pacis obtained his law degree from the Ateneo Law School in 1965 and his masteral law degree from the Harvard Law School in 1967.

He is on the Board of Directors at OCLP Holdings Inc., BDO Unibank, Inc. (a publicly listed company), Paluwagan Ng Bayan Savings Bank, Armstrong Pacific Co., Inc., Legisforum, Inc., Technology Investment Co., Inc. and Central Colleges of The Philippines.

He is Chairman of the Board of Directors at Asian Silver Estate, Inc., International Social Service Philippines, Inc., Amigo Holdings, Inc., Asian Waterfront Holdings, Inc., Mantle Holdings, Inc., and Corporate Secretary for Armstrong Securities, Inc., EBC Strategic Holdings Corp., and Paluwagan NG Bayan Savings Bank.

Mr. Pacis has been practicing law since 1965 and continues to practice at Pacis and Reyes Law Office and was a professor of law at the Ateneo Law School.

GEORGE E. SYCIP - 60, American citizen; Vice-Chairman

Mr. Sycip received his BA 'With Distinction' in International Relations/Economics from Stanford University and his Master in Business Administration Degree from the Harvard Business School

Mr. Sycip is the Director and Principal of Galaxaco China Group, a project doing business in China, and Halanna Management estate investment and development and consultancy firm serving American, European and Asian clients' estate investment and development company. Mr. Sycip currently serves on the Boards or Advisory Boards of several companies and institutions. In Asia, these include Macro Asia Corp., Beneficial-PNB Life Insurance, Medtecs Corporation, and Cityland Development Corporation. In the U.S., he is on the Board of the Bank of the Orient, Arasor International, the California Asia Business Council, the International Institute for Rural Reconstruction, Give2Asia, and Stanford University's Institute for International Studies.

RAYMOND K. H. SEE - 49, Filipino citizen; Director, President & CEO

Mr. See graduated from De La Salle University in 1989 with a degree in B.S. Industrial Management Engineering, minor in Mechanical Engineering.

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation. He rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President & CEO of the Company on December 8, 2014.

MARIE GRACE T. VERA CRUZ - 36, Filipino citizen; Director

Ms. Vera Cruz holds an MBA from London Business School and a Bachelor's Degree in Business Economics from the University of the Philippines, where she graduated Magna cum Laude.

Ms. Vera Cruz is the Managing Director of Seawood Resources, Inc., an investment company based in the Philippines. She is also the President of Strongoak, Inc. Prior to Seawood and Strongoak, Ms. Vera Cruz was a consultant at McKinsey & Co.

ERWIN M. ELECHICON - 57, Filipino citizen; Independent Director

Mr. Elechicon holds a Bachelor of Arts Degree in Economics, cum laude, from the Ateneo de Manila University in 1979. He attended courses in Finance at the Columbia Business School; and in Marketing at Kellogg School of Management.

Mr. Elechicon was with the Procter & Gamble Company (P&G) for over 26 years. He has had local and regional responsibilities at P&G across Asia, and has lived in Singapore, Mumbai, Kuala Lumpur and Ho Chi Minh City as well as Manila. He was also President and General Manager of two Jollibee Foods Corporation subsidiaries, Greenwich Pizza Company and Chowking. He is currently the Chairman and co-founder of Assurant BPO Solutions, Inc., a Makati-based company providing business and knowledge process outsourcing and managed services solutions to a broad range of clients. He is also a director of U-Bix Corporation, one of the largest integrated office systems and service providers in the Philippines. He has been a Director of Petronas Dagangan Berhad (Malaysia) since August 2014. He is also Chairman of Silver Machine Digital Communications, Inc., a Member of the Board of Trustees of Ateneo de Iloilo - Sta. Maria Catholic School, and President and Trustee of P&Gers Fund, Inc.

JOSEPH PETER Y. ROXAS - 55, Filipino citizen; Director

Mr. Roxas graduated from the Ateneo de Manila University in 1983 with a Bachelor's degree in Economics. He also has MBA units from the Ateneo de Manila University Graduate School.

Mr. Roxas is President of Eagle Equities, Inc. since 1996. He is also presently a Director of DFNN, Inc., a listed company in the Philippine Stock Exchange, and of Kimquan Trading Corporation, a privately held company. He is also a Director of the Association of Securities Analysts of the Philippines since 2000. Mr. Roxas was with R. Coyuito Securities as Assistant Vice President for Research from 1993 to 1995, and Investment Officer from 1987 to 1992.

DOBBIN A. TAN - 53, Filipino citizen; Independent Director

Mr. Tan graduated from the Ateneo de Manila University in 1985 with a Bachelor of Science degree in Management Engineering. He obtained his Master's degree in Business Administration from the University of Chicago, Booth School of Business in 2013. Mr. Tan also attended a Management Development Program of the Asian Institute of Management in 1990, and a Strategic Business Economics Program of the University of Asia and the Pacific in 2001.

Mr. Tan is presently Chief Executive Officer of New Sunlife Ventures, Inc. He was Managing Director and Chief Operating Officer of Information Gateway from 2002 to 2012. Mr. Tan also served as Vice President for Marketing of Dutch Boy Philippines from 2000 to 2002, President of Informatics Computer College from 1997 to 2000, Assistant Vice President for Marketing of Basic Holdings from 1994 to 1997, Operations Manager of DC Restaurant Management Systems from 1990 to 1994, and Senior Financial Analyst/ Corporate Planning Manager for San Miguel Corporation from 1985 to 1990. He is also President of the Information Gateway Group and Red Rock Security, Inc.

Process and Criteria for Selection of Nominees for Directors

The Board of Directors set **May 2, 2017** as the deadline for the submission of nominations to the Board of Directors. The deadline was duly announced and disclosed on April 18, 2017.

The Nominations Committee composed of Mr. Raymond K.H. See, Mr. Erwin M. Elechicon and Mr. Joseph Peter Y. Roxas screened the nominees for election to the Board of Directors in accordance with the Company's Manual on Corporate Governance. The Committee assessed the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the independent directors, the Committee reviewed their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Manual of Corporate Governance, the Securities Regulation Code ("SRC"), and the SRC Implementing Rules and Regulations, and SEC Memorandum Circular No. 19, series of 2016 or the "Code of Corporate Governance for Publicly-Listed Companies."

Nominees for Election at the Meeting

The deadline for submission of nominations to the Board of Directors was set on May 2, 2017. The Nominations Committee screened the nominees to determine whether they have all of the qualifications and none of the disqualifications for election to the Company's Board of Directors, and prepared the Final List of Candidates for election to the Board of Directors.

Final List of Candidates for Election to the Board of Directors

The following have been nominated for election to the Company's Board of Directors:

1. Antonio C. Pacis
2. George E. Sycip
3. Marie Grace T. Vera Cruz
4. Raymond K.H. See
5. Joseph Peter Y. Roxas
6. Erwin M. Elechicon (Independent Director)
7. Dobbin A. Tan (Independent Director)

The qualifications of the foregoing nominees are on Pages 9 to 11 of this Information Statement.

As of the date of filing of this Information Statement, no director has resigned or declined to stand for re-election to the Board of Directors due to disagreement on any matter.

Executive Officers

The following persons are the present executive officers of the Company:

Name of Officer	Nationality	Position	Age	Period of Service
Raymond K.H. See	Filipino	President and Chief Executive Officer	49	2 years and 3 months (First elected on December 8, 2014)
Barbara Anne C. Migallos	Filipino	Corporate Secretary	62	1 year 8 months (First elected on July 6, 2015)
Lisa Angela Y. Dejadina	Filipino	Senior Vice President - Business Development and Operational Excellence	33	2 years and 4 months (First elected on 17 November 2014)
Grace S. Dogillo (retired as of April 4, 2017)	Filipino	Vice President -Finance	59	12 years and 3 months (First elected on 01 January 2004)
Ma. Kristina P. Ambrocio	Filipino	Vice President – Legal, Compliance Officer, and Assistant Corporate Secretary	38	1 year and 5 months (First elected on October 19, 2015)

RAYMOND K.H. SEE – 49, Filipino citizen; President & CEO.

Academic Background

Mr. See graduated from De La Salle University in 1989 with a degree in B.S. Industrial Management Engineering, minor in Mechanical Engineering.

Professional Background/ Experience

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation who rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President and Chief Executive Officer of the Company on December 8, 2014.

BARBARA ANNE C. MIGALLOS – 62, Filipino citizen; Corporate Secretary.

Ms. Migallos graduated cum laude from the University of the Philippines, with a Bachelor of Arts degree, and finished her Bachelor of Laws degree as cum laude (salutatorian) also at the University of the Philippines. She placed third in the 1979 Philippine Bar Examination.

Ms. Migallos was elected as Corporate Secretary of the Company on July 6, 2015. She is Director and Corporate Secretary of Philex Mining Corporation and Philex Petroleum Corporation, and Corporate Secretary of Nickel Asia Corporation and Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos is also a Director of Mabuhay Vinyl Corporation and Philippine Resins Industries, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. She is a professorial lecturer in Corporations Law, Insurance, Securities Regulation and Credit Transactions at the De La Salle University College of Law. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.

LISA ANGELA Y. DEJADINA. – 33, Filipino citizen; Senior Vice President for Business Development and Operational Excellence.

Academic Background

Ms. Dejadina has a degree in B.S. Industrial Engineering from the University of the Philippines where she graduated in 2005.

Professional Background/ Experience

Before joining the Company, Ms. Dejadina worked at Pilipinas Shell Petroleum Corporation where she covered various roles contributing to ten years solid work experience in the petroleum industry in the areas of fuel depot operations, Health, Safety, Security and Environment (HSSE) management, and business support functions (business development, logistics, and learning & development).

GRACE S. DOGILLO. - 59, Filipino citizen; Vice President for Finance (Retired on April 4, 2017)

Academic Background

Ms. Dogillo graduated with a Bachelor of Science Degree in Business Administration from the University of the East and she is also a Certified Public Accountant.

Professional Background/ Experience

Ms. Dogillo was formerly Assistant Vice President for Finance of the First Dominion Group of Companies. Prior to joining the First Dominion Group, Ms. Dogillo's previous work experience was with Purefoods Corporation where she had been the Group Manager for Accounting of its Processed Meats Division.

MA. KRISTINA P. AMBROCIO. - 38, Filipino citizen; Vice President – Legal, Compliance Officer, and Assistant Corporate Secretary.

Academic Background

Ms. Ambrocio graduated from the Ateneo de Manila University in 2001 with a major in Philosophy, and minor in Humanities. She obtained her law degree in 2005 from the University of the Philippines.

Professional Background/ Experience

Prior to joining the Company, Ms. Ambrocio was Corporate Counsel and Assistant Corporate Secretary of Chevron Philippines, Inc.

Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among any of the directors, executive officers and persons nominated or chosen to become directors or executive officers.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding, including without limitation being the subject of any:

a. bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

b. conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
c. order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities commodities or banking activities; and
d. order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation,

for the past five (5) years up to date of this Preliminary Information Statement, that is material to the evaluation of ability or integrity to hold the relevant positions in the Company.

The pending and material legal proceedings involving the Company, and the directors, executive officers or control persons of the Company in their respective capacities as such, and the nominees for election as a director, are as follows:

1. *Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited represented by Chiew Chee Chong vs. Annsley B. Bangkas and George E. Sycip,* NPS Docket No. XVI-INV-15B-00033 (XV-14-INV-14B-00503-OCP-Pasig City); and ***Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited represented by Chiew Chee Chong vs. George E. Sycip, Alvin Y. Dee, Jonathan Y. Dee, and Ibarra A. Malonzo,* NPS Docket No. XVI-INV-15B-00034 (XV-14-INV-14C-00974-OCP-Pasig City)**

On February 13, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited ("Harvest All et al") filed a criminal complaint with the Office of the City Prosecutor of Pasig City against the Company's then Chairman, and current Vice Chairman, Mr. George E. Sycip, and then Assistant Corporate Secretary Annsley B. Bangkas for allegedly denying its right to inspect company records in violation of the pertinent provisions of the Corporation Code. Harvest All et al filed the complaint despite being informed that its request to inspect company records was not being denied, and that action thereon was merely being deferred until the Board has determined the propriety of allowing the inspection.

On March 11, 2014, Harvest All et al filed another complaint with the Office of the Pasig City Prosecutor, this time against Mr. Sycip and then Director, and current Chairman, Mr. Jonathan Y. Dee, and then Directors Messrs. Alvin Dee and Ibarra A. Malonzo again for alleged violations of the Corporate Code provisions on the right to inspect company records. The complaint was filed despite a resolution by the Board to refer the matter to independent counsel to determine whether the request was made in good faith and for a legitimate purpose consistent with the applicable provisions of the Corporation Code.

The said complaints were consolidated and transferred to the Department of Justice – Manila ("DOJ"). In a Resolution dated July 28, 2015, the DOJ dismissed the consolidated complaints. The DOJ held that Messrs. Sycip, Alvin and Jonathan Dee, and Malonzo, and Ms. Bangkas did not deny Harvest All et al's request to inspect company records. The DOJ further held that the delays in acting on the request were reasonable and not unlawful, and that the referral of the matter to independent counsel was not tantamount to a denial of the request to inspect company records. On September 1, 2015, Harvest All et al. filed a Motion for Reconsideration which was subsequently denied. Harvest All et al. then filed a Petition for Review dated August 30, 2016 before the Department of Justice. The Petition is still pending resolution.

2. ***Alliance Select Foods International, Inc., represented in this derivative suit by Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua v. George E. Sycip, Jonathan Y. Dee, Alvin Y. Dee, Ibarra A. Malonzo, Joanna Y. Dee-Laurel, Teresita Ladanga, and Grace Dogillo,*** **Commercial Case No. 14-220**

On May 27, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua filed a derivative suit purportedly on behalf of the Company against the Company's director, Mr. George E. Sycip, and its former directors Messrs. Jonathan Dee, Alvin Y. Dee and Ibarra Malonzo, and certain senior executives of the Company at that time. The derivative suit prayed, among others, for the appointment of an interim management committee, and to compel an accounting and return of Company funds allegedly diverted to corporations controlled by the family of respondents Messrs. Jonathan and Alvin Dee. On 03 February 2015, the respondents filed a motion praying to declare the application of an interim management committee moot and academic in view of the change in the composition of the Company's Board of Directors and management. The Complainants filed a Motion to Inhibit on February 28, 2015, which was granted by the Pasig RTC Branch 159 on January 5, 2016. The case was eventually re-raffled to Pasig RTC Branch 154 on February 1, 2016. Several motions were filed in this case and are all pending resolution by the said Pasig RTC.

Mr. Sycip filed a Petition for Certiorari before the Court of Appeals contending that RTC Branch 159 committed grave abuse of discretion in inhibiting from the case. In its Decision dated April 7, 2017, the Court of Appeals granted Mr. Sycip's Petition for Certiorari and setting aside the inhibition of Judge Lingan of RTC 159 and directing the latter to proceed with the hearing of the case.

3. ***Hedy S.C. Yap-Chua and Albert Hong Hin Kay v. George E. Sycip, Jonathan Y. Dee, Ibarra A. Malonzo, and Avelino M. Sebastian, Jr.,*** **Commercial Case No. 14-219**

On May 12, 2014, Ms. Hedy S.C. Yap-Chua and Mr. Albert Hong Hin Kay filed a Petition for the Declaration of Nullity of Board Resolutions and Inspection of the Corporate Books and Records, with Prayer for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction with the Regional Trial Court of Pasig City (Pasig RTC) against the Company's director, Mr. George E. Sycip and former directors Messrs. Jonathan Y. Dee, Alvin Y. Dee and Ibarra A. Malonzo, and then Corporate Secretary, Mr. Avelino M. Sebastian. Ms. Yap-Chua and Mr. Hong sought to nullify, among others, the resolution of the Board dated May 5, 2014 approving the private placement of Strongoak, Inc. of P563,679,956 into the Company, and the issuance of 430,286,226 of the Company's common shares to Strongoak, Inc. pursuant thereto.

The Company moved to intervene in this case. The RTC Pasig denied such intervention. The Company appealed to the Court of Appeals via a Petition for Review dated July 25, 2014. This was docketed as CA G.R. No. 136402.

On May 23, 2014, the judge issued an order stating that "After a careful consideration of the allegations in the Petition with Prayer for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction, this Court finds that the prayer for the TRO does not appear to be of extreme urgency; hence, the same is hereby BYPASSED." The Petition remains pending before the Pasig RTC.

Thereafter, Complainants filed a Motion for Inhibition, which was granted by Pasig RTC Branch 159. The case was eventually re-raffled to Pasig RTC Branch 161 on March 21, 2016, where it remains pending as of date.

On March 29, 2016, the Company received the CA Decision dated March 14, 2016, granting the Company's Petition to Intervene in the case. Ms. Yap-Chua et al. filed a motion for reconsideration of the said Decision, but this was subsequently denied. On February 2, 2017, the Company received a copy of the Petition for Review on Certiorari of Hedy Yap-Chua et al. with the Supreme Court. (SC G.R. No. 226182 [CA-GR. SP No. 136402]) questioning the CA Decision. The Company has not received notice on whether the Supreme Court has acted on said Petition.

In view of Ms. Yap-Chua, et al.'s Petition before the Supreme Court, the Company filed a motion to suspend the proceedings with the Pasig RTC until the Petition is resolved . This incident is still pending before the Pasig RTC.

4. *Hedy S.C. Yap-Chua v. Jonathan Y. Dee, Marie Grace T. Vera Cruz, George E. Sycip, Antonio C. Pacis and Raymond K.H. See,* I.S. No. XVI-INV-15B00053

On February 24, 2015, Ms. Hedy S.C. Yap-Chua filed a Complaint-Affidavit with the Department of Justice ("DOJ") against incumbent Directors George E. Sycip, Marie Grace T. Vera Cruz, Raymond K.H. See and Antonio C. Pacis, and former director Mr. Jonathan Y. Dee ("Respondent Directors") for alleged violations of the Corporate Code provisions on the right to inspect company records. The Board approved Ms. Yap-Chua's request to inspect company records, subject to a procedure to ensure an orderly inspection and that proprietary information does not become public. However, the respective lawyers of the Company and Ms. Yap-Chua could not come to an agreement on the said procedure for inspection.

At the special meeting of the Board on September 17, 2014 called at the request of Ms. Yap-Chua and specifically to discuss the matter, the Board, by the vote of the Respondent Directors, resolved to direct the lawyers of the Company and of Ms. Yap-Chua to meet face-to-face to resolve their differences regarding said procedure. Ms. Yap-Chua alleged in her Complaint-Affidavit that the procedure proposed by the Company, and the referral of the matter to the lawyers, was tantamount to a denial of her right to inspect company records.

The Respondent Directors received a copy of Ms. Yap-Chua's Complaint-Affidavit from the DOJ on June 9, 2015, and have filed their respective responsive pleadings thereto.

Complainants have since filed a Motion to Resolve the main complaint. The complaint is still pending resolution of the DOJ.

5. *Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua v. Alliance Select Foods International, Inc., George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, and Erwin M. Elechicon and Barbara Anne C. Migallos,* (G.R. Nos. 224871 and 224834 [Commercial Case No. 15-234])

On August 5, 2015, Harvest All Victory Fund Limited, Bondeast Private Limited, Mr. Albert Hong Hin Kay and Ms. Hedy S.C. Yap Chua ("Harvest All et al") filed a Complaint (with application for the issuance of Writ of Preliminary Mandatory Injunction and Temporary Restraining Order/Writ of Preliminary Injunction) with the Pasig Regional Trial Court ("Pasig RTC"), against Alliance Select Foods International, Inc., its Directors Messrs. George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, and Erwin M. Elechicon and Barbara Anne C. Migallos (the "Company") praying, among others, that the Company be restrained from carrying out its Stock Rights Offering, and that the Company be compelled to hold its Annual Stockholders' Meeting prior to the said Stock

Rights Offering. The Stock Rights Offering would raise gross proceeds of P1, 000,000,000.00 to be used for needed capital expenditures, repayment of loans, installation of a new management information system, and working capital requirements of the Company.

In a Resolution dated August 14, 2015, the Pasig RTC denied the prayer for a Temporary Restraining Order. The Pasig RTC held that Harvest All et al failed to show that it had a clear and unmistakable right that was or would be violated by the conduct of Annual Stockholders' Meeting after the Stock Rights Offering. The Pasig RTC noted that Temporary Restraining Order is unwarranted because Harvest All et al were granted the right to subscribe to the Stock Rights Offering to prevent the dilution of shareholdings and voting rights feared by Harvest All et al.

In a Resolution dated 24 August 2015, the Pasig RTC dismissed the Complaint for lack of jurisdiction over the subject matter of the case due to Harvest All et al's failure to pay the correct filing fees (the "RTC Resolution").

In the meantime, the offer period for the Stock Rights Offering, which commenced on August 17, 2015, ended on August 26, 2015. On September 7, 2014, the Company's Board scheduled the Company's Annual Stockholders' Meeting on November 17, 2015 with record date on October 20, 2015. The Board of Directors later on decided to reschedule the Annual Stockholders' Meeting to December 16, 2015.

Harvest All et al filed a Petition for Review with the Court of Appeals to reverse and set aside the RTC Resolution dismissing the Complaint. It also prayed that the Company be restrained from implementing the October 20, 2015 record date of the Annual Stockholders' Meeting, and to compel the Company to set the record date of the Annual Stockholders' Meeting to a date prior to the Stock Rights Offering.

On 15 December 2015, the Court of Appeals issued a Resolution of even date granting Harvest All et al.'s prayer for a Temporary Restraining Order (TRO), effective for a period of 60 days from notice, enjoining the parties to maintain and preserve the status quo pending resolution of the Petition for Review, after Harvest All et al posts the required bond (the "TRO Resolution"). The Court of Appeals issued the TRO the next day, or on 16 December 2015, the date of the Meeting. The Company received the TRO a few hours before said Meeting. The Company and the respondent directors and officers filed motions for reconsideration of the TRO Resolution and to dissolve the TRO.

The Court of Appeals rendered a Decision dated February 15, 2016 ruling on the merits of the case in which the TRO was issued. The Court granted the Petition of shareholders Harvest All Investment Ltd., et al., but sustained the position of the Company that Harvest All Investment Ltd., et.al, should pay the correct filing fees for its Complaint with the Pasig RTC. Both parties filed their respective Motions for Reconsideration, and both were subsequently denied.

Jonathan Dee filed a Petition for Review on Certiorari with the SC to set aside the ruling of the CA and affirm the ruling of the Pasig RTC dismissing the case (SC G.R. No. 224834).

Harvest All et al. on the other hand filed their only Petition for Review on Certiorari with the SC questioning the ruling of the CA that though the case should not be dismissed because Harvest All et al. was not in bad faith in not filing the proper filing fee, the latter should pay the filing fee based on the 2015 SRO, which would amount to approximately Php 20 Million)

The Petitions for Review on Certiorari were consolidated by the SC. On March 15, 2017, the SC rendered a Decision in favor of the petition of Harvest All, et al., ruling that the Complaint of Harvest All Investment Ltd. et al is incapable of pecuniary estimation, and remanded the case back to the RTC to assess the correct filing fees, and upon payment, resume the regular proceedings of the case. The Company and other respondents filed their respective motions for reconsideration of the Supreme Court Decision, which motions remain pending as of the date hereof.

6. Victory Fund Limited, Harvest All Investment Limited, Bondeast Private Limited and Hedy S.C. Yap Chua vs. Jonathan Y. Dee, Alvin Y. Dee, Joanna Y. Dee-Laurel, George E. Sycip, Teresita S. Ladanga, Grace S. Dogillo, Arak Ratborihan, Raymond K.H. See, Marie Grace T. Vera Cruz, Antonio C. Pacis, and John and Jane Does, NPS Docket No. XVI-INV-16B-01028

The complainants are shareholders of ASFII who allege that the respondents improperly used their investment in the Company to engage in supposedly illegal activities and transactions. The Complaint also stated that damage and prejudice was caused to the complainants as a result of respondents' actions, which included the alleged diminution of complainants' property rights due to a supposedly deliberate dilution of the complainants' shareholdings in ASFII. The complainants further asserted that their proportionate rights as shareholders were diminished, such as their entitlement to representation in the Board of Directors of ASFII.

The complainants submitted a Supplement to the Joint Complaint-Affidavit to include the supposed damage incurred by the complainants when they were not elected to the Board of Directors of the Company during the Annual Stockholders Meeting on 01 March 2016. Preliminary investigation hearings were held on March 22, 2016, March 28, 2016 and April 5, 2016.

Meanwhile, Jonathan Dee, Alvin Dee, Joanna Dee-Laurel, and Tess Ladanga (Perjury Complainants) filed a complaint for perjury against Yap-Chua.

In a Joint Resolution dated July 12, 2016, the Investigating Prosecutor dismissed the complaint for syndicated estafa, falsification of public documents and perjury.

Both Syndicated Estafa and Falsification Complainants and Perjury Complainants filed their respective Petition for Partial Review with the DOJ. On March 31, 2017, the DOJ issued a Resolution affirming the dismissal of the complaints.

<u>Certain Relationships and Related Transactions</u>

The Company has had no transactions covered under Part IV (D)(1) of Annex "C" of SRC Rule 12 in the last two (2) years, or those involving the Company or any of its subsidiaries in which an incumbent director, executive officer or stockholder owning ten percent (10%) or more of the total outstanding shares of the Company and members of their immediate family had or is to have a direct or indirect material interest, other than those disclosed below:

a. Effective January 1, 2017, the Company entered into a Consultancy Agreement with Strongoak, Inc. Currently, Strongoak, Inc. owns 55.32% of the Company.

Note 13 of the Notes to the Consolidated Financial Statements as of December 31, 2016 on the Company's related party transactions are incorporated by reference.

Other than as disclosed above, and as indicated in the Consolidated Financial Statements as of December 31, 2016, the Company has not entered into any other related party transactions, or with parties that fall outside the definition of "related parties" but with whom the Company or its related parties have a relationship that enables the parties to negotiate the terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

Item 6. Compensation of Directors and Executive Officers

The following summarizes the executive compensation received by the CEO and the top four (4) most highly compensated officers of the Company for 2014, 2015, and 2016 (estimate). It also summarizes the aggregate compensation received by all the officers and directors, unnamed.

	Year	Salaries Amounts in ₱'000	Bonuses/Other Income Amounts in ₱'000
CEO and the four most highly compensated officers named above	2014	₱ 10,723	₱ 891
	2015	₱ 12,998	₱ 268
	2016	₱ 14,885	₱ 235
	2017 (est.)	₱ 15,080	₱ 239
Aggregate compensation paid to all officers and directors as a group unnamed	2014	₱ 23,266	₱ 2,109
	2015	₱ 19,624	₱ 393
	2016	₱ 23,360	₱ 578
	2017 (est.)	₱ 25,610	₱ 568

The following are the Company's top five (5) compensated executive officers as of December 31, 2016:

Name of Officer	Position/ Title
Ma. Kristina P. Ambrocio	Asst. Corporate Secretary and Compliance Officer
Lisa Angela Y. Dejadina	SVP- Business Development & Operational Excellence
Christopher Paul M. Manese	Sales Manager
Edward Noma	Procurement Manager
Raymond K.H. See	President and CEO/ Director

Compensation of Directors

On 21 January 2016, the Company's Board of Directors adopted a policy, effective immediately, setting directors' per diems at P10,000 per attendance at Board meetings, and P5,000 per attendance at Committee meetings.

Under the amended By-Laws, as compensation, the Board shall receive and allocate an amount of not more than 10% of the Company's net income before income tax during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the shareholders representing at least majority of the outstanding capital stock at a regular or special meeting of the shareholders. The directors did not receive any such compensation in 2016.

Employment Contracts, Termination of Employment, Change-in-control arrangements

Other than the usual employment contracts, there are no existing employment contracts with executive officers. Furthermore, there are no special retirement plans for executives.

There is also no arrangement for compensation to be received from the Company in the event of a change in control of the Company.

Significant Employees

No single person is expected to make a contribution more significant than others to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

Item 7. Independent Public Accountants

The appointment of the Company's independent auditors for the fiscal year 2017 will be submitted to the shareholders for approval and ratification at the Meeting.

The Audit Committee has recommended, and the Board of Directors has approved, the re-appointment of the accounting firm of Reyes Tacandong & Co. (Reyes Tacandong) as the Company's independent auditors. Reyes Tacandong was first appointed as the Company's independent auditors in 2015. Mr. Emmanuel V. Clarino is the partner-in-charge of Reyes Tacandong.

Representatives of Reyes Tacandong will be present at the Meeting, and will have an opportunity to make a statement, if they desire to do so; and to respond to appropriate questions from shareholders.

The Company has been advised that the Reyes Tacandong auditors assigned to render audit-related services have no shareholdings in the Company, or a right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, consistent with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

External Audit Fees and Services

<u>Audit and Audit-Related Fees</u>

The following table sets out the aggregate fees billed for professional services rendered by the Company's independent auditors for each of the last three (3) fiscal years:

Audit and Audit-Related Fees	2016	2015	2014
Regular Audit	₱ 1,000,000	₱ 1,000,000	₱ 1,200,000
Review of proposed increase in ACS	-	-	-
Long Form Audit	-	-	-
Review of Forecast	-	-	-
All Other Fees	150,000	150,000	180,000

Total Audit and Audit-Related Fees	**₱ 1,150,000**	**₱ 1,150,000**	**₱ 1,380,000**

Tax Fees

There were no tax-related services rendered by the independent auditors other than the assistance rendered in the preparation of the income tax returns which formed part of the regular audit engagement.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

As stated above, Reyes Tacandong was first appointed to be the Company's independent auditors for 2015. Reyes Tacandong succeeded Navarro Amper & Co. (Navarro Amper), who was the Company's independent auditors for 10 years prior to 2015. Other than that, there was no change in the Company's independent accountants during the three most recent calendar years or in any subsequent interim period.

There has been no disagreement with either Reyes Tacandong or Navarro Amper on accounting and financial disclosure.

Item 8. Compensation Plans

No action is to be taken by the shareholders at the Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken at the Meeting with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

No action is to be taken at the Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information related to Items 9 and/or 10

As stated above, no action is to be taken at the Meeting with respect to the matters under Items 9 (Authorization or Issuance of Securities Other than for Exchange) and 10 (Modification or Exchange of Securities).

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken at the Meeting with respect to any transaction involving the following:

a) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company;

b) the acquisition by the Company or any of its security holders of securities of another person;

c) the acquisition by the Company of any other going business or of the assets thereof;

d) the sale or other transfer of all or any substantial part of the assets of the Company; or

e) the liquidation or dissolution of the registrant.

Item 13. Acquisition or Disposition of Property

No action is to be taken at the Meeting with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action is to be taken at the Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Action is to be taken on the reading and approval of the following:

1. Minutes of the Previous Stockholders' Meeting

The Minutes of the 2016 Annual Stockholders' Meeting held on June 28, 2016 is posted on the Company's website (www. http://allianceselectfoods.com/home/our-company/) and also available for inspection by stockholders at the principal offices of the Company. Copies thereof will also be made available upon request at the venue of the Meeting.

The matters taken up during the said Meeting on June 28, 2016 are as follows: (i) reading and approval of the minutes of the 2015 Annual Stockholders' Meeting held on March 1, 2016; (ii) presentation and approval of the Management Report and Audited Financial Statements for the year ended December 31, 2015; (iii) ratification and approval of the acts of the Board of Directors and Executive Officers; (iv) appointment of independent external auditors; (v) election of Directors, including Independent Directors.

The resolution to be adopted will be for the approval of the minutes of the 2016 Annual Stockholders' Meeting held on June 28, 2016.

2. Management Report

The Company's Annual Report which includes the Audited Financial Statements for 2016, will be submitted for approval by the stockholders. Copies of the Annual Report, the Company's unaudited interim financial statements for the first quarter of 2017 on SEC Form 17-Q ("First Quarter Report"), the Audited Financial Statements, together with the Management Report for 2016, are attached to this Information Statement. Upon written request of a shareholder, the Company shall furnish such shareholder with printed copies of the said Annual Report and First Quarter Report as filed with the SEC, free of charge. The contact details for obtaining such copy are on Page 27 of this Information Statement.

The resolution to be adopted will be the approval of the Management Report and the Audited Financial Statements of the Company for the year ended December 31, 2016.

Item 16. Matters not required to be submitted

There are no matters or actions to be taken up at the Meeting that will not require the vote of the stockholders as of the record date.

Item 17. Amendment of Charter, Bylaws or Other Documents

No action is to be taken at the Meeting with respect to any amendment of the Company's charter, by-laws or other documents.

Item 18. Other Proposed Action

Action is to be taken on the ratification and approval of the acts of the Board of Directors and executive officers.

1. Acts of the Board of Directors and Executive Officers

All acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors and/or the officers of the Company during the past corporate year will be submitted for ratification and approval of shareholders. These refer to the actions taken by the Board of Directors at its meetings held on January 21, March 1 and 7, April 7 and 29, May 3 and 7, August 8, and November 8, 2016, and February 10, March 14, and April 4, 2017. The acts of officers referred to are those that implemented the actions taken by the Board. A summary of significant actions of the Board, as set forth in the Minutes of meetings, is provided below.

At a Special Meeting held on January 21, 2016, the Board appointed Mr. Sofio S. Angulo, Jr. as the Company's Chief Finance Officer, Treasurer, and Chief Information Officer. Also, the Board approved the setting of the adjourned 2015 Annual Stockholders' Meeting on March 1, 2016.

At the same meeting, the Company's Board of Directors adopted a policy, effective immediately, setting directors' per diems at P10,000 per attendance at Board meetings, and P5,000 per attendance at Committee meetings.

At the organizational meeting held on March 1, 2016, the Board of Directors elected the officers of the Company, and constituted the Board Committees for the remainder of the corporate year 2015-2016.

At the regular meeting on March 7, 2016, the Board approved the 2016 Business Plan and Budget.
At the same meeting, the Board authorized the sale of PT Van De Zee's vessels, and the Company's acquisition of PT Van De Zee shares of PT Khatulistiwa Bitung Jaya and PT Ichthys Minahasa Raya for the purpose of winding down of the operations of the PT Van De Zee. The Board also approved the renewal of the Company's USD 5.5 Million credit facility with Bangkok Bank.

During the meeting on April 7, 2016, the Board authorized the waiver of the Company's pre-emptive right to subscribe to FDCP's issuance of 7.5 million shares.

At the April 29, 2016 special meeting, the Board approved the Audited Financial Statements for the year ended December 31, 2015.

At the special meeting on May 3, 2016, the Board set the date of the 2016 Annual Stockholders' Meeting on June 28, 2016 at 2:30 PM, with record date of May 18, 2016. The deadline for the submission of nominations for directors to be elected at the 2018 Annual

Stockholders Meeting was also set on May 18, 2016, while the deadline for the submission of proxies is on June 17, 2016.

At the regular meeting on May 6, 2016, the Board approved the Company's financial results for the 1st quarter of 2016. The Board also ratified the Company's Executive Committee's approval of the establishment of a Php 260 Million Credit Facility with Security Bank.

During the same meeting, the Board approved the adjustments on the planned use of the SRO Proceeds; and the proposal to convert the advances made by the Company to Big Glory Bay Salmon & Seafood Company, Inc. (BGB) into equity, equivalent to 125 million shares of BGB.

Lastly, the Board approved the appointment of Reyes Tacandong & Co. as the company's independent external auditors for 2016.

At the meeting held on August 8, 2016, the Board of Directors elected the Company's officers and constituted the Board committees for the corporate year 2016-2017.

At the same meeting, the Board approved the Company's financial results for the 2nd quarter of 2016.

At the November 8, 2016 regular meeting, the Board approved the Company's financial results for the 3rd quarter of 2016. The Board also approved the revised Manual of Authorities of the Company at the same meeting.

At the regular meeting held on February 10, 2017, the Company elected Ms. Johweelyn B. Liao as Treasurer and Chief Financial Officer of the Company. At the same meeting, the Board authorized the Company to enter into a consultancy/ advisory agreement with Strongoak, Inc. for business development, financial advisory and administrative support. Also at the same meeting, the Board authorized the Company to enter into a P10 million credit line agreement with Land Bank of the Philippines.

At the regular meeting held on March 14 2017, the Board approved the Company's business plan and budget for 2017.

At the same meeting, the Board set the date of the 2017 Annual Stockholders' Meeting on June 15, 2017 at 2:30 PM. The Board also set the deadline for submission of nominations of directors to be elected at the 2017 Annual Stockholders Meeting was also set on May 2, 2017, while the deadline for the submission of proxies was set on June 8, 2017.

At the Board meeting held on April 4, 2017, the Board approved the Company's financial results for 2016. The Board also approved the retirement of Ms. Grace S. Dogillo as Vice President – Finance at the same meeting.

At the special meeting held on April 11, 2017, the Board approved the Company's audited financial statements for 2016. At the same meeting, the record date for the 2017 Annual Stockholders' Meeting was set on April 28, 2017.

At the regular Board meeting held on May 9, 2017, the Board approved the financial results for the first quarter of 2017.

Item 19. Voting Procedures

Stockholders of record as of April 28, 2017 may vote at the Meeting. Stockholders have the right to vote in person or by proxy.

Registration of stockholders and proxies attending the meeting will open at 1:00 p.m. of June 15, 2017.

Approval of the matters requiring stockholder action as set forth in the Agenda and in this Information Statement would require the affirmative vote of stockholders owning at least a majority of the outstanding voting capital stock.

In the election of directors, cumulative voting may be adopted. On this basis, each stockholder as of April 28, 2017 may vote the number of shares registered in his name for each of the directors to be elected, or he may multiply the number of shares registered in his name by the number of directors to be elected, and cast the total of such votes for one (1) director, or he may distribute his votes among some or all of the directors to be elected. The nominees with the greatest number of votes will be elected directors. Voting/ balloting for regular directors will be separate from voting/ balloting for independent directors.

The Company will distribute the Definitive Information Statement and proxy form to shareholders on May 24, 2017. The proxy form contains each item on the Agenda that requires shareholders to vote "YES", "NO" or "ABSTAIN". In the case of the election of directors, the names of each of the nominees are listed in the proxy with space for the shareholder to indicate his or her vote for or against each of the nominees.

The voting at the Stockholders' Meeting will be by balloting. Shareholders who are present and did not submit proxies before the meeting will be given ballots upon registration. In the case of proxies submitted prior to the meeting, the proxy designated by the stockholder to represent them at today's meeting will be provided with ballots for casting in accordance with the stockholders' instructions, as indicated in the proxy.

The Corporate Secretary and Assistant Corporate Secretary will be responsible for the tabulation of votes at the Meeting. Results of the voting by shareholders will be announced for each item on the Agenda requiring the vote of shareholders. The tabulation and results of the voting shall be duly disclosed and shall be made available on the Company's website on the business day following the meeting.

This voting procedure shall also be announced at the start of the meeting.

PART II.

PLEASE SEE SEPARATE PROXY FORM

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 18, 2017.

By:

BARBARA ANNE C. MIGALLOS
Corporate Secretary

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A PRINTED COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, AS FILED WITH THE SEC, FREE OF CHARGE. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:

ATTY. BARBARA ANNE C. MIGALLOS
Corporate Secretary
Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City 1605

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PART II

PLEASE FILL UP AND SIGN THIS PROXY AND RETURN IMMEDIATELY TO THE CORPORATE SECRETARY.
A RETURN ENVELOPE IS PROVIDED FOR YOUR CONVENIENCE.

PROXY FORM

The undersigned stockholder of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "Company") hereby appoints **MR. RAYMOND K. H. SEE** or in his absence, the **CHAIRMAN OF THE MEETING**, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **2017 Annual General Meeting of Stockholders** of the Company to be held on **June 15, 2017 at 2:30 p.m.** at the **The Linden Suites, 37 San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila 1600.**, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of the adjourned 2016 Annual Stockholders' Meeting held on June 28, 2016

   ☐ Yes ☐ No ☐ Abstain

2. Approval of the Annual Report and Audited Financial Statements for 2016

   ☐ Yes ☐ No ☐ Abstain

3. Ratification and approval of the acts of the Board of Directors and executive officers for the corporate year 2016-2017

   ☐ Yes ☐ No ☐ Abstain

4. Appointment of Reyes Tacandong & Co. as independent auditors

   ☐ Yes ☐ No ☐ Abstain

6. Election of Directors

   Vote for nominees listed below:

   Regular Directors:
   1. ☐ George E. SyCip
   2. ☐ Marie Grace T. Vera Cruz
   3. ☐ Raymond K.H. See
   4. ☐ Antonio C. Pacis
   5. ☐ Joseph Peter Y. Roxas

   Independent Directors:
   1. ☐ Erwin M. Elechicon
   2. ☐ Dobbin A. Tan

   ☐ Withhold authority for all nominees listed above

   ☐ Withhold authority to vote for the nominees listed below:

   ____________ ____________
   ____________ ____________
   ____________ ____________

7. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

______________________ **DATE**	______________________ **PRINTED NAME OF STOCKHOLDER**
	______________________ **SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY**

THIS PROXY SOLICITATION IS MADE BY OR ON BEHALF OF THE COMPANY. THIS PROXY SHOULD BE RECEIVED BY THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY ON OR BEFORE **JUNE 6, 2017**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED BY THE PROXY HEREIN DESIGNATED FOR THE APPROVAL OF THE MATTERS STATED ABOVE, AND FOR THE ELECTION OF NOMINEES FOR DIRECTORS AT HIS DISCRETION.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. PROXIES EXECUTED BY BROKERS MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER. FORMS OF THE CERTIFICATION MAY BE REQUESTED FROM THE OFFICE OF SECURITIES TRANSFER SERVICES, INC. (TEL NO. [02]-4496157)

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON. THIS PROXY SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE BOX HEREIN PROVIDED.

This solicitation is primarily by mail; however, incidental personal solicitation may also be made by the officers, directors and regular employees of the Company whose number is not expected to exceed fifteen and who receive no additional compensation therefor. The Company bears the cost, estimated not to exceed P3 million, of preparing and mailing this proxy form and other materials furnished to stockholders in connection with this proxy solicitation and the expenses of brokers who may mail such materials to their customers.

No director or executive officer, nominee for election as director, or associate of such director, executive officer or nominee, of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DOBBIN A. TAN**, Filipino, of legal age, with address at the U301, 38 Rockwell Drive cor. Palma Street, Makati City, Metro Manila, hereby declare under oath that:

1. I am nominated for re-election as Independent Director of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "**Company**"), a corporation duly organized and existing under Philippine law, with principal office at Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila., at the Company's 2017 Annual Stockholders' Meeting to be held on June 15, 2017. I have been Independent Director of the Company since March 1, 2016.

2. I am also currently affiliated with the following companies or organizations:

Company	Position	Period of Service
Xavier School, Inc.	Treasurer	April 2014 to Present
PhilEquity Fund, Inc.	Independent Director	March 2014 to Present
New Sunlife Ventures, Inc.	President	January 2013 to Present
Information Gateway Group (Rising Tide Mobile Entertainment, Inc., I-Gateway Mobile Philippines, Inc., and G-Gateway Mobile, Philippines, Inc.)	President	November 2016 to Present
Red Rock Security, Inc.	President	November 2016 to Present

3. I possess all of the qualifications and none of the disqualifications to serve as Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), the 2015 Implementing Rules and Regulations of the SRC (the "**SRC Rules**"), and other issuances of the Securities and Exchange Commission ("**SEC**").

4. I am not related to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders under Rule 38.2.3 of the SRC Rules, or otherwise.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected with any government agency or instrumentality.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the SRC, SRC Rules, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 11th day of May 2017 at Makati City.

DOBBIN A. TAN
Affiant

SUBSCRIBED AND SWORN to before me this 11th day of May 2017, affiant exhibiting to me his Competent Evidence of Identity consisting of his Philippine Passport No. EC0552843 issued on 13 March 2014 at DFA - Manila, expiring on 12 March 2019 bearing his photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc No. 60
Page No. 13
Book No. I
Series of 2017.

SALVADOR PAOLO A. PANELO, JR.
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-499 (2016-2017)
COMMISSION EXPIRES ON DECEMBER 31, 2017
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 5913988; Makati City; 1/05/17
IBP O.R. No. 1061055; Quezon City; 1/10/17
TIN 259-695-947
Attorney's Roll No. 59810, MAY 2011

C2350 DAT Independent Director Cert 2017 ASPII IS FINAL (11MAY17) spp74

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ERWIN M. ELECHICON**, Filipino, of legal age, with address at the 38 Gentleness St., Multinational Village, Parañaque City, Metro Manila, hereby declare under oath that:

1. I am nominated for re-election as Independent Director of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "**Company**"), a corporation duly organized and existing under Philippine law, with principal office at Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila., at the Company's 2017 Annual Stockholders' Meeting to be held on June 15, 2017. I have been Independent Director of the Company since June 16, 2014.

2. I am also currently affiliated with the following companies or organizations:

Company	Position	Period of Service
Silver Machine Digital Communications, Inc.	Chairman	September 2014 to Present
Petronas Dagangan Berhad (Malaysia)	Director	August 2014 to Present
U-Bix Corporation	Director	July 2012 to Present
Assurant BPO Solutions, Inc.	Chairman	November 2011 to Present
Ateneo de Iloilo – Sta. Maria Catholic School	Member of Board of Trustees	June 2013 to Present
P&Gers Fund, Inc.	President and Member of Board of Trustees	January 2006 to Present

3. I possess all of the qualifications and none of the disqualifications to serve as Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), the 2015 Implementing Rules and Regulations of the SRC (the "**SRC Rules**"), and other issuances of the Securities and Exchange Commission ("**SEC**").

4. I am not related to any director, officer, or substantial shareholder of the Company, any of its related companies, or any of its substantial shareholders under Rule 38.2.3 of the SRC Rules, or otherwise.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected with any government agency or instrumentality.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the SRC, SRC Rules, the Code of Corporate Governance for Publicly Listed Companies, and other SEC issuances.

8. I shall inform the Corporate Secretary of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 9th day of May 2017 at Makati City.

ERWIN M. ELECHICON
Affiant

SUBSCRIBED AND SWORN to before me this 9th day of May 2017, affiant exhibiting to me his Competent Evidence of Identity consisting of his Philippine Passport No. EC0751549 issued on 3 April 2014, expiring on 2 April 2019 bearing his photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 406;
Page No.: 83;
Book No.: II;
Series of 2017.

MA. CONCEPCION Z. SANDOVAL
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-497 (2016-2017)
COMMISSION EXPIRES ON DECEMBER 31, 2017
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 5913967; Makati City; 1/05/17
IBP O.R. No. 1061058; Rizal; 1/10/17
TIN 908-983-782
Attorney's Roll No. 54717, MAY 2007

C2350 EME Independent Director Cert 2017 ASFI IS (5MAY17) spp74/bcm358-jo

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION

I, **BARBARA ANNE C. MIGALLOS**, of legal age, Filipino, and with office address at 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, hereby depose and state under oath that:

1. I am the Corporate Secretary of **ALLIANCE SELECT FOODS INTERNATIONAL, INC**. (the "Company"), a corporation organized and existing under Philippine law, with principal office address at **Unit 1206, East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City, Metro Manila**.

2. I hereby certify that the following incumbent Directors of the Company are not connected with any government agency or instrumentality:

a) Mr. Antonio C. Pacis
b) Mr. George E. SyCip
c) Mr. Raymond K. H. See
d) Ms. Marie Grace T. Vera Cruz
e) Mr. Erwin M. Elechicon (Independent Director)
f) Mr. Dobbin A. Tan (Independent Director)
g) Mr. Joseph Peter Y. Roxas

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 4th day of May 2017, affiant exhibiting to me her Community Tax Certificate No. 25010154 issued on 5 January 2017 at Makati City, and her Passport No. EC0356963 issued on 20 February 2014 at DFA Manila, expiring on 19 February 2019 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 56;
Page No.: 13;
Book No.: I;
Series of 2017.

SALVADOR PAOLO A. PANELO, JR.
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-499 (2016-2017)
COMMISSION EXPIRES ON DECEMBER 31, 2017
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 5913968; Makati City; 1/05/17
IBP O.R. No. 1061055; Quezon City; 1/10/17
TIN 259-695-947
Attorney's Roll No. 59810, MAY 2011

C2350 ASFII Certification Directors govt eso rev (4MAY17) epp74

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

MANAGEMENT REPORT

I. Consolidated Audited Financial Statements

The consolidated financial statements of Alliance Select Foods International, Inc. (the "Company") and its subsidiaries for the period ended December 31, 2016 in compliance with SRC Rule 68, as amended, and the Company's unaudited interim financial statements for the first quarter of 2017 or the period ended March 31, 2017 on SEC Form 17-Q, are attached to the Information Statement and are incorporated herein by reference. Copies of the said financial statements are also uploaded on the Company's website (http://allianceselectfoods.com/).

II. Disagreements with Accountants on Accounting and Financial Disclosure

Reyes Tacandong & Co. was appointed as the external auditor of the Company for the year 2016. There were no disagreements with the Company's independent external auditors, Reyes Tacandong & Co regarding the financial statements of the Company for the year 2016.

III. The Company

Alliance Select Foods International, Inc. is a public corporation under Section 17.2 of the Securities Regulation Code (SRC) and was registered in the Philippine Securities and Exchange Commission (SEC) on September 1, 2003 as Alliance Tuna International, Inc. It started commercial operations in 2004 to engage in tuna processing, canning, and the export of canned tuna products in General Santos City, Mindanao, Philippines. On November 8, 2006, the Company's shares were listed on the PSE through an initial public offering. The name of the Company was changed to Alliance Select Foods International, Inc. on July 22, 2010 to reflect the Company's plan to diversify its product line and take advantage of its manufacturing expertise and global marketing channels to introduce new products.

The Company's key business activity is the processing, canning, and export of canned tuna. It exports its canned tuna products to Europe, North America, Asia, Africa, Middle East, and South America. It is primarily a "private label manufacturer" of canned tuna and processes and cans tuna in the institutional and retail pack can sizes using its customers' brands.

ASFII also produces fishmeal, which it sells to the domestic feeds market and to traders.

The following table presents the Company's major corporate milestones from the date of incorporation up to present:

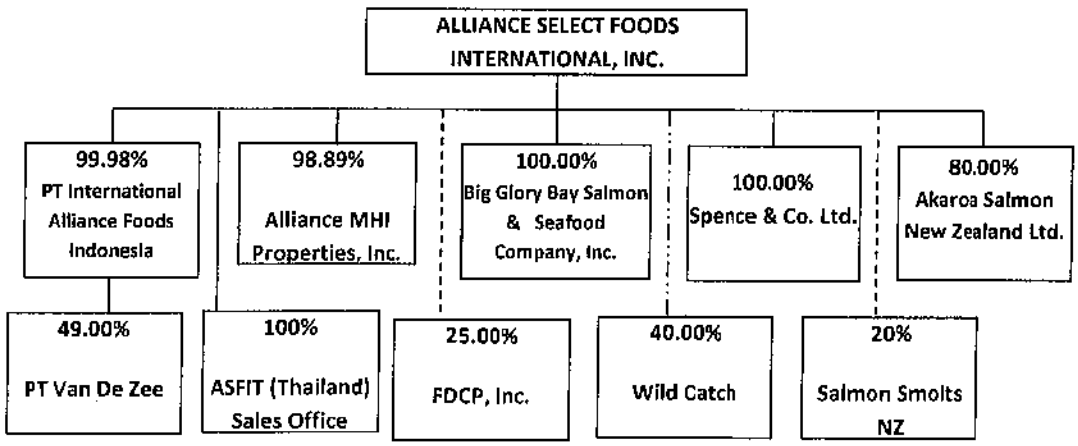
Date	Milestone
September 2003	Incorporated as Alliance Tuna International, Inc.
May 2004	Opened a representative office in Bangkok, Thailand.
September 2005	Acquired 40.00% stake in FDCP, Inc. ("FDCP"), a tin can producing company in General Santos City, Mindanao, Philippines.

November 2006	Listed on the PSE.
May 2008	Established PT International Alliance Foods Indonesia ("PT IAFI") to expand tuna processing business to Indonesia.
January 2009	Acquired 39.00% stake in Prime Foods New Zealand, Ltd. ("PFNZ") (a smoked salmon processor based in New Zealand) in January and increased to 50.00% stake plus one (1) share in December 2009.
October 2009	Established Big Glory Bay Salmon & Seafood Company, Inc. ("BGB") to process salmon in the Philippines.
June 2010	Jointly established Alliance MHI Properties, Inc. ("AMHI") with Mingjing Holdings, Inc. ("MHI"). The Company owned a 40.00% stake in AMHI.
July 2010	Renamed the Company as "Alliance Select Foods International, Inc."
April 2011	Established ASFI Choice Foods, Inc. as an investment vehicle in the USA.
July 2011	Undertook its first stock rights offering to raise equity for the acquisition of Spence & Company Ltd. ("Spence").
August 2011	BGB processing plant started operations. Acquired 100.00% stake in Spence, a smoked salmon and seafood processor based in the US.
May 2012	Set up PT Van De Zee ("VDZ"), a subsidiary of PT IAFI in Indonesia, to diversify the Company's supply of tuna.
September 2012	Acquired six (6) fishing vessels (in addition to one fishing vessel previously acquired) from a commercial fishing company in the Philippines by virtue of "dacion en pago".
October 2012	Acquired 80.00% stake in Akaroa Salmon New Zealand Ltd. ("Akaroa") to expand operations to include fresh salmon farming.
January 2013	Established Alliance Select Foods Pte. Ltd. ("ASF"), a Singapore based wholly-owned subsidiary whose primary activity will be that of a general wholesaler and trader and an investment holding company. At present, this subsidiary is not operating.
March 2013	Jointly established Wild Catch Fisheries, Inc. ("WCFI") with CHL Fishing Industry, Inc. ("CHL") and CHL Construction & Development Enterprises, Inc. ("CHLC"). WCFI is a joint venture fishing company.
May 2014	Completed a private placement transaction with Strongoak Inc. to finance the Company's working capital requirements.
April 2015	Executed a Supplemental Agreement to the Joint Venture (JVA) with CHL and CHLC regarding WCFI on the basis of which, the Company shall have no further funding liability or obligation under the JVA.
May 2015	Cancelled the sale of vessels between the Company and WCFI resulting in the reversion of ownership of such vessels to the Company.
August 2015	Completed its second stock rights offering to increase working capital, repay loans and invest in capital expenditures including

	equipment.
October 2015	Divested from PFNZ and increased ownership interest in BGB from 68% to 100%.
November 2015	ASFI Choice Foods, Inc. was voluntarily dissolved.
December 2015	ASFII subscribed to preferred shares arising from the increase in authorized capital stock of AMHI, resulting in ASFII's 98.89% ownership of AMHI.
March 2016	ASFII approved the cessation of operations of PT Van Dee Zee.
May 2016	ASFII did not subscribe to the additional issuance of common shares by FDCP, resulting to a reduction of ASFII's ownership of FDCP to 25%
November 2016	ASFII subscribed to an additional 125,000,000 shares of BGB's increase in authorized capital stock.

The Company is a processor and exporter of canned tuna and smoked salmon. It commits to manufacture, in partnership with its global customers and local suppliers, high quality food products from naturally sustainable sources. As part of the Company's expansion strategy to secure its own raw materials, it invested in several companies that are into, among others, salmon farming.

The following presents the conglomerate map of the Company's operating subsidiaries and affiliates, including its corresponding percentage of ownership as of March 31, 2016.



The following discussion describes briefly the operating subsidiaries and affiliates of the Company:

On May 2004, the Company set up a marketing representative office in Bangkok, Thailand, to tap the network of buyers and brokers who use Thailand as a base to buy canned tuna.

On September 2005, the Company acquired a 40% stake in FDCP, a can-manufacturing company, to ensure the availability of quality cans at competitive prices and sustainable supply.

On May 2008, the Parent Company established a subsidiary PT IAFI which acquired the assets of an Indonesian tuna cannery located in Bitung, in the island of North Sulawesi. The Parent Company owns 99.98% of PT IAFI. A complete renovation of the factory and upgrade of capacity to 90 metric tons per day was undertaken. This investment in Indonesia allows PT IAFI access to rich Indonesian marine resources and expanded the combined operating capacity of the two canned tuna processing facilities to 230 metric tons per day. PT IAFI started operations in July 2009 and is primarily engaged in canned fish processing.

To ensure consistent supply of tuna, its primary raw material, PT IAFI set up PT Van de Zee (PT VDZ), a fishing company in Indonesia on May 2012 with an initial stake of 80%. In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51%. Currently, PT IAFI owns 49% of PT VDZ. However, due to subsequent changes in Indonesian fishing regulations restricting foreign commercial fishing, VDZ is currently not in operation.

As part of the Parent Company's product diversification strategy, it invested in a New Zealand based processor of smoked salmon in January 2009. The initial investment of a 39.00% stake in PFNZ was later increased to 50% plus 1 share. PFNZ was originally engaged in the business of processing, manufacturing, and distributing smoked salmon and other seafood under the Prime Smoke and Studholme brand, for distribution in New Zealand and other countries. PFNZ also later operated as BGB's sales channel for its export sales. On October 2015, the Parent Company divested its interest in PFNZ.

On October 2009, the Parent Company and PFNZ established a joint-venture company called BGB that imports salmon from New Zealand, Chile and Norway, among others, and processes it in General Santos City, Mindanao, Philippines. The smoked salmon products from BGB are sold locally and abroad. On October 2015, the Parent Company accepted PFNZ's BGB shares as partial payment for PFNZ's payment obligations to the Parent Company, offsetting previous shareholders' advances made by the Parent Company to PFNZ. This had the effect of BGB now being a 100% subsidiary of the Company.

On June 18, 2010, AMHI, a property holding company, was established. The Parent Company owns a 40.00% stake in the affiliate, while MHI, a Filipino company, owns the remaining 60.00% stake. AMHI's registered address is at Purok Saydala, Barangay Tambler, General Santos City.

On November 11, 2015, the AMHI Board approved ASFII's application for subscription of 54,000,000 preferred shares arising from the increase in authorized capital stock of AMHI. AMHI's application for increase in capital stock to P60,000,000.00 divided into (i) 4,000,000 common shares with a par value of P1.00 per share and (ii) 56,000,000 preferred shares with a par value of P1.00 per share was approved by the Securities and Exchange Commission on December 23, 2015. ASFII now owns 98.89% of AMHI.

On August 10, 2011, the Parent Company acquired 100% of the issued share capital of Spence, located in Brockton, Massachusetts, USA. Spence, which became a wholly owned subsidiary of the Parent Company, specializes in the production of smoked salmon and other seafood. It is one of the leading salmon processors in the USA with extensive network of clients nationwide. Its products set the industry benchmark and are available in major supermarkets in the USA. The investment has given the Parent Company a beachhead to process and distribute smoked salmon products in the USA, the world's largest market for smoked salmon. The investment in salmon processing allows the Parent Company to diversify its product line to take advantage of the changing food consumption patterns around the globe, address the issue of sourcing raw materials, and improve overall margins and profitability.

As part of its backward integration initiatives, the Parent Company acquired an 80% stake in Akaroa in October 2012. With its principal office in Christchurch, New Zealand, Akaroa is engaged in the business of sea cage salmon farming and is among the pioneers of farmed salmon industry in New Zealand. It also processes fresh and smoked salmon and has established itself as the premium quality brand in the country over the years. Akaroa has been the recipient of various awards and accolades from New Zealand's food industry, the latest being the Cuisine Artisan Awards 2011 in which its Hot Smoked Salmon was declared the winner. It operates two marine farms in the pristine cold waters of Akaroa Harbor in the country's South Island to rear the King, or Chinook, salmon. Akaroa holds a 20% stake in Salmon Smolt NZ Ltd., a modern hatchery guaranteeing high quality and consistent supply of smolts (juvenile salmon) for Akaroa's farms.

In 2016, the Parent Company subscribed to the additional 125,000,000 shares of BGB when it increased its authorized capital stock. ASFII still maintains 100% ownership over BGB. On the other hand, the Parent Company did not subscribe to the additional issuance of 7,500,000 shares of FDCP thereby reducing its ownership to 25%.

PRODUCT LINES

The Company's products lines are composed of three (3) groups, namely, canned tuna, raw and smoked salmon, and fishmeal.

Canned Tuna

The Group's Tuna Division, comprised of ASFII and PT IAFI, sells canned tuna in solids, chunks, and flakes variants, packed in oil, brine, vegetable broth, or water.

The market for canned tuna is comprised of the institutional and retail markets. The difference between the two segments is the size of the cans used. The institutional pack can is referred to in the industry as "603." The standard amount of tuna or "drained weight" contained in this can size is between 1.75 and 1.85 kg, depending on customers' specifications. The end users of the institutional cans include restaurants, hotels, and commissaries.

The retail pack can, on the other hand, is referred to in the industry as the "307". The 307 can has a drained weight between 100 and 200 grams, and is sold to wholesalers, distributors, and food companies that have their own brands. The retail can is what consumers normally purchase in supermarkets and grocery stores.

To keep up with market trends and demands, ASFII started to offer a new retail can size, known as "211" in the middle of 2005. The 211 can has a standard drained weight between 90 and 100 grams. This can size is exported to selected European countries, Japan, and the US. In 2007, it introduced new can sizes with weights of 3 kilograms, 1 kilogram, and 90 grams. In 2008, the "401" can size with a drained weight of 280 grams was added. These products are sold primarily in Europe. Another recent introduction is the 5 oz. can with a drained weight of 100 grams. This can size is sold mainly in the US.

Smoked Salmon

BGB processes King, Atlantic, and Coho salmon species and manufactures them into smoked and raw products, which range from 50 to 200 grams per pack for retail size and 500 to 1,000 grams per pack for institutional size. These are frozen and vacuum packed, and sold as fillets, steak cuts, smoked slices, and smoked cocktail cuts, under different BGB-owned brands such as Prime New Zealand, Gold Standard, and Superfish. The finished products are marketed to supermarkets and other premium quality retail outlets in Singapore, Hong Kong, Japan, and Philippines, among others.

Spence's best-selling product is the retail-sized smoked salmon ranging from 6 to 16 oz. packets. It sells the traditional and classic smoked salmon to supermarkets in the US. Salmon species that the firm smokes include Atlantic and Sockeye. In addition to these traditional products, Spence also markets value added salmon products like Nova lox, Gravlax Pastrami Salmon. These are mainly sold under the Spence brand.

Spence is also a very active player in packing retail-sized private label brands, chief among them is the private label brand of one of the more popular premium supermarket chain in the US. For one of the leading restaurants in the country, Spence produces value added smoked salmon in various flavors.

With the acquisition of Akaroa, the Group has added fresh salmon to its product line. These products are air-flown and delivered to major restaurants and hotels in New Zealand, Singapore, Philippines, USA, Hong Kong and Malaysia. In addition, Akaroa's smoked salmon has been an award winning product in the country and continues to set the benchmark in quality in New Zealand.

In April 2016, the company started trading whole fish Salmon and selling it directly to both institutional accounts and wholesalers. Given the promising results, the company started to also trade other sea food like Black Cod, Sea Bass, and US Scallops.

Fishmeal

Fishmeal is the by-product of the tuna canning and salmon processing operations. Except for the tuna and salmon loins that are used for canning and filleting, all other parts of the fish are processed to produce fishmeal that is sold as additives or primary ingredients for animal feeds.

Salmon By-Products

The Group's salmon subsidiaries also sell salmon by-products, either individually, or as part of others.

REVENUE BREAKDOWN

In 2016, the Company generated net revenues of around US$59.9 million.

<u>The percentage contribution to the Group's revenues broken down into major product lines for the period ended March 31, 207 and for the three (3) years in the periods ended December 31, 2016, 2015 and 2014 are as follows:</u>

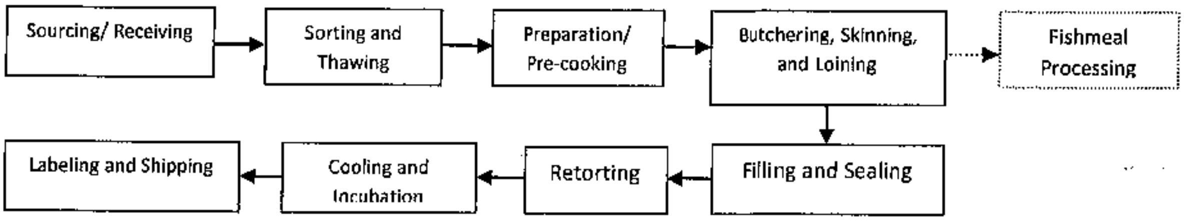
Product	***<u>March 31, 2017</u>***	***December 31, 2016***	***December 31, 2015***	***December 31, 2014***
Canned Tuna	<u>59%</u>	56%	56%	59%
Fishmeal (Local)	<u>1%</u>	2%	4%	5%
Salmon	<u>40%</u>	42%	40%	37%
Total*	<u>100%</u>	100%	100%	100%

**Numbers might not add up due to rounding errors*

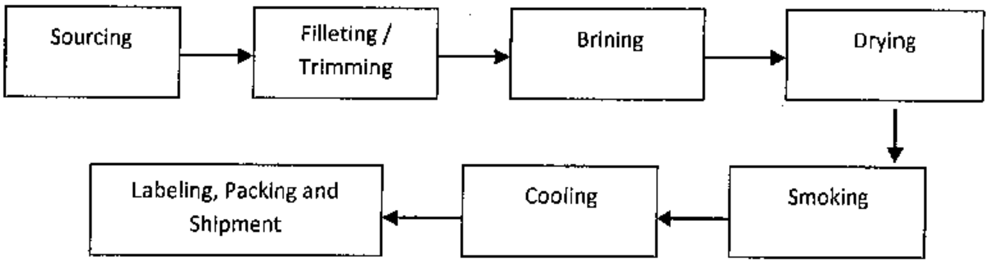
PRODUCTION PROCESS

The following diagrams present the different processes that the Company employs in producing canned tuna and smoked salmon in its processing facilities.

Canned Tuna



Smoked Salmon



IV. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of the Company's financial condition and results of operations and certain trends, risks, and uncertainties that may affect the Company's business. The discussion and analysis of the Company's results of operations is presented in four (4) comparative sections: a) The three (3) months ended March 31, 2017 with comparative figures as of December 31, 2016 and for the period ended March 31, 2016, whichever is relevant; b) the year ended December 31, 2016 with comparative figures as of December 31, 2015 c) the year ended December 31, 2015 compared with the year ended December 31, 2014; and d) the year ended December 31, 2014 compared with the year ended December 31, 2013. Disclosure relating to liquidity and financial condition and the trends, risks, and uncertainties that have had or that are expected to affect revenues and income, completes the management's discussion and analysis.

Further, the following discussion should be read in conjunction with the accompanying consolidated financial statements of Alliance Select Foods International, Inc., and its Subsidiaries (the "Group") which comprise the consolidated statements of financial position as of December 31, 2016, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended and unaudited financial statements of the Group for the period ended March 31, 2017. The financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Financial Reporting Standards

Council (FRSC) and adopted by the SEC. PFRS is an International Financial Reporting Standards equivalent.

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

Operating Performance

Three months Ended March 31, 2017 versus March 31, 2016

The table below shows the comparisons of key operating results for the three months period ended March 31, 2017 versus the same period in 2016.

	For the Three Months Ended March 31	
In USD'000	**2017**	2016
Revenue – net	**$16,819**	$14,738
Gross Profit	**1,908**	2,351
Gross Profit Margin	***11%***	*16%*
Selling and Administrative Expenses	**1,520**	1,626
Other Income	**76**	353
Other Expenses	**57**	44
Finance Costs	**199**	242
Income Before Tax	**208**	791
Income Tax Expense	**81**	272
Income for the Period	**127**	519
Attributable to:		
Equity holders of the parent	**90**	514
Non-controlling interest	**37**	6
	$127	$519

The Group's consolidated net revenues of $ 16.8 million for the first quarter of 2017 were 15% higher than the revenues of $ 14.7 million for the first quarter of 2016. The revenue increase is driven by growth in most of the subsidiaries. ASFI's revenue increased by 20% as prices were matched to the general increase of global tuna prices, coupled with an increase in volume. Notable as well was the growth from Akaroa due to the continued growth of sales to its exports markets. These were however offset by a decrease in the sales for PT IAFI due to the continued struggle with fish sourcing in the region.

In the first quarter of 2017, about 60% of total revenues were contributed by tuna and fishmeal products and the remaining 40% were contributed by salmon products similar to their share from last year.

$ 1.9 million for the first quarter of 2017 were 19% lower than the gross profit of $ 2.4 million for the first quarter of 2016. Gross margin for the total group was lower at 11% compared to 16% of prior year. This is due to the prices of raw materials and the shutdown costs affecting the operations in Indonesia.

PT IAFI's struggle to contribute revenues and operating profits is similar to the struggle of other tuna canning companies in Indonesia. Indonesian fishing regulations have restricted foreign commercial fishing in Indonesian waters, resulting in higher fish prices and significantly insufficient supply for tuna canneries across Indonesia. While management believes that unconventional sourcing strategies and cost saving initiatives may eventually reverse the financial performance of PT IAFI, it is struggling with fish sourcing and competitiveness in the meantime.

Selling and Administrative expenses during the period declined by 6% compared to the same period last year primarily due to prudence in spending undertaken by current management.

Finance costs during the period declined by 18% compared to the same period last year due to the repayment of high cost bank loans. Furthermore, efficient working capital management has also contributed to the decline in Finance costs during the period.

December 31, 2016 versus December 31, 2015

The table below shows the comparison of key operating results for the fiscal period ended December 31, 2016 versus the same period in 2015.

	Years Ended December 31		
Amount in US $'000	***2016***	***2015***	**% Change**
Revenue	$59,914	$67,916	-12%
Gross profit	3,468	6,820	-49%
Gross margin	**6%**	**10%**	
Selling & Administrative Expenses	6,771	9,772	
Normal selling & administrative			-31%
Provision for impairment	1,187	8,973	-87%
Other non-operating income			
Gain on acquisition of AMIHI & re-measurement of previously held interest	-	5,827	-100%
Finance Cost	869	1,903	-54%

Profit (Loss) for the year	**(5,899)**	**(8,023)**	**-26%**
Non-controlling interest	70	(1,630)	-104%
Profit(Loss) attributable to equity holders of the parent	(5,969)	(6,392)	-7%
Net Profit (Loss) Margin	**-10%**	**-12%**	
EBITDA	(2,760)	(5,107)	-46%
EBITDA margin	-5%	-9%	
Return on equity (ROE)	**- 17%**	**- 21%**	
Earnings (Loss) per share	**(0.0024)**	**(0.0038)**	**-45%**
Book value per share	**0.0129**	**0.0152**	**-15%**

The Group's consolidated revenues of $ 60 million in 2016 were 12% lower than the revenues of $ 68 million in 2015. In 2016, about 58% of total revenues were contributed by tuna-related products and the remaining 42% were contributed by salmon-related products. Revenues declined by 14% for the tuna-related products while revenues for the salmon-related products declined 8%. The revenue decline in the tuna business was impacted the severe fluctuation in prices of raw materials. Shipments of canned tuna declined 12% to 630 full container load (FCL) in 2016 from 712 FCLs in 2015. The volume decline in canned tuna shipped was mainly attributable to the decline in sales volume of the PT IAFI by 40% to 66 FCLs in 2016 from 109 FCLs in 2015. The decline in PT IAFI's sales volume was a result of PT IAFI's difficulty in profitably matching market prices as fish costs have continuously increased due to the prohibitive fishing regulations in Indonesia.

The revenue decline in salmon-related products was due to the Company's divestment of its PFNZ shares, resulting to a loss of PFNZ as a customer, mitigated by a 34% increase in revenues from Akaroa. BGB has been intensifying its selling efforts in increasing its local customer base and developing new export clients to compensate for the lost volume from PFNZ.

The Group's gross profits of $ 3 million in 2016 were 49% lower than gross profits of $ 7 million in 2015. The gross profit ratio dropped to 6% in 2016 from 10% in 2015 due to the negative gross profit margin in the tuna business of 6% in 2016 from a positive 1% margin in 2015. The lower volumes sold, unexpected spike in raw materials, and price compression from competition caused the negative gross profit of the tuna business. The salmon business also experienced a decline in gross profits to 20% in 2016 from 25% due to higher raw material prices.

The frequent and persistent shut downs of PT IAFI is due to its inability to source low cost fish in the region, resulting in an uncompetitive cost structure in the globally-competitive tuna canning market. PT IAFI's predicament is common to other tuna canning companies in Indonesia. Indonesian fishing regulations have made foreign commercial fishing in Indonesian waters practically impossible, resulting in higher fish prices and insufficient supply for tuna canneries across Indonesia.

The Group's normal selling and administrative expenses of $ 7 million in 2016 were 31% lower than $ 10 million in 2015. The ratio of normal selling and administrative expenses to sales decreased by 3 percentage points to 11% in 2016 from 14% in 2015. Over the past two years, the Group has successfully implemented measures to reduce operating expenses and have consistently managed costs to partially cushion the impact of the inherent volatility in raw material prices.

As part of the Company's risk management process and in line with its Accounting Policies, when the net realizable value of the inventories are lower than cost, the Company provides for an allowance for the decline in inventory value. The reversal of any provision for inventory obsolescence, arising from any increase in net realizable value, is recognized as a reduction in the inventory amount in the period when the reversal occurs. When the inventory is sold, the carrying amount of the inventory is recognized as an expense in the period when the related revenue is recognized. Property, plant and equipment are likewise measured at cost less depreciation and provision for impairment losses. In CY 2016, the Group recognized the following provisions in its books:

- Inventory write-down and allowance for inventory obsolescence for the Group totaling $794,010. The provision also accounts for the passage of time and its adverse impact on the value of unsold inventory.

- Provision for impairment of other property, plant, and equipment and other assets amounting to $314,320 primarily relating to the two (2) fishing vessels carried in ASFII Parent and PT VDZ's books.

- Provision for trade and other receivables amounting to $79,049. The Group identified specific accounts that are doubtful of collection, considering historical collection and write-off experience, and provided a provision pertaining to the amounts deemed to be uncollectible.

The Group's finance costs of $869k in 2016 were 54% lower than its finance costs of $1.9 million in 2015. The decrease was due to the settlement of long-term loans of the Company using its short-term placements. Moreover, a portion of the SRO proceeds was utilized to retire high interest loans.

The Group managed to reduce net losses by 26% to $ 6 million in 2016 from $ 8 million in 2015.

Calendar Year 2015 compared to Calendar Year 2014

The table below shows the comparison of key operating results for the calendar years 2015 and 2014.

	Years ended December 31		
Amount in US $'000	*2015*	*2014*	% Change
Revenue	$ 67,916	$ 81,262	-16%
Gross profit	6,820	7,880	-13%
Gross margin	10%	10%	
Selling & administrative			

expenses			
Normal selling & administrative expenses	9,477	8,720*	9%
Provisions for impairment	9,268	19,570*	-53%
Gain on acquisition of AMIHI & re-measurement of previously held interest	5,827	-	100%
Finance Cost	1,903	1,831	4%
Profit (Loss) for the year	(8,023)	(17,076)	-53%
Non-controlling interest	(1,630)	(640)	155%
Profit (Loss) attributable to equity holders of the parent	(6,392)	(16,436)	-61%
Net Profit (Loss) Margin	-12%	-21%	
EBITDA	(6,194)	(19,343)	-68%
EBITDA margin	-9%	-24%	
Return on equity (ROE)	-21%	-64%	
Earnings (Loss) per share	$(0.0038)	$(0.0122)	-69%
Book value per share	$0.0152	$0.0178	-14%

*Includes reclassification to align with 2015 presentation

The Group's consolidated revenues of $68 million in 2015 were 16% lower than the revenues of $81 million in 2014. The revenue decline is primarily due to lower volumes sold across the group and secondarily due to lower prices for canned tuna products sold. In 2015, about 60% of total revenues were contributed by tuna and fishmeal products and the remaining 40% were contributed by salmon products. The volume decline in canned tuna shipped was mainly attributable to the decline in sales volume of PT IAFI by 52%. The decline in PT IAFI's sales volume was a result of PT IAFI's difficulty in profitably matching low canned tuna prices to high fish costs resulting from prohibitive fishing regulations in Indonesia. The revenue decline in salmon products was due to the Company's loss of PFNZ as a customer. PFNZ accounted for more than 50% of the revenues generated by BGB in 2014.

The Group's gross profits of $7 million in 2015 were 13% lower than gross profits of $8 million in 2014. The ratio of gross profits to sales of 10% remain unchanged in 2015 from 2014. The decline in the tuna business' gross profits were offset by the increase in the gross profits of the salmon business. From 5% in 2014, the gross margin of the tuna business was 2% in 2015 because of the high cost of raw materials, lower capacity utilization, and lower selling prices due to heavy discounts given by competitors. However, the decline in the gross margins of the tuna business was offset by an increase in the margins of the salmon business.

PT IAFI's predicament is similar to other tuna canning companies in Indonesia. Indonesian fishing regulations have restricted foreign commercial fishing in Indonesian waters, resulting in higher fish prices and significantly insufficient supply for tuna canneries across Indonesia. While management believes that unconventional sourcing strategies and cost saving initiatives will eventually reverse the financial performance of PT IAFI, it is struggling with fish sourcing and competitiveness in the meantime.

The Group's normal selling and administrative expenses of $9.5 million in 2015 was 9% higher than $8.7 million in 2014. The ratio of normal selling and administrative expenses to sales increased by 3.2% to 14% in 2015 from 10.7% in 2014. The increase represents costs relating to aggressively expanding the sales team and strengthening the management team. The increase was partially offset by cost-saving initiatives.
As part of the Company's risk management process and in line with its Accounting Policies, when the net realizable value of the inventories are lower than cost, the Company provides for an allowance for the decline in inventory value. The reversal of any provision for inventory obsolescence, arising from any increase in net realizable value, is recognized as a reduction in the inventory amount in the period when the reversal occurs. When the inventory is sold, the carrying amount of the inventory is recognized as an expense in the period when the related revenue is recognized. Property, plant and equipment are likewise measured at cost less depreciation and provision for impairment losses. In CY 2015, the Group recognized the following provisions in its books:

- Inventory write down and allowance for inventory obsolescence for the Group totaling $5.3 million. The provision also accounts for the passage of time and its adverse impact on the value of unsold inventory.

- Provision for impairment of other property, plant, and equipment and other assets amounting to $3.65 million primarily relating to the two (2) fishing vessels and fishing license carried in PT VDZ's books. In 2015, Indonesian fishing regulators prohibited VDZ to operate said vessels. The Company believes that the fishing license is unlikely to be renewed given Indonesia's regulatory environment. Without the legal approval to operate in intended fishing grounds, the book value of VDZ's vessels and fishing license are unlikely to be recovered. Furthermore, some property, plant, and equipment used by PT IAFI are similarly impacted by said Indonesian regulations, resulting to additional provision for impairment.

- Provision for trade and other receivables amounting to $0.32 million. The Group identified specific accounts that are doubtful of collection, considering historical collection and write-off experience, and provided a provision pertaining to the amounts deemed to be uncollectible.

- Provision for impairment of the investment in FDCP amounting to $0.25 million. The Group is the sole customer of FDCP. Due to the Group's sourcing from alternative can suppliers, the Group believes that the book value of its investment in FDCP is unlikely to be recovered.

The Group's finance costs of $1.9 million in 2015 were 4% higher than its finance costs of $1.8 million in 2014. Management is taking several measures to reduce the Group's cash conversion cycle and subsequently reduce its financing costs. A portion of the SRO proceeds was utilized to retire high interest loans.

The Group's ownership increase in AMHI from 40% to 98.89% led to a re-measurement of previously held interest and a gain on acquisition amounting to $5.8 million.

The Group managed to reduce net losses by 53% to $8.0 million in 2015 from $17.1 million in 2014.

Calendar Year 2014 compared to Calendar Year 2013

The table below shows the comparison of key operating results for the calendar years 2014 and 2013.

	Years Ended December 31		
Amount in US $'000	***2014***	***2013***	**% Change**
Revenue	$81,262	$84,328	-4%
Gross profit	7,880	7,328	8%
Gross margin	**10%**	**9%**	
Selling & Administrative Expenses *			
Normal	8,115	8,477	-4%
Non-recurring expenses	20,175	1,538	1,212%
Finance Cost	1,831	1,761	4%
Profit (Loss) for the year	**(17,076)**	**(2,919)**	**-485%**
Non-controlling interest	(640)	(338)	-89%
Profit(Loss) attributable to equity holders of the parent	(16,436)	(2,581)	-537%
Net Profit (Loss) Margin	**-21%**	**-4%**	
EBITDA	(19,343)	(248)	-7,670%
EBITDA margin	-23.8%	-0.3%	
Return on equity (ROE)	**-64%**	**-9%**	
Earnings (Loss) per share	**($0.0121)**	**($0.0024)**	**-404%**
Book value per share	**$0.0178**	**$0.0262**	**-32%**

*As previously reported

The Group's consolidated revenue reached $81.3 million which was a 4% decrease from $84.3 million the previous year. Almost two thirds of the total revenue were contributed by the Tuna Division while the rest was contributed by the Salmon Division. Revenue of the Tuna Division declined by 9% to $52 million while revenue of the Salmon Division grew by 9% from $27 million to $30 million due to an increase in sales volume. Shipments of canned tuna totaled 823 containers versus 734 last year or an increase of 12%. Although despite higher sales volume, net revenue declined by 9% due to lower selling prices of $58 thousand per container versus $72 thousand in 2013. The lower selling price was brought about by a drop in raw material prices worldwide.

The year 2014 has been the most challenging year of the Group due to drastic and unprecedented drop of tuna prices in the global markets which led to price pressures for canning plants. After reaching a historical high of $2,390 per MT in April 2013, global raw material prices experienced a free fall in 2014, losing half of its value by April 2014 when it went down to $ 1,150 per MT. Most part of the year was spent waiting for demand to come in while the spread between the fish buying price and selling prices stayed within a very narrow band.

The Group's gross profit increased by $551 thousand or 8% from $7.3 million to $ 7.9 million. Gross margin of the tuna business declined by 1%, from 6% to 5%, while the salmon business increased from 14% to 18%, bringing the combined gross margin to 10% from 9% last year.

Save for non-recurring expenses, the Group was able to cut Selling and Administrative expenses by 4% from $8.5 million to $8.1 million as a result of a cost cutting program that the Group underwent during the period.

For the year 2014, the Group took a conservative and prudent position by recognizing non-recurring expenses amounting to $20.2 million comprising mainly of the following items:

- Inventory write down to its market value and allowance for inventory obsolescence for the Group totaling $3.2 million. These write-downs were attributable to the volatility in raw material prices leaving the Group with finished goods produced at much higher costs relative to the market prices of finished goods by year end. In response to this situation, the management decided to take the prudent position of ensuring raw materials are matched with orders. This means that only product for booked orders will be produced.

- Provision for impairment of the value of the three (3) fishing vessels amounting to $7.8 million carried in the Parent Co. books in accordance with the provision of IAS 36 on impairment of assets. This is likewise in line with the strategic direction of management regarding its plan for fishing operation.

- Provision for impairment of ASFI's receivable from Wild Catch (WCFI) as a result of the amendment of the joint venture agreement between the two parties following the sinking of one fishing vessel last September 2014. The receivable is comprised of the sale of three (3) fishing vessels and various advances to WCFI totaling $8.45 million. ASFI likewise wrote down its investment in WCFI amounting to $39,279. Subsequently, a supplemental agreement was signed between WCFI & ASFI to cancel the deed of sale of the three (3) vessels and to return the vessels back to ASFI was executed as mentioned above.

The Group's finance cost increased by 4% or $70 thousand while the share in equity in net earnings of associates and joint ventures amounted to a loss of $155 thousand compared to previous year's income of $36 thousand.

For the CY 2014, the Group ended up with a net loss of $17.1 million versus last year's loss of $2.9 million.

Financial Condition, Liquidity, and Capital Resources

March 31, 2017 compared to December 31, 2016

As part of its initiative to reduce high cost loans, ASFI used its cash to reduce liabilities by $ 1.3 million from $ 27.1 million as at December 31, 2016 to $ 25.8 million as at March 31, 2017. This effectively reduced the group's total assets by 2% or $ 1.2 million from $ 59.9 million as at December 31, 2016 to $ 58.7 million as at March 31, 2017.

The Group had a total liability to equity ratio of 0.76:1 and 0.80:1 as at March 31, 2017 and December 31, 2016, respectively.
57% decrease in Cash is primarily due to the repayment of high cost bank loans.

27% increase in Trade and other receivables due to higher revenues for the first quarter of 2017 compared to the fourth quarter of 2016.

94% increase in Other current assets is primarily due to prepayments made for non-fish raw materials.

34% increase in Trade and other payables is due to purchases of raw materials during the period.

17% decrease in Short-term loans payable due to settlement of high cost loans.

	March 31, 2017	December 31, 2016
Current Ratio	0.87	0.87
Debt-to-equity Ratio	0.76	0.80

December 31, 2016 compared to December 31, 2015

Balance Sheet Highlights	**Years Ended December 31**		
Amount in US$'000	***2016***	***2015***	**% Change**
Cash & cash equivalent	$7,396	$17,595	-58%
Receivables	6,725	5,374	25%
Inventories	7,954	6,722	18%
Other current assets	1,530	1,097	39%
Total Current Assets	**$23,605**	**30,788**	**-23%**
Property &a Equipment	17,007	17,917	-5%
Total Assets	**$59,861**	**$68,538**	**-13%**
Trade and Other Payables	6,070	$5,731	6%
Bank Loans	20,830	21,840	-5%
Total Current Liabilities	**27,128**	**27,786**	**-2%**
Total Liabilities	**27,749**	**30,474**	**-9%**
Total Stockholders' Equity	**32,112**	**38,064**	**-16%**

Total Liabilities & SE	**$59,861**	**$68,538**	**-13%**

58% decrease in Cash due to the application of proceeds from the Stock Rights Offering (SRO) to the Group's working capital requirements and repayment of high interest loans.

25% increase in Trade and other receivables was primarily due to an increase in 4th quarter sales that will be collected in 2017.

18% increase in Inventories was primarily due to goods produced in 2016 that will be sold in 2017.

104% increase in Other current assets was mainly due to advance payments to vendors.

5% decrease in Property & Equipment due to the impairment of two (2) fishing vessels.

There was no impairment of goodwill recognized during the year.

6% increase in Trade and Other Payables is due to obligations with various suppliers of raw materials and supplies.

5% decrease in Loans Payable is due to the settlement of various loans.

Loans payable – net of current portion declined by 97% due to the settlement of various loans

16% decrease in Equity pertains to the decrease in Retained Earnings.

Amounts as of December 31	2016	2015
Current Ratio	0.87	1.11
Debt-to-equity Ratio	0.86	0.80

The Group's financial liquidity profile declined in 2016 due to the application of proceeds from the Stock Rights Offering to the Group's working capital requirements.

December 31, 2015 compared to December 31, 2014

	As at December 31				
Amount in US $'000		*2015*		*2014*	% Change
Cash & cash equivalents	$	17,595	$	2,426	625%
Receivables		5,374		9,798	-45%
Inventories		6,722		18,788	-64%
Other current assets		1,097		1,727	-36%
Total Current Assets		**30,788**		**32,738**	**-6%**
Property & Equipment		17,917		13,227	35%
Total Assets	**$**	**68,538**	**$**	**65,847**	4%
Trade and Other Payables		5,731		9,040	-37%
Short-term loans payable		21,840		29,201	-25%
Total Current Liabilities		**27,786**		**38,396**	**-28%**
Total Liabilities		**30,474**		**42,516**	**-28%**

Total Stockholders' Equity (SE)		**38,064**		**23,331**	**63%**
Total Liabilities & SE	**$**	**68,538**	**$**	**65,847**	**4%**

Changes in current assets: Lower group revenues have led to a 45% decrease in Receivables. The Group has recognized allowances, write downs, and impairments resulting in a 64% decrease in Inventories. Lower prepayments for raw materials as of end 2015 led to a 36% decrease in Other Current Assets.

Impact of Stock Rights Offering: The 625% increase in cash & cash equivalents was due to the proceeds of the SRO in August 2015. The proceeds were partially used to settle outstanding obligations, contributing to the 37% decrease in Trade and Other Payables. Furthermore, the proceeds were also used to settle other obligations such as bank loans, leading to the decline in short-term loans payable of 25% and total liabilities of 28%. The SRO has also contributed to the increase in Total Stockholders' Equity by 63%.

The consolidation of AMHI as a subsidiary of the Company has led to the recognition of AMHI's land as part of property, plant, and equipment, contributing to the 35% increase in the property, plant, and equipment account.

Amounts as of December 31	**2015**	**2014**
Current Ratio	1.11	0.85
Debt to equity Ratio	0.80	1.82

The Group significantly improved its financial stability and liquidity profile in 2015 due to the infusion of the proceeds from the SRO in August 2015.

December 31, 2014 compared to December 31, 2013

Balance Sheet Highlights **Years Ended December 31**

Amount in US$'000	***2014***	***2013***	**% Change**
Cash & cash equivalent	$2,426	$1,568	55%
Receivables	9,303	16,162	-42%
Inventories	18,788	14,437	30%
Prepayments and CA	1,557	1,364	14%
Total Current Assets	**32,772**	**34,563**	**-5%**
Property & Equipment	13,227	21,127	-37%
Goodwill	9,503	9,503	0%
Other Non-current assets	1,986	1,832	8%
Total Assets	**$65,847**	**$69,460**	**-5%**
Trade and Other Payables	9,040	7,332	23%
Bank Loans	29,201	28,610	2%
Total Current Liabilities	**38,396**	**36,314**	**6%**
Total Liabilities	**42,516**	**41,773**	**2%**
Total Stockholders' Equity	**23,331**	**27,687**	**-16%**
Total Liabilities & SE	**$65,847**	**$$69,460**	**-5%**

The Groups' total assets as of December 31, 2014 decreased by 5% to $65.8 million mainly due to decrease in property and equipment as a result of the write off of three (3) fishing vessels and decrease in Receivables by 42% primarily due to the write off of receivables from WCFI .

For the year ended December 31, 2014 the Group posted a current ratio of 0.85:1

There was no impairment of goodwill recognized during the year.

Total liabilities slightly increased by 2% from $41.8 million to $42.5 million. Trade and other payables increased by 23%. The other change was a reduction in long term loans from $4.6 million as of December 31, 2013 to $3.4 million as of December 31, 2014. This decrease was due to amortization of principal of long term loans.

The hike in share capital and reserves represents the fresh capital infusion by StrongOak, Inc. last May, 2014. However, due to the loss incurred during the year, total equity declined by 16%. The Group ended in a deficit position of $15.2 million.

Debt to equity ratio as of December 31, 2014 posted at 1.82:1.

Plan of Operation

The Group does not foresee any cash flow or liquidity problem over the next twelve (12) months. It is in compliance with its loan covenant pertaining to debt-to-equity ratio. It 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 of December 31, 2016, there were no other material events or uncertainties known to management that could have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- 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 Group's continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Key performance Indicators

The company uses the following key performance indicators to assess the Company's financial performance from period to period.

	For the period ended December 31				For the 3-month ended March 31
Liquidity and Solvency	**2013**	**2014**	**2015**	**2016**	**2017**
Current ratio	0.95	0.85	1.11	0.87	0.87
Debt to equity ratio	1.51	1.82	0.80	0.80	0.76
Profitability					
Revenue growth rate	2.4%	-3.6%	-16.4%	-11.8%	14.6%
Net profit margin	-3.5%	-21.0%	-11.8%	-10.0%	0.5%
Return on average stockholders' equity	-8.8%	-64.4%	-20.8%	-17.0%	1.3%

The following defines each ratio:

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

- The net profit margin is the ratio of the Group's net income attributable to equity holders of the parent versus its net revenue for a given period. This is computed by dividing net income after tax by net revenue. The result is expressed in percentage.

- 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 return on average stockholders' equity ratio is the ratio of the Group's net income attributable to equity holders of the parent to the average stockholders' equity. This measures the management's ability to generate returns on investments. This is computed by dividing net income attributable to equity holders of the parent by the average stockholders' equity. The result is expressed in percentage.

V. Number of Holders of Each Class of Common Security

As of December 31, 2016, there are 2,499,712,463 outstanding and issued common shares of the Company, exclusive of 287,537 treasury shares. The Company does not have any class of shares other than common shares.

VI. Names of the Top Twenty (20) Shareholders of Each Class

The top twenty (20) stockholders of the Company as of December 31, 2016 are the following:

Name	No. of shares	% ownership
1. PCD Nominee Corporation (Filipino)	2,011,877,842	80.48%
2. Harvest All Investment Limited	177,261,165	7.09%
3. Victory Fund Limited	138,474,015	5.54%
4. PCD Nominee Corporation (Foreign)	89,946,471	3.60%
5. Albert Hin Kay Hong	39,071,537	1.56%
6. Bondeast Private Limited	13,023,411	0.52%
7. Kawsek Jr., Peter	4,538,646	0.18%
8. FCF Fishery Co. Ltd.	3,975,370	0.16%
9. Cordova, Michael W.	3,805,000	0.15%
10. S. Chandra Das	2,604,760	0.10%
11. Carlos Damaso Perez Laurel	2,500,000	0.10%
12. Oriental Tin Can & Metal Sheet Mfg.	2,210,385	0.09%
13. FDCP, Inc.	1,894,045	0.08%
14. Cheng, Berck Yao	1,200,000	0.05%
15. Tri-Marine International (Pte) Ltd.	1,170,472	0.05%
16. Angping, Jerry C.	1,000,000	0.04%
17. Damalerio Fishing Corp.	920,656	0.04%
18. DFC Tuna Venture Corporation	617,248	0.02%
19. Phil. Fisheries Development Authority	346,207	0.01%
20. Amadeo Fishing Corp.	294,874	0.01%

Please note that the 2,011,877,842 shares reflected above for PCD Nominee Corporation (Filipino) include the 1,382,765,864 shares (55.32%) of Strongoak, Inc. and the 112,170,283 shares (4.49%) of Mingjing Holdings, Inc.

There is no action to be taken at the 2017 AGM with respect to an acquisition, business combination or other reorganization that will affect the amount and percentage of present holdings of the Company's common equity owned beneficially by (i) any person or group who is known to the Company to be the beneficial owner of more than five percent (5%) of any class of the registrant's common equity; (ii) each director and nominee; and (iii) all directors and officers as a group, and the Company's present commitments to such persons with respect to the issuance of shares of any class of its common equity, if any.

VII. Directors

Board of Directors

Director	Nationality	Position	Age	Year Position was Assumed
Antonio C. Pacis	Filipino	Chairman of the Board	76	2014
George E. Sycip	American	Vice Chairman	60	2004
Raymond K.H. See	Filipino	Director, President & CEO	49	2014
Marie Grace T. Vera	Filipino	Director	36	2014

Cruz				
Joseph Peter Y. Roxas	Filipino	Director	55	2016
Erwin M. Elechicon	Filipino	Independent Director	57	2016
Dobbin A. Tan	Filipino	Independent Director	53	2016

ANTONIO C. PACIS - 76, Filipino citizen; Chairman of the Board

Mr. Pacis obtained his law degree from the Ateneo Law School in 1965 and his Master of Law degree from the Harvard Law School in 1967.

He is on the Board of Directors at OCLP Holdings Inc., BDO Unibank, Inc., Paluwagan NG Bayan Savings Bank, Armstrong Pacific Co., Inc., Legisforum, Inc., Technology Investment Co., Inc. and Central Colleges of The Philippines.

He is Chairman of the Board of Directors at Asian Silver Estate, Inc., International Social Service Philippines, Inc., Amigo Holdings, Inc., Asian Waterfront Holdings, Inc., Mantle Holdings, Inc., and Corporate Secretary for Armstrong Securities, Inc., EBC Strategic Holdings Corp., and Paluwagan NG Bayan Savings Bank.

Mr. Pacis has been practicing law since 1965 and continues to practice at Pacis and Reyes Law Office and was a professor of law at the Ateneo Law School.

GEORGE E. SYCIP - 60, American citizen; Vice-Chairman

Mr. Sycip received his BA 'With Distinction' in International Relations/Economics from Stanford University and his Master in Business Administration Degree from the Harvard Business School

Mr. Sycip is the Director and Principal of Galaxaco China Group, a project doing business in China, and Halanna Management estate investment and development and consultancy firm serving American, European and Asian clients' estate investment and development company. Mr. Sycip currently serves on the Boards or Advisory Boards of several companies and institutions. In Asia, these include Beneficial-PNB Life Insurance, Medtecs Corporation, and Cityland Development Corporation. In the U.S., he is on the Board of the Bank of the Orient, Arasor International, the California Asia Business Council, and the International Institute for Rural Reconstruction, Give2Asia, and Stanford University's Institute for International Studies.

RAYMOND K. H. SEE - 49, Filipino citizen; Director, President & CEO

Mr. See graduated from De La Salle University in 1989 with a degree in B.S. Industrial Management Engineering, minor in Mechanical Engineering.

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation. He rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President & CEO of the Company on December 8, 2014.

MARIE GRACE T. VERA CRUZ - 36, Filipino citizen; Director

Ms. Vera Cruz holds an MBA from London Business School and a Bachelor's Degree in Business Economics from the University of the Philippines, where she graduated Magna cum Laude.

Ms. Vera Cruz is the Managing Director of Seawood Resources, Inc., an investment company based in the Philippines. She is also the President of Strongoak, Inc. Prior to Seawood and Strongoak, Ms. Vera Cruz was a consultant at McKinsey & Co.

JOSEPH PETER Y. ROXAS - 55, Filipino citizen; Director

Mr. Roxas graduated from the Ateneo de Manila University in 1983 with a Bachelor's degree in Economics. He also has MBA units from the Ateneo de Manila University Graduate School.

Mr. Roxas is President of Eagle Equities, Inc. since 1996. He is also presently a Director of DFNN, Inc., a listed company in the Philippine Stock Exchange, and of Kimquan Trading Corporation, a privately held company. He is also a Director of the Association of Securities Analysts of the Philippines since 2000. Mr. Roxas was with R. Coyuito Securities as Assistant Vice President for Research from 1993 to 1995, and Investment Officer from 1987 to 1992.

ERWIN M. ELECHICON - 57, Filipino citizen; Independent Director

Mr. Elechicon holds a Bachelor of Arts Degree in Economics, *cum laude*, from the Ateneo de Manila University in 1979. He attended courses in Finance at the Columbia Business School; and in Marketing at Kellogg School of Management.

Mr. Elechicon was with the Procter & Gamble Company (P&G) for over 26 years. He has had local and regional responsibilities at P&G across Asia, and has lived in Singapore, Mumbai, Kuala Lumpur and Ho Chi Minh City as well as Manila. He was also President and General Manager of two Jollibee Foods Corporation subsidiaries, Greenwich Pizza Company and Chowking. He is currently the Chairman and co-founder of Assurant BPO Solutions, Inc., a Makati-based company providing business and knowledge process outsourcing and managed services solutions to a broad range of clients. He is also a director of U-Bix Corporation, one of the largest integrated office systems and service providers in the Philippines. He has been a Director of Petronas Dagangan Berhad (Malaysia) since August 2014. He is also Chairman of Silver Machine Digital Communications, Inc., a Member of the Board of Trustees of Ateneo de Iloilo - Sta. Maria Catholic School, and President and Trustee of P&Gers Fund, Inc.

DOBBIN A. TAN - 53, Filipino citizen; Independent Director

Mr. Tan graduated from the Ateneo de Manila University in 1985 with a Bachelor of Science degree in Management Engineering. He obtained his Master's degree in Business Administration from the University of Chicago, Booth School of Business in 2013. Mr. Tan also attended a Management Development Program of the Asian Institute of Management in 1990, and a Strategic Business Economics Program of the University of Asia and the Pacific in 2001.

Mr. Tan is presently Chief Executive Officer of New Sunlife Ventures, Inc. He was Managing Director and Chief Operating Officer of Information Gateway from 2002 to 2012. Mr. Tan also served as Vice President for Marketing of Dutch Boy Philippines from 2000 to 2002, President of Informatics Computer College from 1997 to 2000, Assistant Vice President for Marketing of Basic Holdings from 1994 to 1997, Operations Manager of DC Restaurant Management Systems from 1990 to 1994, and Senior Financial Analyst/ Corporate Planning Manager for San Miguel Corporation from 1985 to 1990. He is also President of the Information Gateway Group and Red Rock Security, Inc.

VIII. **Executive Officers**

Officer	Nationality	Position	Age	Year Position was Assumed
Raymond K.H. See	Filipino	President & CEO	48	2014
Lisa Angela Y. Dejadina	Filipino	SVP – Operational Excellence and Business Development	33	2014
Barbara Anne C. Migallos	Filipino	Corporate Secretary	61	2015
Ma. Kristina P. Ambrocio	Filipino	Asst. Corporate Secretary and Compliance Officer	38	2015

RAYMOND K.H. SEE – 49, Filipino citizen; President & CEO.

Mr. See graduated from De La Salle University in 1989 with a degree in B.S. Industrial Management Engineering, minor in Mechanical Engineering.

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation who rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President and Chief Executive Officer of the Company on December 8, 2014.

LISA ANGELA Y. DEJADINA – 33, Filipino citizen; Senior Vice President for Operational Excellence and Business Development

Ms. Dejadina has a degree in B.S. Industrial Engineering from the University of the Philippines where she graduated in 2005.

Prior to joining the company, Ms. Dejadina worked at Pilipinas Shell Petroleum Corporation where she covered various roles contributing to ten years of solid work experience in the petroleum industry in the areas of fuel depot operations, Health, Safety, Security and Environment (HSSE) management, and business support functions (business development, logistics, and learning & development). –

BARBARA ANNE C. MIGALLOS – 61, Filipino citizen; Corporate Secretary.

Ms. Migallos graduated cum laude from the University of the Philippines, with a Bachelor of Arts degree, and finished her Bachelor of Laws degree as cum laude (salutatorian) also at the University of the Philippines. She placed third in the 1979 Philippine Bar Examination.

Ms. Migallos was elected as Corporate Secretary of the Company on July 6, 2015. She is Director and Corporate Secretary of Philex Mining Corporation and Philex Petroleum Corporation, and Corporate Secretary of Nickel Asia Corporation and Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos is also a Director of Mabuhay Vinyl Corporation and Philippine Resins Industries, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. She is a professorial lecturer in Corporations Law, Insurance, Securities Regulation and Credit Transactions at the De La Salle University College of Law. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.

MA. KRISTINA P. AMBROCIO - 38, Filipino citizen; Assistant Corporate Secretary and Compliance Officer

Ms. Ambrocio graduated from the Ateneo de Manila University in 2001 with a major in Philosophy, and minor in Humanities. She obtained her law degree in 2005 from the University of the Philippines. Ms. Ambrocio also completed an Advanced Intellectual Property Law course at the Institute of European Studies of Macau in 2006.

Prior to joining the Company, Ms. Ambrocio was Corporate Counsel and Assistant Corporate Secretary of Chevron Philippines, Inc.

IX. Market Price of the Issuer's Common Shares

The common shares of the Company are traded on the PSE under the symbol FOOD. The Company's common stock was first listed on the PSE on November 8, 2006.

The table below sets out the high and low sales prices for the Company's common shares as reported on the PSE for the periods indicated.

Table 1: FOOD High and Low Prices: 2012 to 2016								
	2013		2014		2015		2016	
	High	High	High	High	High	Low	High	Low
Q1	2.20	1.35	1.33	1.33	1.35	0.96	0.81	0.57
Q2	2.16	1.66	1.10	1.10	1.66	1.20	1.01	0.70
Q3	1.52	1.46	1.05	1.05	1.46	1.22	1.35	0.80
Q4	1.26	1.30	0.96	0.96	1.30	1.09	1.06	0.79

On December 29, 2016, the last trading day for the year, the closing price for FOOD was P0.85 per share.

The number of shareholders of record as of December 31, 2016 is 256 and the total number of shares outstanding on that date were 2,499,712,463 net of 287,537 treasury shares.

Public float as of December 31, 2016 is 31.77%.

X. Dividends

The Company is authorized to declare and distribute dividends to the extent it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed profits of a corporation that have not been earmarked for any corporate purposes. A corporation may pay dividends in cash, by distribution of property, or by issuance of shares. Dividends declared in the form of cash or additional shares are subject to approval by the Company's Board of Directors.

In addition to Board approval, dividends declared in the form of additional shares are also subject to the approval of the Company's shareholders representing at least two-thirds (2/3) of the outstanding capital stock. Holders of outstanding common shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such shares. SEC approval is required before any property or stock dividends can be distributed. While there is no need for SEC approval for distribution of cash dividends, the declaration of cash dividends must be immediately disclosed to the SEC and the PSE in accordance with the SRC Rule 17.

The Company has not adopted a specific dividend policy. Nevertheless, the Company has declared dividends for the years 2007, 2008, 2009, and 2011.

On June 26, 2007, the Company declared a 12.00% stock dividends corresponding to 64,177,449 shares with a value of US$3.00 million to all stockholders of record as of November 20, 2007, where stocks were subsequently issued on December 17, 2007.

On December 3, 2008, the Company declared cash dividends of Two Centavos (₱0.02) per share with a value of US$252,286.00 to all stockholders of record as of January 7, 2009 out of the unrestricted retained earnings. The cash dividends were paid on February 2, 2009.

On December 4, 2009, the Company declared cash dividends of two centavos (₱0.02) per share with a value of US$258,430.00 to all stockholders of record as of January 8, 2010 out of the unrestricted retained earnings. The cash dividends were paid on February 3, 2010.

On August 1, 2011, the Board of Directors of the Company and its stockholders representing at least two-thirds ($^2/_3$) of its outstanding capital stock, approved the increase in the Company's authorized capital stock from ₱950,000,000.00 to ₱1,500,000,000.00, of which ₱137,500,000.00 was subscribed and paid by way of stock dividends out of the Company's unrestricted retained earnings as of December 31, 2010. The increase in capital stock was approved by the SEC on November 25, 2011 and the issuance of the 15.78% stock dividend was completed on January 25, 2012.

In the future, the Company intends to continue to pay dividends out of its unrestricted retained earnings. The ability to pay dividends, and the amount of such, however, shall depend on the Company's retained earnings, cash flow requirements, financial condition, capital expenditures, and investment requirements during the relevant period.

XI. Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

XII. **Corporate Governance**

The Company believes that corporate governance is a necessary component of what constitutes sound strategic business management, and therefore undertakes all efforts necessary to create awareness within the organization.

The Company's corporate governance principles and practices are principally embodied in the Company's Articles of Incorporation, By-Laws and its amendments, and Manual on Corporate Governance. The Company complies with the Revised Code of Corporate Governance set by the Securities & Exchange Commission (SEC) and the Corporate Governance Guidelines and Listing Rules of the Philippines Stock Exchange (PSE), and endeavors to elevate its corporate governance practices in line with best practices.

The Company's Articles of Incorporation, By-Laws and Manual on Corporate Governance may be viewed on the Company's website (http://allianceselectfoods.com/).

To ensure adherence to corporate governance principles and best practices, the Company has a Compliance Officer with the rank of Vice President that reports directly to the Chairman of the Board. The Compliance Officer constantly monitors and evaluates compliance of the Directors and officers to its Manual on Corporate Governance.

Corporate Governance Updates

The Company filed its revised Manual on Corporate Governance (containing revisions as of July 2014) with the SEC on 31 July 2014.

The Company's Annual Corporate Governance Report with consolidated changes (for the year 2015) may be viewed on the Company's website (http://allianceselectfoods.com/).

In addition, the Company has been regularly submitting corporate governance surveys as required by the PSE Memorandum 2010-0574 dated November 26, 2010. Since this requirement came into force, the Company has been participating in these surveys and filing it with the Exchange in a timely manner. The latest Compliance Report on Corporate Governance was submitted to the Exchange on March 29, 2016 for the year ended December 31, 2015.

On September 7, 2015, the Board adopted a policy requiring directors and principal officers of the Company to inform the Company of transactions in the Company's securities within twenty four (24) hours from the acquisition or divestment of said securities.

The Company plans to adopt a whistleblowing policy, a code of business ethics, a Nominations and Remunerations Committee Charter, and an Executive Committee Charter.

The Company is currently preparing to update its Manual of Corporate Governance to comply with SEC Memorandum Circular No. 19, Series of 2016 or the 2016 Code of Corporate Governance for Publicly Listed Companies.

COVER SHEET

CS200319138

SEC Registration Number

ALLIANCE SELECT FOODS INTERNATIONAL INC. AND ITS SUBSIDIARIES

(Company's Full Name)

SUITE 1206 EAST TOWER PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY

(Business Address: No. Street City/Town/Province)

RAYMOND K.H. SEE

(Contact Person)

635-5241 TO 44/638-3829

(Company Telephone Number)

12 31

Month Day

(Fiscal Year)

17-A

(Form Type)

06 15

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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

1. For the fiscal year ended: December 31, 2016

2. SEC Identification Number: CS200319136 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. Metro Manila, Philippines
Province, Country or other jurisdiction of
incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City
Address of principal office Postal Code: 1605

8. (+632) 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 SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	2,499,712,463

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

Yes [x] No [ ]

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

Philippine Stock Exchange; Common Shares

12. Check whether the issuer:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

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

Php 794,213,279, using the closing price of Php 0.82 as of March 31, 2017.

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

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

Yes [ ] No [X]

DOCUMENTS INCORPORATED BY REFERENCE.

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

(a) Any annual report to security holders;

N.A.

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

N.A.

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

N.A.

Part I – BUSINESS AND GENERAL INFORMATION

Item 1 – BUSINESS

BACKGROUND

Alliance Select Foods International, Inc. (ASFII or the "Parent Company" or the "Company") is a public corporation under Section 17.2 of the Securities Regulation Code (SRC) and was registered in the Philippine Securities and Exchange Commission (SEC) on September 1, 2003 as Alliance Tuna International, Inc. It started commercial operations in 2004 to engage in tuna processing, canning, and the export of canned tuna products in General Santos City, Mindanao, Philippines. On November 8, 2006, the Company's shares were listed on the PSE through an initial public offering. The name of the Company was changed to Alliance Select Foods International, Inc. on July 22, 2010 to reflect the Company's plan to diversify its product line and take advantage of its manufacturing expertise and global marketing channels to introduce new products.

The Parent Company's key business activity is the processing, canning, and export of canned tuna. It exports its canned tuna products to Europe, North and South America, Asia, Africa, and the Middle East. It is primarily a "private label manufacturer" that processes and cans tuna in the institutional and retail pack can sizes using its customers' brands.

ASFII also produces fishmeal, which it sells to the domestic feeds market and to traders.

The following table presents the Company's major corporate milestones from the date of incorporation up to present:

Date	Milestone
September 2003	Incorporated as Alliance Tuna International, Inc.
May 2004	Opened a representative office in Bangkok, Thailand.
September 2005	Acquired 40.00% stake in FDCP, Inc. ("FDCP"), a tin can producing company in General Santos City, Mindanao, Philippines.
November 2006	Listed on the PSE.
May 2008	Established PT International Alliance Foods Indonesia ("PT IAFI") to expand tuna processing business to Indonesia.
January 2009	Acquired 39.00% stake in Prime Foods New Zealand, Ltd. ("PFNZ") (a smoked salmon processor based in New Zealand) in January and increased to 50.00% stake plus one (1) share in December 2009.
October 2009	Established Big Glory Bay Salmon & Seafood Company, Inc. ("BGB") to process salmon in the Philippines.
June 2010	Jointly established Alliance MHI Properties, Inc. ("AMHI") with Mingjing Holdings, Inc. ("MHI"). The Company owned a 40.00% stake in AMHI.
July 2010	Renamed the Company as "Alliance Select Foods International, Inc."
April 2011	Established ASFI Choice Foods, Inc. as an investment vehicle in the USA.

July 2011	Undertook a stock rights offering to raise equity for the acquisition of Spence & Company Ltd. ("Spence").
August 2011	BGB started operations. Acquired 100.00% stake in Spence, a smoked salmon and seafood processor based in the US.
May 2012	Set up PT Van De Zee ("VDZ"), a subsidiary of PT IAFI in Indonesia.
September 2012	Acquired six (6) fishing vessels (in addition to one fishing vessel previously acquired) from a commercial fishing company in the Philippines by virtue of "dacion en pago".
October 2012	Acquired 80.00% stake in Akaroa Salmon New Zealand Ltd. ("Akaroa") to expand operations to include fresh salmon farming.
January 2013	Established Alliance Select Foods Pte. Ltd. ("ASF"), a Singapore based wholly-owned subsidiary. At present, this subsidiary is not operating.
March 2013	Jointly established Wild Catch Fisheries, Inc. ("WCFI") with CHL Fishing Industry, Inc. ("CHL") and CHL Construction & Development Enterprises, Inc. ("CHLC"). WCFI is a joint venture fishing company.
May 2014	Completed a private placement transaction with Strongoak Inc. to finance the Company's working capital requirements.
April 2015	Executed a Supplemental Agreement to the Joint Venture (JVA) with CHL and CHLC regarding WCFI on the basis of which, the Company shall have no further funding liability or obligation under the JVA.
August 2015	Completed stock rights offering.
October 2015	Divested from PFNZ and increased ownership interest in BGB from 68% to 100%.
November 2015	ASFI Choice Foods, Inc. was voluntarily dissolved.
December 2015	ASFII subscribed to preferred shares arising from the increase in authorized capital stock of AMHI, resulting in ASFII's 98.89% ownership of AMHI.
November 2016	ASFII subscribed to an additional 125,000,000 shares of BGB's increase in authorized capital stock.

In May 2004, the Company set up a marketing representative office in Bangkok, Thailand, to tap the network of buyers and brokers who use Thailand as a base to buy canned tuna.

In September 2005, the Company acquired a 40% stake in FDCP, a can manufacturing company, to ensure the availability of quality cans at competitive prices and sustainable supply.

In May 2008, the Parent Company established a subsidiary, PT IAFI, which acquired the assets of an Indonesian tuna cannery located in Bitung, in the island of North Sulawesi. The Parent Company owns 99.98% of PT IAFI. A complete renovation of the factory and upgrade of capacity to 90 metric tons per day was undertaken. This investment in Indonesia allowed PT IAFI access to rich Indonesian marine resources and expanded the combined operating capacity of the two canned tuna processing facilities to 230 metric tons per day. PT IAFI started operations in July 2009 and is primarily engaged in canned fish processing.

To ensure consistent supply of tuna, its primary raw material, PT IAFI set up PT Van de Zee (PT VDZ), a fishing company in Indonesia in May 2012 with an initial stake of 80%. In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51%. Currently, PT IAFI owns 49% of PT VDZ. However, due to subsequent changes in Indonesian fishing regulations restricting foreign commercial fishing, PT VDZ is currently not in operation.

As part of the Parent Company's product diversification strategy, it invested in a New Zealand based processor of smoked salmon in January 2009. The initial investment of a 39.00% stake in PFNZ was later increased to 50% plus 1 share. PFNZ was originally engaged in the business of processing, manufacturing, and distributing smoked salmon and other seafood under the Prime Smoke and Studholme brand, for distribution in New Zealand and other countries. PFNZ also later operated as BGB's sales channel for its export sales. On October 2015, the Parent Company divested its interest in PFNZ.

In October 2009, the Parent Company and PFNZ established a joint-venture company called BGB that imports salmon from New Zealand, Chile and Norway, among others, and processes it in General Santos City, Mindanao, Philippines. The smoked salmon products from BGB are sold locally and abroad. In October 2015, the Parent Company accepted PFNZ's BGB shares as partial payment for PFNZ's payment obligations to the Parent Company, offsetting previous shareholders' advances made by the Parent Company to PFNZ. This had the effect of BGB now being a 100% subsidiary of the Company. Last August 2016, BGB ventured into other seafood products.

On June 18, 2010, AMHI, a property holding company, was established. The Parent Company owns a 40.00% stake in the affiliate, while MHI, a Filipino company, owns the remaining 60.00% stake. AMHI's registered address is at Purok Saydala, Barangay Tambler, General Santos City.

On November 11, 2015, the AMHI Board approved ASFII's application for subscription of 54,000,000 preferred shares arising from the increase in authorized capital stock of AMHI. AMHI's application for increase in capital stock to P60,000,000.00 divided into (i) 4,000,000 common shares with a par value of P1.00 per share and (ii) 56,000,000 preferred shares with a par value of P1.00 per share was approved by the Securities and Exchange Commission on December 23, 2015. ASFII now owns 98.89% of AMHI.

On August 10, 2011, the Parent Company acquired 100% of the issued share capital of Spence, located in Brockton, Massachusetts, USA. Spence, which became a wholly owned subsidiary of the Parent Company, specializes in the production of smoked salmon and other seafood. It is one of the leading salmon processors in the USA with extensive network of clients nationwide. Its products set the industry benchmark and are available in major supermarkets in the USA. The investment has given the Parent Company a beachhead to process and distribute smoked salmon products in the USA, the world's largest market for smoked salmon. The investment in salmon processing allows the Parent Company to diversify its product line to take advantage of the changing food consumption patterns around the globe, address the issue of sourcing raw materials, and improve overall margins and profitability.

As part of its vertical integration initiatives, the Parent Company acquired an 80% stake in Akaroa in October 2012. With its principal office in Christchurch, New Zealand, Akaroa is engaged in the business of sea cage salmon farming and is among the pioneers of farmed salmon industry in New Zealand. It also processes fresh and smoked salmon and has established itself as the premium quality brand in the country over the years. Akaroa has been the recipient of various awards and accolades from New Zealand's food industry. It operates two marine farms in the pristine cold waters of Akaroa Harbor in the country's South Island to rear the King, or Chinook, salmon. Akaroa holds a 20% stake in Salmon Smolt NZ Ltd., a modern hatchery guaranteeing high quality and consistent supply of smolts (juvenile salmon) for Akaroa's farms.

PRODUCTS

Canned Tuna

The Group's Tuna Division, comprised of ASFII and PT IAFI, sells canned tuna in solids, chunks, and flakes variants, packed in oil, brine, vegetable broth, or water.

The market for canned tuna is comprised of the institutional and retail markets. The difference between the two segments is the size of the cans used. The institutional pack can is referred to in the industry as "603." The standard amount of tuna or "drained weight" contained in this can size is between 1.75 and 1.85 kg, depending on customers' specifications. The end users of the institutional cans include restaurants, hotels, and commissaries.

The retail pack can, on the other hand, is referred to in the industry as the "307". The 307 can has a drained weight between 100 and 200 grams, and is sold to wholesalers, distributors, and food companies that have their own brands. The retail can is what consumers normally purchase in supermarkets and grocery stores.

To keep up with market trends and demands, ASFII started to offer a new retail can size, known as "211" in the middle of 2005. The 211 can has a standard drained weight between 90 and 100 grams. This can size is exported to selected European countries, Japan, and the US. In 2007, it introduced new can sizes with weights of 3 kilograms, 1 kilogram, and 90 grams. In 2008, the "401" can size with a drained weight of 280 grams was added. These products are sold primarily in Europe. Another recent introduction is the 5 oz. can with a drained weight of 100 grams. This can size is sold mainly in the US.

Salmon

BGB processes King, Atlantic, and Coho salmon species and manufactures them into smoked and raw products, which range from 50 to 200 grams per pack for retail size and 500 to 1,000 grams per pack for institutional size. These are frozen and vacuum packed, and sold as fillets, steak cuts, smoked slices, and smoked cocktail cuts, under different BGB-owned brands such as Prime New Zealand, Gold Standard, and Superfish. The finished products are marketed to supermarkets and other premium quality retail outlets in Singapore, Hong Kong, Japan, and Philippines, among others.

Spence's best-selling product is the retail-sized smoked salmon ranging from 6 to 16 oz. packets. It sells the traditional and classic smoked salmon to supermarkets in the US. Salmon species that the firm smokes include Atlantic and Sockeye. In addition to these traditional products, Spence also markets value added salmon products like Nova lox, Gravlax Pastrami Salmon. These are mainly sold under the Spence brand.

Spence is also a very active player in packing retail-sized private label brands, chief among them is the private label brand of one of the more popular premium supermarket chain in the US. For one of the leading restaurants in the country, Spence produces value added smoked salmon in various flavors.

With the acquisition of Akaroa, the Group has added fresh salmon to its product line. These products are air-flown and delivered to major restaurants and hotels in New Zealand, Singapore, Philippines, USA, Hong Kong and Malaysia. In addition, Akaroa's smoked salmon has been an award winning product in the country and continues to set the benchmark in quality in New Zealand.

In April 2016, the company started trading whole fish Salmon and selling it directly to both institutional accounts and wholesalers. Given the promising results, the company started to also trade other sea food like Black Cod, Sea Bass, and US Scallops.

Fishmeal

Fishmeal is the by-product of the tuna canning and salmon processing operations. Except for the tuna and salmon loins that are used for canning and filleting, all other parts of the fish are processed to produce fishmeal that is sold as additives or primary ingredients for animal feeds.

Salmon By-Products

The Group's salmon subsidiaries also sell salmon byproducts consisting of heads, bellies, skin, trimmings, and others.

REVENUE BREAKDOWN

The percentage contribution to the Group's revenues broken down into major product lines for each of the three (3) years in the periods ended December 31, 2015, 2014 and 2013 are as follows:

Product	*December 31, 2016*	*December 31, 2015*	*December 31, 2014*
Canned Tuna	56%	56%	59%
Fishmeal (Local)	2%	4%	5%
Salmon	42%	40%	37%
Total*	100%	100%	100%

**Numbers might not add up due to rounding errors*

DISTRIBUTION METHODS, SALES AND MARKETING

Tuna

ASFII and PT IAFI are private label manufacturers of canned tuna. Based on the specifications provided by the customers, ASFII processes tuna, packs these in the specified can size, and labels the canned tuna products using the labels of its end-customers.

The Tuna Division of the Company has positioned itself as a supplier of canned tuna to a wide range of buyers and agents. Most of the products are finished and labeled, and are ready for shipment to their respective end-destinations.

At present, canned tuna is sold in both domestic and export markets. Fishmeal, on the other hand, is mainly sold to the domestic market.

As for the domestic business, ASFI initiated and served 6 major institutional customers in 2016 and is expected to tap more customers in this channel. Regional distributors are also in place as the company prepares for future launches its own local tuna brand.

Salmon

BGB's products are sold to major supermarkets in the Asia-Pacific region. The Company is also expanding market reach in the Philippines through local supermarkets using different brands such as Prime New Zealand, Gold Standard, and Superfish, and through foodservice clients. The domestic team has also tapped airline catering services and food commissaries that allowed our products to be efficiently pipelined to several customers. The team has also partnered with wholesalers to expand our whole fish trading business.

For Spence, marketing efforts are focused on retail sales, with a special emphasis on brand name and innovation. Spence's sales efforts have been led by professionals with vast experience in the distribution industry, enabling the firm to tap into a network of established and well known food distributors in the region. In addition to using its own sales force, Spence also uses food brokers to market its products.

Akaroa's products are sold mostly to institutional and retail clients.

COMPETITION

Tuna

There are seven (7) major companies engaged in tuna canning in the Philippines. Six are located in General Santos City and one in Zambnanga. These are General Tuna Corporation, Philbest Canning Corporation, Ocean Canning Corporation, Celebes Canning Corporation, Seatrade Canning Corporation, and Parmex Producer & Exporter Corporation.

Most Philippine canned tuna processors produce two (2) can sizes: the retail pack and the institutional pack can sizes. Four canneries pack tuna in pouches.

The US and EU markets account for approximately 75% of world tuna consumption and are the primary markets of Philippine canned tuna companies. Emerging markets such as Middle East and Asia provide opportunities for the Group to diversify its client base.

Tuna canning is a competitive industry in which price, product quality, and service, play an important role in the customer's purchasing decision. The Group leverages on its optimized operations, efficient processes, and reduced production costs to overcome this challenging market environment.

Salmon

The smoked salmon industry in the US is highly fragmented, with no national brand selling across all the regions in the country. Each region has a number of local smokers with sales to that particular region only. A majority of the smokers are the "mom and pop" variety, with a small customer base and highly localized marketing effort.
According to estimates, Spence has the third largest market share in the North East region, where it is located. Spence's biggest competitor is a subsidiary of Marine Harvest Group, a publicly listed firm on the Oslo Bors.

In the Philippines, smoked salmon industry is mainly through importation of finished products. BGB follows a unique business model where it imports premium-grade salmon and delicately processes it in its own smokehouse operated by a highly efficient Filipino work force to sell a premium product from the Philippines..

Akaroa has a number of competitors who have their own marine farms in New Zealand. New Zealand King, its major competitor, is the country's largest salmon farmer. In addition, there are some similarly sized salmon farms, but unlike Akaroa, cannot supply fresh salmon to its clients year round.

Other Seafood Products

On September 2016, the Group, through BGB, entered into wholesale trading and selling business of other seafood products such as Black Cod, Sea Bass, and US Scallops.

FISH SOURCING

Tuna and Salmon

Skipjack and Yellowfin tuna are the main raw fish inputs for canned tuna products.

The early fishers of Yellowfin and Skipjack were dominated by pole-and-line or "bait boat" vessels. The longline vessels primarily caught Big eye, and the larger Yellowfin species for the sashimi markets.

The introduction of the purse seine catching method in the 1950s changed the nature of the Skipjack and Yellowfin fishers. They were introduced into the Atlantic in the early-1960s, and into the Indian Ocean on a large scale in the mid-1980s. The increasing trend in total global catch goes hand-in-hand with the expanding scale of these purse seine fishers. By the end of 2012, the combined global catch of Skipjack and Yellowfin was about 3.8 million MT, or about 85% of global tuna catches.

More than 75% of the total catch was supplied by purse seine vessels. Tuna caught using longline and pole-and-line each account for about 10% of global tuna catch.

ASFII and PT IAFI both purchase their tuna from fish suppliers and from large traders.

BGB sources its salmon primarily from New Zealand, Chile and Norway. This is then processed into hot or cold smoked salmon. Meanwhile, Akaroa's fresh chilled salmon and smoked products are sourced from its own farms.

Spence processes and markets Atlantic salmon. While some of the Atlantic salmon is wild caught, the overwhelming majority of the Atlantic salmon consumed in the world is produced through aquaculture. The fishes are grown in commercial fish farms. The two leading nations for Atlantic salmon are Norway and Chile.

Key Fishing Areas - Tuna

A key resource or catching area for tuna is the Pacific Ocean. According to the Western and Central Pacific Fisheries Commission's WCPFC *Tuna Fisheries Yearbook 2013*, world tuna catch in 2013 from this fishing area accounted for almost 71% of global tuna catch. The Western Pacific Ocean accounted for 57% of the total while the Eastern Pacific Ocean accounted for another 14% of the global tuna catch. The Pacific Ocean is followed by the Indian Ocean and accounts for 18% of the catch with the Atlantic Pacific accounting for the balance 10%.

Key Sourcing Area – Salmon

Almost all of the salmon processed by BGB and Akaroa is sourced from fish farms in New Zealand, Chile and Norway. This ensures a consistent supply of raw materials for the Company's salmon subsidiaries.

Farmed Atlantic salmon, which Spence processes, is sourced from local fish brokers in the North East region of USA and from fish farms in Europe and the Americas.

CUSTOMERS

The Tuna Division has a client base spread over 60 countries. Both ASFII and PT IAFI do not have any major existing sales contracts in excess of 1 year.

In 2016, the salmon products of BGB were sold both in international and local markets, servicing 68 domestic customers and 4 export customers. The Company is also expanding market reach in the Philippines through local supermarkets using different brands such as Prime New Zealand, Gold Standard, and Superfish, and through foodservice clients. The domestic team has also tapped airline catering services and food commissaries that allowed our products to be efficiently pipelined to several customers. The team has also partnered with wholesalers to expand our whole fish trading business.

Spence sells its products to major retailers in the U.S. Two of its customers accounted for more than 20% of the unit's sales in 2016.

With the support of the Group, Akaroa has been growing its export customers to complement the increase in harvest size and mitigate seasonal demand of salmon in New Zealand.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

Alliance MHI Properties, Inc. (AMHI) and FDCP, Inc.

AMHI is the Group's land property holdings subsidiary. On November 11, 2015, the AMHI Board approved ASFII's application for subscription to the then increased capital stock of AMHI. From 40% ownership, ASFII now owns 98.89% of AMHI.

AMHI owns the land in General Santos, Philippines, where the Group's canned tuna and smoked salmon operating facilities are located and leases it to ASFII and BGB. On January 1, 2013, a contract of lease was entered into effective until December 31, 2017 unless sooner terminated by any party for cause. The lease period shall be renewable every five years, upon such terms and conditions mutually agreeable to the parties.

ACCREDITATIONS, PATENTS & TRADEMARKS

The Group is accredited by a number of international rating and accrediting agencies, as well as domestic rating and inspection bodies.

The Group's tuna operations in General Santos, Philippines and in Bitung, Indonesia have passed various tests and standards for the quality of its products. The tuna plants adhere to HACCP standards, Kosher and Halal processing guidelines, and dolphin-safe practices.

In addition to the required Government required permits and licenses such as the local government business and sanitary permits; and regulatory licenses like the Food and Drug Administration licenses and HACCP's, the Group also adopts globally-acknowledged best practices in its canned tuna and smoked salmon operations. For its canned tuna operations, the Group has received, among others, certifications of conformity with the International Food Standard, BRC, Kosher, IDCP Halal, and Dolphin Safe.

For its smoked salmon and other smoked seafood operations, the Group, aside from the Government permits and licenses and its Halal certifications, has received its' Certificate of Approval from the European Union, and Kosher as well.

The Group's plant in Indonesia has its certificates from the USFDA, EU, BRC, IFS, Dolphin Safety, Kosher, Hala, GMP, AP2HI membership and UPPN registration.

In addition, the Group also has registered trademarks: "Spence & Co. Ltd.", "Sea Harvest", "Big Glory Bay", "Gold Standard Salmon", "Prime New Zealand", "Prime Smoke" and "Akaroa Salmon", and pending registrations: "Wagyu of Salmon", and "Superfish".

Most of ASFII and PT IAFI's clients have their own brand names. As industry practice, the tuna canning and processing can include labeling services for clients carrying their own brands. As for clients who don't have existing brands or those who are looking for alternative brand names, ASFII offers its house brand, Sea Harvest.

REGULATORY FRAMEWORK/GOVERNMENT APPROVAL

Industry-particular Governmental Laws and Approvals

The Bureau of Fisheries and Aquatic Resources (BFAR) is a line bureau reconstituted under the Department of Agriculture, by virtue of Republic Act No. 8550 (Philippine Fisheries Code of 1998). The Philippine Fisheries Code provides for the development, improvement, management, and conservation of the country's fisheries and aquatic resources.

ASFI received a certification from BFAR authorizing the implementation of the Hazard Analysis Critical Control Point (HACCP) System, a method for food safety standards recognized internationally. ASFI is HACCP certified to process the following:

- Canned Tuna in Brine, Oil, & Vegetable Broth;
- Canned Bonito;
- Frozen Tuna Loins and Flakes Products;

To secure a renewal in the future, ASFII has to show that it continues to manufacture the goods in compliance with the HACCP system for assuring food safety. ASFII has a license granted by the Food and Drug Administration (Philippines) to operate as a food manufacturer/exporter that is valid until June 3, 2021. The license is revalidated on a yearly basis.

BGB has received a certification of recognition for the implementation of HACCP System from the Bureau of Fisheries and Aquatic Resources (BFAR). The certification is valid until July 10, 2017. BGB is also registered with the Food and Drug Administration (FDA) as a food manufacturer/exporter of processed seafood products, as well as food distributor and importer. Its licenses to operate are valid until May 25, 2021 and September 12, 2021, respectively.

For PT IAFI, the Ministry of Marine Affairs & Fisheries of Indonesia awarded the HACCP certification on behalf of EU after PT IAFI successfully passed a series of tests conducted by the Ministry on March 20, 2014.

<u>Environment-particular Governmental Laws and Approvals – Environmental & Safety Issues</u>

The Philippine Environmental Impact Statement System (Presidential Decree No. 1586, as amended) covers projects and undertakings that are classified as environmentally critical as well as projects situated in environmentally critical areas. These projects or undertakings are required to be covered by an Environmental Compliance Certificate (ECC). ASFII's operation of its processing and production facilities is classified as an environmentally critical project.

ASFII has current ECC, Waste Water Discharge permit, and a permit to Operate (Boiler).

For its Bitung facility, PT IAFI was awarded the Certificate of Recommendation by Badan Lingkungan Hidup on April 8, 2015, certifying that the PT IAFI complies with environment and safety regulations.

BGB obtained an Environmental Compliance Certificate on February 12, 2010 which is still valid as of date. In addition to this, BGB also has a Waste Water Discharge Permit which is valid until June 15, 2019. A Permit to Operate (Diesel Engine Generator) was also issued in favor of BGB on October 10, 2011, valid until June 26, 2017. BGB was also registered with the United States Food and Drug Administration (USFDA) on March 26, 2015.

<u>Business-particular Governmental Laws and Approvals: Labor and Employment</u>

The Department of Labor and Employment (DOLE) through the Labor Standard Enforcement Division of DOLE Region XII Office, conducts regular inspections of the General Santos plant to ensure compliance with labor laws, particularly those relating to occupational health and safety.

NUMBER OF EMPLOYEES

As of December 31, 2016, the Group had a total of 1876 permanent and contractual employees comprising from its head office in Pasig City, its canned tuna facilities and its smoked salmon facilities in General Santos City, Philippines, and its offices and/or plants in Indonesia, Thailand, New Zealand and America.

MAJOR RISK FACTORS

Risks relating to tuna supply

To ensure continued profitability, the Group's canned tuna operations need timely and adequate access to the primary raw material, tuna. Fish suppliers should be able to catch tuna where it is abundant without any unreasonable restrictions placed on their operations.

Traditionally, Filipino fishermen delivers frozen tuna caught from Philippine, Indonesian, and International waters. These waters are extremely rich in skipjack and yellowfin tuna, the two species that ASFII and PT IAFI produce.

However, in the last few years there has been a trend toward resource nationalization and environmental sustainability. Both these trends have presented different kinds of challenges. The Group mitigates tuna supply risk by expanding its supplier base, and strengthening its relationships with key fresh and frozen tuna suppliers.

Risk relating to salmon supply

BGB sources all of its salmon from New Zealand, Chile, and Norway.

Akaroa Salmon New Zealand Ltd. has its own salmon farms and sources all of its salmon raw materials from its farms. Spence procures all of its salmon raw material from local fish brokers who in turn source the fish from farms in Chile, Iceland, the United States, Norway, or Scotland. Supplies from these farms fluctuate and may carry with them a risk of outbreak of algae bloom and contagious diseases that may affect supply, and hence, prices.

Risks relating to competition and tuna selling prices

Aside from the market price of fish, competition from Philippine and International tuna canners affects the market price of canned tuna. The Tuna Division continuously addresses this situation by ensuring that its position with respect to supply and demand is as close as possible. Furthermore, the Tuna Division is undertaking efficiency improvement initiatives such as supply chain planning & optimization, cost reduction, and active manpower management to mitigate risks related to competition and tuna selling prices.

Risks relating to competition and salmon selling prices

BGB faces salmon selling price risks from its competitors and suppliers. However, it is able to command a premium price because it has established itself as a producer of high quality smoked salmon. Its raw materials sourced from New Zealand, Chile, and Norway are of premium quality and sell at price points higher than other species of salmon. Competitive labor costs in the Philippines has helped make BGB products more competitive.

Spence also operates in a very competitive market and though price is not the only deciding factor in a consumers mind, it does play a role. Spence distinguishes itself from its competitors on the quality of products and innovation. Spence's products are difficult to imitate, hence Spence can command a premium price.

Akaroa's excellent fish quality and handling means that it can command premium pricing. Since Akaroa is one out of only two farms in the country that can provide fish year round from its farm, it has become a preferred vendor to a number of its clients.

Risks relating to quality assurance

Canned tuna and smoked salmon are for human consumption. As such, a high quality assurance standard for the product is required as product failure can affect human health. The presence of toxins, foreign materials, and the like in the finished products would necessitate the recall of an entire production batch. Product failures would also have an adverse negative effect on manufacturer's reputation.

The Group's quality assurance department is composed of experienced and trained personnel, with specialties ranging from microbiology to fisheries to engineering and sciences. It is responsible for the plant's HACCP plan, Good Manufacturing Practices (GMP), and hygiene compliance.

The risks the Group faces in this area include off-spec products and packaging, failed microbiological results, and substandard laboratory analytical test results. These possible risks are prevented and/or mitigated through a production process that places a premium on best food safety practices and quality procedures.

Risks relating to the leasing of land and facilities

Some properties (Spence, Akoroa) where ASFII's facilities are located are being leased from related or third parties. The risks associated with this include non-renewal, and renewal of the lease under unfavorable conditions. ASFII mitigates these risks by entering into long term contracts with the land owners.

Risks relating to contractual arrangements

Due to the commodity nature of the canned tuna industry, buyers will go to the suppliers that provide quality products at the lowest possible price.

At present, the Company's contractual arrangement with its buyers is undertaken on a "per purchase order" basis with a fixed shipment period. Under no circumstances do ASFII and PT IAFI enter into a long-term supply of canned products given that tuna prices are volatile. ASFII undertakes to match its contractual obligations to its purchase of raw materials as much as possible to minimize its exposure to risks related to contractual arrangements and market volatility.

Item 2 – PROPERTIES and LEASE AGREEMENTS

ASFII

The Parent Company leases the land where its canned tuna plant in the Philippines is located from AMHI. It pays monthly fees of ₱ 2,322,290 for the first year of lease agreement with a 5% lease fee increase per annum. Lease period is from January 1, 2013 to December 31, 2017. Considering that AMHI, the lessor, is now 98.89% owned by ASFII, the parties may decide to terminate the lease agreement prior to the end of the lease period. Likewise, the Lease Contract is renewable upon such terms and conditions as may be mutually agreeable to the parties.

The Parent Company leases from Dominion Property Holdings Corporation its office spaces located at Suite 1206 in the Philippine Stock Exchange Centre East Tower, Pasig City for a monthly rate of ₱167,800 for a period of three (3) years, commencing on August 2015, renewable upon mutual agreement of the parties.

PT IAFI

PT IAFI's facilities are located in the town of Bitung, North Sulawesi in Indonesia. The land area occupied by the factory complex is 14,200 sqm.

PT IAFI owns its production and processing facilities in Bitung Indonesia. These include the land, production facilities, administration building, and all plant and office equipment.

BGB

BGB's facilities are also located in the same compound where ASFII's canned tuna are located in General Santos City, Mindanao, Philippines. BGB is leasing the land with an area of 1,223.86 sqm. from AMHI. The rental cost is P80,775 per month and the lease agreement expires on December 31, 2017, Since both AMHI and BGB are majority-owned subsidiaries of ASFII, the parties may decide to terminate the lease agreement prior to the end of the lease period. Likewise, the Lease Contract is renewable upon such terms and conditions as may be mutually agreeable to the parties.

BGB owns the following trademarks: "Big Glory Bay", "Gold Standard Salmon", and "Prime New Zealand".

SPENCE

Spence does not own any properties. The processing facilities are leased from Gael Land Realty LLC. The lease will continue until May 31, 2020. The lease agreement provides ASFII and Spence the option to purchase the property in the future or the right of first refusal.

Spence owns the trademark "Spence & Co., Ltd."

AKAROA

Akaroa's factory, situated at 6 Pope Street, is being rented from New Zealand Guardian Trust Company Ltd. The rental payable per annum is NZ$61,800. Akaroa owns the trademark "Akaroa Salmon".

AMHI

AMHI owns land with an area of 68,751sqm. situated at Purok Saydala, Baranggay Tambler, General Santos City, South Cotabato. AMHI leases this land to ASFII, BGB, and FDCP under long-term lease contracts.

Item 3 – LEGAL PROCEEDINGS

The pending and material legal proceedings involving the Company are as follows:

1. ***Alliance Select Foods International, Inc., represented in this derivative suit by Harvest All Investment Limited, Victory Fund Limited, Bond east Private Limited, and Hedy S.C. Chua v. George E. Sycip, Jonathan Y. Dee, Alvin Y. Dee, Ibarra A. Malonzo, Joanna Y. Dee-Laurel, Teresita Ladanga, and Grace Dogillo,* Commercial Case No. 14-220**

On May 27, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua filed a derivative suit purportedly on behalf of the Company against Directors Messrs. George E. Sycip and Jonathan Dee, then Directors Messrs. Alvin Y. Dee and Ibarra Malonzo, and certain senior executives of the Company at that time. The derivative suit prayed, among others, for the appointment of an interim management committee, and to compel an accounting and return of Company funds allegedly diverted to corporations controlled by the family of respondents Messrs. Jonathan and Alvin Dee. On 03 February 2015, the respondents filed a motion praying to declare the application of an interim management committee moot and academic in view of the change in the composition of the Company's Board of Directors and management. The Complainants filed a Motion to Inhibit on February 28, 2015, which was granted by the Pasig RTC Branch 159 on January 5, 2016. The case was eventually re-raffled to Pasig RTC Branch 154 on February 1, 2016. Several motions were filed in this case and are all pending resolution by the said Pasig RTC.

2. *Alliance Select Foods International, Inc. v. Hedy S.C. Yap-Chua and Albert Hong Hin Kay*, I.S. No. INV-14F-02786

On June 11, 2014, the Company, to protect its interests, filed a criminal complaint for Revealing Secrets with Abuse of Office against two of its then directors, Ms. Hedy S.C. Yap-Chua and Mr. Albert Hong Hin Kay, because it had reasonable cause to believe that Ms. Yap-Chua and Mr. Hong revealed to third parties information relating to the Company's financials given to them in confidence, in breach of their fiduciary duty to the Company. The Office of the City Prosecutor of Pasig City dismissed the case, and the Company has since filed its appeal with the Department of Justice, where the case remains pending.

3. *In the matter of Alliance Select Foods International, Inc.*, SEC-EPD Case No. 14-3042

On September 18, 2014, the Company received a letter dated September 12, 2014 from the SEC – Enforcement and Investor Protection Department (SEC-EPID) directing the Company to submit a written explanation on the allegations of shareholder Mr. Necisto U. Sytengco within fifteen (15) days from receipt of said letter. Mr. Sytengco filed letter-complaints with the SEC alleging that his rights as shareholder were disregarded during the Company's Annual Stockholders' Meeting held on June 16, 2014 because he was barred from entering the venue of said meeting, purportedly in violation of the Revised Code of Corporate Governance (CG Code) provisions on shareholders' rights. On September 23, 2014, or five (5) days from receipt of the SEC letter, the Company filed its letter-response to the SEC explaining that Mr. Sytengco was barred from entering the venue because of his behavior which was disruptive to the meeting.

In an Order dated October 28, 2014, the SEC-EPID erroneously held that the Company failed to comply with its directive to submit a written explanation, and adjudged the Company liable for the alleged violations of the CG Code. On November 21, 2014, the Company appealed the SEC-EPID Order before the SEC En Banc, where the same remains pending.

4. *Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua v. Alliance Select Foods International, Inc., George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, and Erwin M. Elechicon and Barbara Anne C. Migallos*, C.A. G.R. No. CA GR SP No. 142213

On August 5, 2015, Harvest All Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua ("Harvest All et al") filed a Complaint (with application for the issuance of Writ of Preliminary Mandatory Injunction and Temporary Restraining Order/Writ of Preliminary Injunction) with the Pasig Regional Trial Court ("Pasig RTC"), against Alliance Select Foods International, Inc., its Directors Messrs. George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, and Erwin M. Elechicon and Barbara Anne C. Migallos (the "Company") praying, among others, that the Company be restrained from carrying out its Stock Rights Offering, and that the Company be compelled to hold its Annual Stockholders' Meeting prior to the said Stock Rights Offering. The Stock Rights Offering would raise gross proceeds of P1,000,000,000.00 to be used for needed capital expenditures, repayment of loans, installation of a new management information system, and working capital requirements of the Company.

In a Resolution dated August 14, 2015, the Pasig RTC denied the prayer for a Temporary Restraining Order. The Pasig RTC held that Harvest All et al failed to show that it had a clear and unmistakable right that was or would be violated by the conduct of Annual Stockholders' Meeting after the Stock Rights Offering. The Pasig RTC noted that Temporary Restraining Order is unwarranted because Harvest All et al were granted the right to subscribe to the Stock Rights Offering to prevent the dilution of shareholdings and voting rights feared by Harvest All et al.

In a Resolution dated 24 August 2015, the Pasig RTC dismissed the Complaint for lack of jurisdiction over the subject matter of the case due to Harvest All et al's failure to pay the correct filing fees (the "RTC Resolution").

In the meantime, the offer period for the Stock Rights Offering, which commenced on August 17, 2015, ended on August 26, 2015. On September 7, 2014, the Company's Board scheduled the Company's Annual Stockholders'

Meeting on November 17, 2015 with record date on October 20, 2015. The Board of Directors later on decided to reschedule the Annual Stockholders' Meeting to December 16, 2015.

Harvest All et al filed a Petition for Review with the Court of Appeals to reverse and set aside the RTC Resolution dismissing the Complaint. It also prayed that the Company be restrained from implementing the October 20, 2015 record date of the Annual Stockholders' Meeting, and to compel the Company to set the record date of the Annual Stockholders' Meeting to a date prior to the Stock Rights Offering.

On 15 December 2015, the Court of Appeals issued a Resolution of even date granting Harvest All et al.'s prayer for a Temporary Restraining Order (TRO), effective for a period of 60 days from notice, enjoining the parties to maintain and preserve the status quo pending resolution of the Petition for Review, after Harvest All et al posts the required bond (the "TRO Resolution"). The Court of Appeals issued the TRO the next day, or on 16 December 2015, the date of the Meeting. The Company received the TRO a few hours before said Meeting. The Company and the respondent directors and officers filed motions for reconsideration of the TRO Resolution and to dissolve the TRO.

The Court of Appeals rendered a Decision dated February 15, 2016. The Court granted the Petition of shareholders Harvest All Investment Ltd., et al., but sustained the position of the Company that Harvest All Investment Ltd., et.al, should pay the correct filing fees for its Complaint with the Pasig RTC. Both parties filed their respective Motions for Reconsideration, and both were subsequently denied.

Jonathan Dee filed a Petition for Review on Certiorari with the SC to set aside the ruling of the CA and affirm the ruling of the Pasig RTC dismissing the case (SC G.R. No. 224834).

Harvest All et al. on the other hand filed their only Petition for Review on Certiorari with the SC questioning the ruling of the CA that though the case should not be dismissed because Harvest All et al. was not in bad faith in not filing the proper filing fee, the latter should pay the filing fee based on the 2015 SRO, which would amount to approximately Php 20 Million)

The Petitions for Review on Certiorari were consolidated by the SC. On March 15, 2017, the SC rendered a Decision in favor of the petition of Harvest All, et al., ruling that the intra-corporate controversies may involve a subject matter which is either capable or incapable of pecuniary estimation, and remanded the case back to the RTC to assess the correct filing fees, and upon payment, to proceed with the regular proceedings of the case. The Company will file the appropriate remedies to protect its corporate interest.

Item 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

I. Annual Stockholders Meeting (for 2016)

a. Date: June 28, 2016
Time: 2:30 PM
Place: Philippine Stock Exchange (PSE) Centre Auditorium, Ground Floor, Philippine Stock Exchange Centre, Exchange Road Ortigas Centre, Pasig City

b. Election of Officers:

Regular Directors:

1. Raymond K.H. See	–	2,538,087,257 cumulative votes
2. Marie Grace T. Vera Cruz	–	2,538,045,972 cumulative votes
3. Joseph Peter Y. Roxas	–	2,537,971,704 cumulative votes
4. George E. Sycip	–	2,538,082,046 cumulative votes
5. Antonio C. Pacis	–	2,537,975,391 cumulative votes

Independent Directors:

1. Erwin M. Elechicon – 238,237,213 cumulative votes
2. Dobbin A. Tan – 238,236,884 cumulative votes

c. Matters Voted Upon:

Item	Yes	No	Abstain	Objection
1. Dispensing with the Reading of the Minutes of Previous Stockholders' Meeting and Approval of said Minutes				
a. 2015 Annual Stockholders' Meeting held on December 6, 2015	1,880,942,879 (75.25%)	0 (0%)	435,711 (0.01743%)	
b. Minutes of the Continuation of the 2015 Annual Stockholders' Meeting held on March 1, 2016	1,880,942,879 (75.25%)	0 (0%)	435,711 (0.01743%)	
2. Approval of the Management Report and the Audited Financial Statements for the Year ended December 31, 2015	1,880,948,066 (75.25%)	0 (0%)	430,524 (0.01722%)	
3. Ratification and Approval of Acts of the Board of Directors and Executive Officers during the past year	1,880,945,769 (75.25%)	1,000 (0.00004%)	431,821 (0.01727%)	
4. Appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2015	1,880,946,769 (75.25%)	0 (0%)	431,821 (0.01727%)	
5. Objections				

**All matters reported under Item 4 have also been published in the Company's website at www.allianceselectfoods.com.*

Part II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5 – MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The company's common stock equity, its only class of shareholders, is traded on the Philippine Stock Exchange under the stock symbol FOOD. Quarterly High and Low prices for the last two (2) fiscal years, without stock adjustments, are as follows:

	2014		2015		2016	
	High	Low	High	Low	High	Low
Q1	1.35	0.96	1.33	1.04	0.81	0.57
Q2	1.66	1.20	1.10	1.01	1.01	0.70
Q3	1.46	1.22	1.05	0.91	1.35	0.80
Q4	1.30	1.09	0.96	0.61	1.06	0.79

On December 29, 2016, the last trading day for the year, the closing price for FOOD was ₱0.85 per share.

The number of shareholders of record as of December 31, 2016 is 256 and the total number of shares outstanding on that date were 2,499,712,463 net of 287,537 treasury shares.

Public float as of December 31, 2016 is 31.77%.

Top 20 shareholders as of December 31, 2016 were:

Name	No. of shares	% ownership
1. PCD Nominee Corporation (Filipino)	2,011,877,842	80.48%
2. Harvest All Investment Limited	177,261,165	7.09%
3. Victory Fund Limited	138,474,015	5.54%
4. PCD Nominee Corporation (Foreign)	89,946,471	3.60%
5. Albert Hin Kay Hong	39,071,537	1.56%
6. Bondeast Private Limited	13,023,411	0.52%
7. Kawsek Jr., Peter	4,538,646	0.18%
8. FCF Fishery Co. Ltd.	3,975,370	0.16%
9. Cordova, Michael W.	3,805,000	0.15%
10. S. Chandra Das	2,604,760	0.10%
11. Carlos Damaso Perez Laurel	2,500,000	0.10%
12. Oriental Tin Can & Metal Sheet Mfg.	2,210,385	0.09%
13. FDCP, Inc.	1,894,045	0.08%
14. Cheng, Berck Yao	1,200,000	0.05%
15. Tri-Marine International (Pte) Ltd.	1,170,472	0.05%
16. Angping, Jerry C.	1,000,000	0.04%
17. Damalerio Fishing Corp.	920,656	0.04%
18. DFC Tuna Venture Corporation	617,248	0.02%
19. Phil. Fisheries Development Authority	346,207	0.01%
20. Amadeo Fishing Corp.	294,874	0.01%

As of February 28, 2017, foreign ownership of the company's common stock equity stands at 18.58% or 464,420,806 common shares. Locally owned common stock stands at 81.42% or 2,035,291,657 common shares. Currently, there is no foreign ownership limitation applicable to FOOD.

In 2015, the Company completed a Stock Rights Offering consisting of 1,000,000,000 common shares ("Rights Shares") by way of pre-emptive rights offering exclusively to eligible existing common shareholders of the Company as of August 7, 2015, at the proportion of one Rights Share for every one and one-half common shares of the Company. The offer period of the Stock Rights Offering commenced on August 17, 2015 and ended on August 26, 2015. The Stock Rights Offering was fully subscribed and raised gross proceeds of One Billion Pesos (P1, 000,000,000.00), as follows:

SUBSCRIBER	NO. OF SHARES	VALUE	PAID
PCD Nominee Corp. (Filipino)	952,606,926[1]	₱952,606,926	₱952,606,926
PDC Nominee Corp. (Foreign)	47,382,167	₱47,382,167	₱47,382,167
Raymond K.H. See	10,521	₱10,521	₱10,521
Stephen G. Soliven	386	₱386	₱386
TOTAL	1,000,000,000	₱1,000,000,000	₱1,000,000,000

[1] *This includes the 952,479,638 shares subscribed by Strongoak, Inc.*

The net proceeds from the Stock Rights Offering, after deducting taxes and PSE fees, amounted to P993,868,800.00. Any fees and expenses relating to the Stock Rights Offering will be settled separately and shall not be deducted from the net proceeds of the Stock Rights Offering. The net proceeds from the Stock Rights Offering will be used for: (a) capital expenditures, (b) repayment of loans, (c) purchase and installation of new management information system, and (d) working capital requirements. On May 06, 2016, the planned use of the Stock Rights Offering was amended, approving the re-allocation of proceeds for working capital requirements, capital expenditures, payment of loans, and new management information system.

The Stock Rights Offering is an exempt transaction under Section 10.1(i) of the Securities Regulation Code because it was in pursuance of an increase in the Company's authorized capital stock. On July 2, 2015, the Company submitted an Application for Confirmation of Exempt Transaction to the SEC, on this basis. On July 21, 2015, a Confirmation of Exempt Transaction was issued by the SEC.

Accordingly, the Rights Shares were issued out of the increase in authorized capital stock of the Company from 1,500,000,000 common shares to 3,000,000,000 common shares (the "Capital Increase"). The Capital Increase was approved by the Company's Board of Directors in a special meeting held on February 17, 2015, and by shareholders holding at least 2/3 of the Company's outstanding capital stock at the Special Stockholders' Meeting held on March 31, 2015. On October 28, 2015, the Company obtained SEC approval of the Capital Increase. As such, the outstanding capital stock of the Company correspondingly increased from 1,499,712,463 common shares to 2,499,712,463 common shares.

The Company filed its application for listing and trading of the Rights Shares with the PSE on May 26, 2015. The Board of Directors of the PSE approved the listing of the Rights Shares on July 8, 2015, subject to the compliance with the requirements for listing. On 5 November 2015, the PSE issued a Notice of Approval for the listing of the Rights Shares on the listing date of 6 November 2015.

There are no other recent sales of unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

Item 6 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATION

The following discussion should be read in conjunction with the accompanying consolidated financial statements of Alliance Select Foods International, Inc., and its Subsidiaries (the "Group") which comprise the consolidated statements of financial position as of December 31, 2016, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended. The financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC. PFRS is an International Financial Reporting Standards equivalent.

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

CY 2016 COMPARED TO CY 2015

I. FINANCIAL HIGHLIGHTS

	Years Ended December 31		
Amount in US $'000	*2016*	*2015*	% Change
Revenue	$59,914	$67,916	-12%
Gross profit	3,468	6,820	-49%
Gross margin	6%	10%	
Selling & Administrative Expenses			
Normal selling & administrative	6,771	9,772	-31%
Provision for Impairment	1,187	8,973	-87%
Other non-operating income			
Gain on acquisition of AMIHI & re-measurement of previously held interest	-	5,827	-100%
Finance Cost	869	1,903	-54%
Profit (Loss) for the year	(5,899)	(8,023)	-26%
Non-controlling interest	70	(1,630)	-104%
Profit(Loss) attributable to equity holders of the parent	(5,969)	(6,392)	-7%
Net Profit (Loss) Margin	-10%	-12%	
EBITDA	(2,760)	(5,107)	-46%
EBITDA margin	-5%	-9%	
Return on equity (ROE)	-17%	-21%	
Earnings (Loss) per share	(0.0024)	(0.0038)	-45%
Book value per share	0.0129	0.0152	-15%

II. OPERATING PERFORMANCE

The Group's consolidated revenues of $ 60 million in 2016 were 12% lower than the revenues of $ 68 million in 2015. In 2016, about 58% of total revenues were contributed by tuna-related products and the remaining 42% were contributed by salmon-related products. Revenues declined by 14% for the tuna-related products while revenues for the salmon-related products declined 8%. The revenue decline in the tuna business was impacted the severe fluctuation in prices of raw materials. Shipments of canned tuna declined 12% to 630 full container load (FCL) in 2016 from 712 FCLs in 2015. The volume decline in canned tuna shipped was mainly attributable to the decline in sales volume of the PT IAFI by 40% to 66 FCLs in 2016 from 109 FCLs in 2015. The decline in PT IAFI's sales volume was a result of PT IAFI's difficulty in profitably matching market prices as fish costs have continuously increased due to the prohibitive fishing regulations in Indonesia.

The revenue decline in salmon-related products was due to the Company's divestment of its PFNZ shares, resulting to a loss of PFNZ as a customer, mitigated by a 34% increase in revenues from Akaroa. BGB has been intensifying its selling efforts in increasing its local customer base and developing new export clients to compensate for the lost volume from PFNZ.

The Group's gross profits of $ 3 million in 2016 were 49% lower than gross profits of $ 7 million in 2015. The gross profit ratio dropped to 6% in 2016 from 10% in 2015 due to the negative gross profit margin in the tuna business of 6% in 2016 from a positive 1% margin in 2015. The lower volumes sold, unexpected spike in raw materials, and price compression from competition caused the negative gross profit of the tuna business. The salmon business also experienced a decline in gross profits to 20% in 2016 from 25% due to higher raw material prices.

The frequent and persistent shut downs of PT IAFI is due to its inability to source low cost fish in the region, resulting in an uncompetitive cost structure in the globally-competitive tuna canning market. PT IAFI's predicament is common to other tuna canning companies in Indonesia. Indonesian fishing regulations have made foreign commercial fishing in Indonesian waters practically impossible, resulting in higher fish prices and insufficient supply for tuna canneries across Indonesia.

The Group's normal selling and administrative expenses of $ 7 million in 2016 were 31% lower than $ 10 million in 2015. The ratio of normal selling and administrative expenses to sales decreased by 3 percentage points to 11% in 2016 from 14% in 2015. Over the past two years, the Group has successfully implemented measures to reduce operating expenses and have consistently managed costs to partially cushion the impact of the inherent volatility in raw material prices.

As part of the Company's risk management process and in line with its Accounting Policies, when the net realizable value of the inventories are lower than cost, the Company provides for an allowance for the decline in inventory value. The reversal of any provision for inventory obsolescence, arising from any increase in net realizable value, is recognized as a reduction in the inventory amount in the period when the reversal occurs. When the inventory is sold, the carrying amount of the inventory is recognized as an expense in the period when the related revenue is recognized. Property, plant and equipment are likewise measured at cost less depreciation and provision for impairment losses. In CY 2016, the Group recognized the following provisions in its books:

- Inventory write down and allowance for inventory obsolescence for the Group totaling $794,010. The provision also accounts for the passage of time and its adverse impact on the value of unsold inventory.

- Provision for impairment of other property, plant, and equipment and other assets amounting to $314,320 primarily relating to the two (2) fishing vessels carried in ASFII Parent and PT VDZ's books.

- Provision for trade and other receivables amounting to $79,049. The Group identified specific accounts that are doubtful of collection, considering historical collection and write-off experience, and provided a provision pertaining to the amounts deemed to be uncollectible.

The Group's finance costs of $869k in 2016 were 54% lower than its finance costs of $1.9 million in 2015. The decrease was due to the settlement of long-term loans of the Company using its short-term placements. Moreover, a portion of the SRO proceeds was utilized to retire high interest loans.

The Group managed to reduce net losses by 26% to $ 6 million in 2016 from $ 8 million in 2015.

III. FINANCIAL CONDITION

Balance Sheet Highlights	**Years Ended December 31**		
Amount in US$'000	*2016*	*2015*	**% Change**
Cash & cash equivalent	$7,396	$17,595	-58%
Receivables	6,725	5,374	25%
Inventories	7,954	6,722	18%
Other current assets	1,530	1,097	39%
Total Current Assets	$23,605	30,788	-23%
Property &a Equipment	17,007	17,917	-5%
Total Assets	$59,861	$68,538	-13%
Trade and Other Payables	6,070	$5,731	6%
Bank Loans	20,830	21,840	-5%
Total Current Liabilities	27,128	27,786	-2%
Total Liabilities	27,749	30,474	-9%
Total Stockholders' Equity	32,112	38,064	-16%
Total Liabilities & SE	$59,861	$68,538	-13%

58% decrease in Cash due to the application of proceeds from the Stock Rights Offering (SRO) to the Group's working capital requirements and repayment of high interest loans.

25% increase in Trade and other receivables was primarily due to an increase in 4th quarter sales that will be collected in 2017.

18% increase in Inventories was primarily due to goods produced in 2016 that will be sold in 2017.

104% increase in Other current assets was mainly due to advance payments to vendors.

5% decrease in Property & Equipment due to the impairment of two (2) fishing vessels.

There was no impairment of goodwill recognized during the year.

6% increase in Trade and Other Payables is due to obligations with various suppliers of raw materials and supplies.

5% decrease in Loans Payable is due to the settlement of various loans.

Loans payable – net of current portion declined by 97% due to the settlement of various loans

16% decrease in Equity pertains to the decrease in Retained Earnings.

Amounts as of December 31	2016	2015
Current Ratio	0.87	1.11
Debt-to-equity Ratio	0.86	0.80

The Group's financial liquidity profile declined in 2016 due to the application of proceeds from the Stock Rights Offering to the Group's working capital requirements.

IV.SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	Years Ended December 31	
	2016	2015
Operating Cash flows before working capital changes	$(1,584,606)	$(1,898,506)
Net cash from (used in) from operating activities	(5,841,240)	3,354,959
Net cash used in investing activities	(688,152)	(1,494,595)
Net cash flows from financing activities	(3,629,799)	13,732,951

Net cash flows from operations for the year were lower than the previous year mainly due to the application of the proceeds from the Stock Rights Offering in 2015.

Net cash used in investing activities included the following:

	Years Ended December 31	
	2016	2015
Additions to property, plant and equipment	$(702,914)	$(1,286,072)
Acquisition of investment in subsidiary	-	(479,089)
Proceeds from sale of property, plant and equipment	14,762	265,566

Major components of cash flow provided by financing activities are as follows:

	Years Ended December 31	
	2016	2015
Proceeds from bank loans	$35,590,025	$75,093,353
Payment of bank loans	(38,351,307)	(80,686,263)
Proceeds from issuance of shares	-	21,301,392
Payment of interest	(868,517)	(1,956,583)

The Group does not foresee any cash flow or liquidity problem over the next twelve (12) months. It is in compliance with its loan covenant on debt-to-equity ratio. It 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 of December 31, 2016, there were no material events or uncertainties known to management that had a material impact on past performance or that could have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- 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 Group's continuing operations; and Seasonal aspects that had a material effect on the financial condition or results of operations.

V. KEY PERFORMANCE INDICATORS

The Group uses the following key performance indicators to assess the Group's financial performance from period to period.

	Years ended December 31	
Key performance indicator	2016	2015
Revenue growth rate	-11.78%	-16.42%
Net profit margin	-9.96%	-11.81%
Current ratio	0.87	1.11
Debt to equity ratio	0.86	0.80
Return on average stockholders' equity	-17.01%	-20.82%

The following defines each ratio:

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

- The net profit margin is the ratio of the Group's net income attributable to equity holders of the parent versus its net revenue for a given period. This is computed by dividing net income after tax by net revenue. The result is expressed in percentage.

- 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 return on average stockholders' equity ratio is the ratio of the Group's net income attributable to equity holders of the parent to the average stockholders' equity. This measures the management's ability to generate returns on investments. This is computed by dividing net income attributable to equity holders of the parent by the average stockholders' equity. The result is expressed in percentage.

Item 7 – FINANCIAL STATEMENTS

The Audited Financial Statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this form 17-A.

Item 8 – CHANGES AND DISAGREEMENTS WITH ACCOUNTANT AND FINANCIAL DISCLOSURE

None.

Item 9 – INDEPENDENT PUBLIC ACCOUNTANTS AND AUDIT RELATED FEES

Independent Public Accountants

The Group's external auditors since incorporation in 2003 until December 31, 2014 have been Navarro, Amper & Co., a member of Deloitte Touche Tohmatsu. It was formerly known as C.L. Manabat & Co. and then Manabat, Delgado, Amper & Co. before assuming its present name. In compliance with SEC Memorandum Circular No. 8, series of 2003, changes were made in the assignment of Navarro, Amper & Co.'s engagement partners.

As endorsed by the Audit Committee in line with Audit Committee's approval policies and procedures for external audit services, the Board of Directors of the Company in its meeting on September 7, 2015 approved the appointment of Reyes, Tacandong & Co. as the Company's independent external auditors for the year 2015. On March 1, 2016, the Stockholders of the company ratified the appointment of said auditing firm as independent auditor of the Company for 2015. During the Annual Stockholders' Meeting held on June 28, 2016, the stockholders ratified the appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2016.

Audit Related Fees

The following table sets out the aggregate fee billed for the 2014 fiscal year for professional services rendered by Navarro, Amper & Co. and the Audit engagement fees of Reyes, Tacandong & Co. for CY 2016 and PY 2015.

Audit and Audit-Related Fees	2016	2015	2014
Regular Audit	₱ 1,000,000	₱ 1,000,000	₱ 1,200,000
Review of proposed increase in ACS	-	-	-
Long Form Audit	-	-	-
Review of Forecast	-	-	-
All Other Fees	150,000	150,000	180,000
Total Audit and Audit-Related Fees	**₱ 1,150,000**	**₱ 1,150,000**	**₱ 1,380,000**

Part III – CONTROL AND COMPENSATION INFORMATION

Item 10 – DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Board of Directors

Director	Nationality	Position	Age	Year Position was Assumed
Antonio C. Pacis	Filipino	Chairman of the Board	76	2014
George E. Sycip	American	Vice Chairman	60	2004
Raymond K.H. See	Filipino	Director, President & CEO	49	2014
Marie Grace T. Vera Cruz	Filipino	Director	36	2014
Joseph Peter Y. Roxas	Filipino	Director	55	2016
Erwin M. Elechicon	Filipino	Independent Director	57	2016
Dobbin A. Tan	Filipino	Independent Director	53	2016

ANTONIO C. PACIS - 76, Filipino citizen; Chairman of the Board

Mr. Pacis obtained his law degree from the Ateneo Law School in 1965 and his masteral law degree from the Harvard Law School in 1967.

He is on the Board of Directors at OCLP Holdings Inc., BDO Unibank, Inc., Paluwagan NG Bayan Savings Bank, Armstrong Pacific Co., Inc., Legisforum, Inc., Technology Investment Co., Inc. and Central Colleges of The Philippines.

He is Chairman of the Board of Directors at Asian Silver Estate, Inc., International Social Service Philippines, Inc., Amigo Holdings, Inc., Asian Waterfront Holdings, Inc., Mantle Holdings, Inc., and Corporate Secretary for Armstrong Securities, Inc., EBC Strategic Holdings Corp., and Paluwagan NG Bayan Savings Bank.

Mr. Pacis has been practicing law since 1965 and continues to practice at Pacis and Reyes Law Office and was a professor of law at the Ateneo Law School.

GEORGE E. SYCIP - 60, American citizen; Vice-Chairman

Mr. Sycip received his BA 'With Distinction' in International Relations/Economics from Stanford University and his Master in Business Administration Degree from the Harvard Business School

Mr. Sycip is the Director and Principal of Galaxaco China Group, a project doing business in China, and Halanna Management estate investment and development and consultancy firm serving American, European and Asian clients' estate investment and development company. Mr. Sycip currently serves on the Boards or Advisory Boards of several companies and institutions. In Asia, these include Beneficial-PNB Life Insurance, Medtecs Corporation, and Cityland Development Corporation. In the U.S., he is on the Board of the Bank of the Orient, Arasor International, the California Asia Business Council, the International Institute for Rural Reconstruction, Give2Asia, and Stanford University's Institute for International Studies.

RAYMOND K. H. SEE - 49, Filipino citizen; Director, President & CEO

Mr. See graduated from De La Salle University in 1989 with a degree in B.S. Industrial Management Engineering, minor in Mechanical Engineering.

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation. He rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President & CEO of the Company on December 8, 2014.

MARIE GRACE T. VERA CRUZ - 36, Filipino citizen; Director

Ms. Vera Cruz holds an MBA from London Business School and a Bachelor's Degree in Business Economics from the University of the Philippines, where she graduated Magna cum Laude.

Ms. Vera Cruz is the Managing Director of Seawood Resources, Inc., an investment company based in the Philippines. She is also the President of Strongoak, Inc. Prior to Seawood and Strongoak, Ms. Vera Cruz was a consultant at McKinsey & Co.

JOSEPH PETER Y. ROXAS - 55, Filipino citizen; Director

Mr. Roxas graduated from the Ateneo de Manila University in 1983 with a Bachelor's degree in Economics. He also has MBA units from the Ateneo de Manila University Graduate School.

Mr. Roxas is President of Eagle Equities, Inc. since 1996. He is also presently a Director of DFNN, Inc., a listed company in the Philippine Stock Exchange, and of Kimquan Trading Corporation, a privately held company. He is also a Director of the Association of Securities Analysts of the Philippines since 2000. Mr. Roxas was with R.

Coyuito Securities as Assistant Vice President for Research from 1993 to 1995, and Investment Officer from 1987 to 1992.

ERWIN M. ELECHICON - 57, Filipino citizen; Independent Director

Mr. Elechicon holds a Bachelor of Arts Degree in Economics, *cum laude*, from the Ateneo de Manila University in 1979. He attended courses in Finance at the Columbia Business School; and in Marketing at Kellogg School of Management.

Mr. Elechicon was with the Procter & Gamble Company (P&G) for over 26 years. He has had local and regional responsibilities at P&G across Asia, and has lived in Singapore, Mumbai, Kuala Lumpur and Ho Chi Minh City as well as Manila. He was also President and General Manager of two Jollibee Foods Corporation subsidiaries, Greenwich Pizza Company and Chowking. He is currently the Chairman and co-founder of Assurant BPO Solutions, Inc., a Makati-based company providing business and knowledge process outsourcing and managed services solutions to a broad range of clients. He is also a director of U-Bix Corporation, one of the largest integrated office systems and service providers in the Philippines.

DOBBIN A. TAN - 53, Filipino citizen; Independent Director

Mr. Tan graduated from the Ateneo de Manila University in 1985 with a Bachelor of Science degree in Management Engineering. He obtained his Master's degree in Business Administration from the University of Chicago, Booth School of Business in 2013. Mr. Tan also attended a Management Development Program of the Asian Institute of Management in 1990, and a Strategic Business Economics Program of the University of Asia and the Pacific in 2001.

Mr. Tan is presently Chief Executive Officer of New Sunlife Ventures, Inc. He was Managing Director and Chief Operating Officer of Information Gateway from 2002 to 2012. Mr. Tan also served as Vice President for Marketing of Dutch Boy Philippines from 2000 to 2002, President of Informatics Computer College from 1997 to 2000, Assistant Vice President for Marketing of Basic Holdings from 1994 to 1997, Operations Manager of DC Restaurant Management Systems from 1990 to 1994, and Senior Financial Analyst/ Corporate Planning Manager for San Miguel Corporation from 1985 to 1990.

Executive/Principal Officers

Officer	Nationality	Position	Age	Year Position was Assumed
Raymond K.H. See	Filipino	President & CEO	48	2014
Lisa Angela Y. Dejadina	Filipino	SVP – Operational Excellence and Business Development	33	2014
Barbara Anne C. Migallos	Filipino	Corporate Secretary	61	2015
Ma. Kristina P. Ambrocio	Filipino	Asst. Corporate Secretary and Compliance Officer	38	2015

EXECUTIVE OFFICERS

RAYMOND K.H. SEE – 49, Filipino citizen; President & CEO.

Mr. See graduated from De La Salle University in 1989 with a degree in B.S. Industrial Management Engineering, minor in Mechanical Engineering.

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation who rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President and Chief Executive Officer of the Company on December 8, 2014.

LISA ANGELA Y. DEJADINA – 33, Filipino citizen; Senior Vice President for Operational Excellence and Business Development

Ms. Dejadina has a degree in B.S. Industrial Engineering from the University of the Philippines where she graduated in 2005.

Prior to joining the company, Ms. Dejadina worked at Pilipinas Shell Petroleum Corporation where she covered various roles contributing to ten years of solid work experience in the petroleum industry in the areas of fuel depot operations, Health, Safety, Security and Environment (HSSE) management, and business support functions (business development, logistics, and learning & development).

BARBARA ANNE C. MIGALLOS – 61, Filipino citizen; Corporate Secretary.

Ms. Migallos graduated cum laude from the University of the Philippines, with a Bachelor of Arts degree, and finished her Bachelor of Laws degree as cum laude (salutatorian) also at the University of the Philippines. She placed third in the 1979 Philippine Bar Examination.

Ms. Migallos was elected as Corporate Secretary of the Company on July 6, 2015. She is Director and Corporate Secretary of Philex Mining Corporation and Philex Petroleum Corporation, and Corporate Secretary of Nickel Asia Corporation and Silangan Mindanao Mining Co., Inc. She is the Managing Partner of the Migallos & Luna Law Offices. Ms. Migallos is also a Director of Mabuhay Vinyl Corporation and Philippine Resins Industries, and Corporate Secretary of Eastern Telecommunications Philippines, Inc. She is a professorial lecturer in Corporations Law, Insurance, Securities Regulation and Credit Transactions at the De La Salle University College of Law. She was a Senior Partner of Roco Kapunan Migallos and Luna Law Offices from 1988 to 2006.

MA. KRISTINA P. AMBROCIO - 38, Filipino citizen; Assistant Corporate Secretary and Compliance Officer

Ms. Ambrocio graduated from the Ateneo de Manila University in 2001 with a major in Philosophy, and minor in Humanities. She obtained her law degree in 2005 from the University of the Philippines. Ms. Ambrocio also completed an Advanced Intellectual Property Law course at the Institute of European Studies of Macau in 2006.

Prior to joining the Company, Ms. Ambrocio was Corporate Counsel and Assistant Corporate Secretary of Chevron Philippines, Inc.

Significant Employees

No single person is expected to make a significant contribution to the business since the Group considers the collective efforts of all its employees as instrumental to the overall success of its performance.

Involvement in Certain Legal Proceedings

Except as otherwise discussed below and to the best of the Company's knowledge, there has been no occurrence during the past five (5) years to date of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter, or controlling person of the Company:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;
- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

1. *Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited represented by Chiew Chee Chong vs. Annsley B. Bangkas and George E. Sycip*, **NPS Docket No. XVI-INV-15B-00033 (XV-14-INV-14B-00503-OCP-Pasig City)**; and *Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited represented by Chiew Chee Chong vs. George E. Sycip, Alvin Y. Dee, Jonathan Y. Dee, and Ibarra A. Malonzo*, **NPS Docket No. XVI-INV-15B-00034 (XV-14-INV-14C-00974-OCP-Pasig City)**

On February 13, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited ("Harvest All et al") filed a criminal complaint with the Office of the City Prosecutor of Pasig City against the Company's then Chairman, and current Vice Chairman, Mr. George E. Sycip, and then Assistant Corporate Secretary Annsley B. Bangkas for allegedly denying its right to inspect company records in violation of the pertinent provisions of the Corporation Code. Harvest All et al filed the complaint despite being informed that its request to inspect company records was not being denied, and that action thereon was merely being deferred until the Board has determined the propriety of allowing the inspection.

On March 11, 2014, Harvest All et al filed another complaint with the Office of the Pasig City Prosecutor, this time against Mr. Sycip and then Director, and current Chairman, Mr. Jonathan Y. Dee, and then Directors Messrs. Alvin Dee and Ibarra A. Malonzo again for alleged violations of the Corporate Code provisions on the right to inspect company records. The complaint was filed despite a resolution by the Board to refer the matter to independent counsel to determine whether the request was made in good faith and for a legitimate purpose consistent with the applicable provisions of the Corporation Code.

The said complaints were consolidated and transferred to the Department of Justice – Manila ("DOJ"). In a Resolution dated July 28, 2015, the DOJ dismissed the consolidated complaints. The DOJ held that Messrs. Sycip, Alvin and Jonathan Dee, and Malonzo, and Ms. Bangkas did not deny Harvest All et al's request to inspect company records. The DOJ further held that the delays in acting on the request were reasonable and not unlawful, and that the referral of the matter to independent counsel was not tantamount to a denial of the request to inspect company records. On September 1, 2015, Harvest All et al. filed a Motion for Reconsideration which was subsequently denied. Harvest All et al. then filed a Petition for Review dated August 30, 2016 before the Department of Justice. After the Respondents filed their Comments/Replies, the Petition is still pending resolution.

2. *Alliance Select Foods International, Inc., represented in this derivative suit by Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua v. George E. Sycip, Jonathan Y. Dee, Alvin Y. Dee, Ibarra A. Malonzo, Joanna Y. Dee-Laurel, Teresita Ladanga, and Grace Dogillo*, **Commercial Case No. 14-220**

On May 27, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua filed a derivative suit purportedly on behalf of the Company against the Company's director, Mr. George E. Sycip, and its former directors Messrs. Jonathan Dee, Alvin Y. Dee and Ibarra Malonzo, and certain senior executives of the Company at that time. The derivative suit prayed, among others, for the appointment of an interim management committee, and to compel an accounting and return of Company funds allegedly diverted to corporations controlled by the family of respondents Messrs. Jonathan and Alvin Dee. On 03 February 2015, the respondents filed a motion praying to declare the application of an interim management committee moot and academic in view of the change in the composition of the Company's Board of Directors and management. The Complainants filed a Motion to Inhibit on February 28, 2015, which was granted by the Pasig RTC Branch 159 on

January 5, 2016. The case was eventually re-raffled to Pasig RTC Branch 154 on February 1, 2016. Several motions were filed in this case and are all pending resolution by the said Pasig RTC.

3. *Hedy S.C. Yap-Chua and Albert Hong Hin Kay v. George E. Sycip, Jonathan Y. Dee, Ibarra A. Malonzo, and Avelino M. Sebastian, Jr.*, Commercial Case No. 14-219

On May 12, 2014, Ms. Hedy S.C. Yap-Chua and Mr. Albert Hong Hin Kay filed a Petition for the Declaration of Nullity of Board Resolutions and Inspection of the Corporate Books and Records, with Prayer for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction with the Regional Trial Court of Pasig City (Pasig RTC) against the Company's director, Mr. George E. Sycip and former directors Messrs. Jonathan Y. Dee, Alvin Y. Dee and Ibarra A. Malonzo, and then Corporate Secretary, Mr. Avelino M. Sebastian. Ms. Yap-Chua and Mr. Hong sought to nullify, among others, the resolution of the Board dated May 5, 2014 approving the private placement of Strongoak, Inc. of P563,679,956 into the Company, and the issuance of 430,286,226 of the Company's common shares to Strongoak, Inc. pursuant thereto.

The Company moved to intervene in this case. The RTC Pasig denied such intervention. The Company appealed to the Court of Appeals via a Petition for Review dated July 25, 2014. This was docketed as CA G.R. No. 136402.

On May 23, 2014, the judge issued an order stating that "After a careful consideration of the allegations in the Petition with Prayer for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction, this Court finds that the prayer for the TRO does not appear to be of extreme urgency; hence, the same is hereby BYPASSED." The Petition remains pending before the Pasig RTC.

The Complainants filed a Motion for Inhibition, which was granted by Pasig RTC Branch 159. The case was eventually re-raffled to Pasig RTC Branch 161 on March 21, 2016, where it remains pending as of date.

On March 29, 2016, the Company received the CA Decision dated March 14, 2016, granting the Company's Petition to Intervene in the case. Ms. Yap-Chua et al. filed a motion for reconsideration of the said Decision but was subsequently denied also. The Company received just last February 2, 2017 the Petition for Review on Certiorari of Hedy Yap-Chua et al. with the Supreme Court. (SC G.R. No. 226182 [CA-GR. SP No. 136402]). We are waiting for the SC to issue an Order for ASPII to Comment or to outright dismiss the petition.

Meanwhile, in the main case pending with the Pasig RTC, there were already numerous motions filed by the different counsel of the parties that the Pasig RTC still needs to resolve before it can hear the main issue. The Parties even, as directed by the Court or voluntarily, filed their respective memorandum for the pending incidents. Generally, the respondents moved to have the case dismissed on the ground that this is a nuisance or a harassment suit. In all these hearings before the Pasig RTC, the Company was allowed by the judge to participate as an observer only.

Considering this, the Company filed a motion to suspend the proceedings until the issue, now before the Supreme Court, as to whether the Company is an indispensable party has become final and executory. This incident is still pending before the Pasig RTC wherein the court directed the parties to submit their respective comments on the matter.

4. *Hedy S.C. Yap-Chua v. Jonathan Y. Dee, Marie Grace T. Vera Cruz, George E. Sycip, Antonio C. Pacis and Raymond K.H. See*, I.S. No. XVI-INV-15B00053

On February 24, 2015, Ms. Hedy S.C. Yap-Chua filed a Complaint-Affidavit with the Department of Justice ("DOJ") against incumbent Directors George E. Sycip, Marie Grace T. Vera Cruz, Raymond K.H. See and Antonio C. Pacis, and former director Mr. Jonathan Y. Dee ("Respondent Directors") for alleged violations of the Corporate Code provisions on the right to inspect company records. The Board approved Ms. Yap-Chua's request to inspect company records, subject to a procedure to ensure an orderly inspection and that proprietary information does not become public. However, the respective lawyers of the Company and Ms. Yap-Chua could not come to an agreement on the said procedure for inspection.

At the special meeting of the Board on September 17, 2014 called at the request of Ms. Yap-Chua and specifically to discuss the matter, the Board, by the vote of the Respondent Directors, resolved to direct the lawyers of the Company and of Ms. Yap-Chua to meet face-to-face to resolve their differences regarding said procedure. Ms. Yap-Chua alleged in her Complaint-Affidavit that the procedure proposed by the Company, and the referral of the matter to the lawyers, was tantamount to a denial of her right to inspect company records.

The Respondent Directors received a copy of Ms. Yap-Chua's Complaint-Affidavit from the DOJ on June 9, 2015, and have filed their respective responsive pleadings thereto.

Complainants has since filed a Motion to Resolve the main complaint.

The complaint is still pending resolution of the DOJ.

5. *Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua v. Alliance Select Foods International, Inc., George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, and Erwin M. Elechicon and Barbara Anne C. Migallos,* **C.A. G.R. No. CA GR SP No. 142213**

On August 5, 2015, Harvest All Victory Fund Limited, Bondeast Private Limited, Mr. Albert Hong Hin Kay and Ms. Hedy S.C. Yap Chua ("Harvest All et al") filed a Complaint (with application for the issuance of Writ of Preliminary Mandatory Injunction and Temporary Restraining Order/Writ of Preliminary Injunction) with the Pasig Regional Trial Court ("Pasig RTC"), against Alliance Select Foods International, Inc., its Directors Messrs. George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Paois, and Erwin M. Elechicon and Barbara Anne C. Migallos (the "Company") praying, among others, that the Company be restrained from carrying out its Stock Rights Offering, and that the Company be compelled to hold its Annual Stockholders' Meeting prior to the said Stock Rights Offering. The Stock Rights Offering would raise gross proceeds of P1, 000,000,000.00 to be used for needed capital expenditures, repayment of loans, installation of a new management information system, and working capital requirements of the Company.

In a Resolution dated August 14, 2015, the Pasig RTC denied the prayer for a Temporary Restraining Order. The Pasig RTC held that Harvest All et al failed to show that it had a clear and unmistakable right that was or would be violated by the conduct of Annual Stockholders' Meeting after the Stock Rights Offering. The Pasig RTC noted that Temporary Restraining Order is unwarranted because Harvest All et al were granted the right to subscribe to the Stock Rights Offering to prevent the dilution of shareholdings and voting rights feared by Harvest All et al.

In a Resolution dated 24 August 2015, the Pasig RTC dismissed the Complaint for lack of jurisdiction over the subject matter of the case due to Harvest All et al's failure to pay the correct filing fees (the "RTC Resolution").

In the meantime, the offer period for the Stock Rights Offering, which commenced on August 17, 2015, ended on August 26, 2015. On September 7, 2014, the Company's Board scheduled the Company's Annual Stockholders' Meeting on November 17, 2015 with record date on October 20, 2015. The Board of Directors later on decided to reschedule the Annual Stockholders' Meeting to December 16, 2015.

Harvest All et al filed a Petition for Review with the Court of Appeals to reverse and set aside the RTC Resolution dismissing the Complaint. It also prayed that the Company be restrained from implementing the October 20, 2015 record date of the Annual Stockholders' Meeting, and to compel the Company to set the record date of the Annual Stockholders' Meeting to a date prior to the Stock Rights Offering.

On 15 December 2015, the Court of Appeals issued a Resolution of even date granting Harvest All et al.'s prayer for a Temporary Restraining Order (TRO), effective for a period of 60 days from notice, enjoining the parties to maintain and preserve the status quo pending resolution of the Petition for Review, after Harvest All et al posts the required bond (the "TRO Resolution"). The Court of Appeals issued the TRO the next day, or on 16 December 2015, the date of the Meeting. The Company received the TRO a few hours before said Meeting. The Company and the respondent directors and officers filed motions for reconsideration of the TRO Resolution and to dissolve the TRO.

The Court of Appeals rendered a Decision dated February 15, 2016 ruling on the merits of the case in which the TRO was issued. The Court granted the Petition of shareholders Harvest All Investment Ltd., et al., but sustained the position of the Company that Harvest All Investment Ltd., et.al, should pay the correct filing fees for its Complaint with the Pasig RTC. Both parties filed their respective Motions for Reconsideration, and both were subsequently denied.

Jonathan Dee filed a Petition for Review on Certiorari with the SC to set aside the ruling of the CA and affirm the ruling of the Pasig RTC dismissing the case (SC G.R. No. 224834).

Harvest All et al. on the other hand filed their only Petition for Review on Certiorari with the SC questioning the ruling of the CA that though the case should not be dismissed because Harvest All et al. was not in bad faith in not filing the proper filing fee, the latter should pay the filing fee based on the 2015 SRO, which would amount to approximately Php 20 Million)

The Petitions for Review on Certiorari were consolidated by the SC. On March 15, 2017, the SC rendered a Decision in favor of the petition of Harvest All, et al., ruling that the intra-corporate controversies may involve a subject matter which is either capable or incapable of pecuniary estimation, and remanded the case back to the RTC to assess the correct filing fees, and upon payment, to proceed with the regular proceedings of the case.

6. Victory Fund Limited, Harvest All Investment Limited, Bondeast Private Limited and Hedy S.C. Yap Chua vs. Jonathan Y. Dee, Alvin Y. Dee, Joanna Y. Dee-Laurel, George E. Sycip, Teresita S. Ladanga, Grace S. Dogillo, Arak Ratborihan, Raymond K.H. See, Marie Grace T. Vera Cruz, Antonio C. Pacis, and John and Jane Does, NPS Docket No. XVI-INV-16B-01028

The complainants are shareholders of ASFII who allege that the respondents improperly used their investment in the Company to engage in supposedly illegal activities and transactions. The Complaint also stated that damage and prejudice was caused to the complainants as a result of respondents' actions, which included the alleged diminution of complainants' property rights due to a supposedly deliberate dilution of the complainants' shareholdings in ASFII. The complainants further asserted that their proportionate rights as shareholders were diminished, such as their entitlement to representation in the Board of Directors of ASFII.

The complainants submitted a Supplement to the Joint Complaint-Affidavit to include the supposed damage incurred by the complainants when they were not elected to the Board of Directors of the Company during the Annual Stockholders Meeting on 01 March 2016. Preliminary investigation hearings were held on March 22, 2016, March 28, 2016 and April 5, 2016.

Meanwhile, Jonathan Dee, Alvin Dee, Joanna Dee-Laurel, and Tess Ladanga (Perjury Complainants) filed a complaint for perjury against Yap-Chua.

In a Joint Resolution dated July 12, 2016, the Investigating Prosecutor dismissed the complaint for syndicated estafa, falsification of public documents and perjury.

Both Syndicated Estafa and Falsification Complainants and Perjury Complainants filed their respective Petition for Partial Review with the DOJ.

The parties thereafter filed their Counter-Affidavits, Replies and Rejoinders.

The petitions are still pending resolution before the DOJ.

Item 11 – EXECUTIVE COMPENSATION

Information on the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Parent Company's Chief Executive Officer and four other most highly compensated executive officers follows:

	Year	Salaries Amounts in ₱'000	Bonuses/Other Income Amounts in ₱'000
CEO and the four most highly compensated officers named above	2014	₱ 10,723	₱ 891
	2015	₱ 12,998	₱ 268
	2016 (*est.*)	₱ 16,640	₱ 300
Aggregate compensation paid to all officers and directors as a group unnamed	2014	₱ 23,266	₱ 2,109
	2015	₱ 19,624	₱ 393
	2016 (*est.*)	₱ 18,590	₱ 420

The following are the Parent Company's top five (5) compensated executive officers:

Ma. Kristina P. Ambrocio	General Counsel, Asst. Corporate Secretary and Compliance Officer
Lisa Angela Y. Dejadina	Senior Vice President for Operations
Christopher Paul M. Manese	Sales Manager
Edward L. Noma	Procurement Manager
Raymond K.H. See	President and CEO

Compensation of Directors

Standard Arrangements

Under the amended By-Laws, as compensation, the Board shall receive and allocate an amount of not more than 10% of the Group's EBITDA during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

At present, there are no arrangements for compensation for Directors. Directors, however, receive reasonable per diem allowances.

Warrants and Options Outstanding

There are no outstanding warrants or options held by directors and officers nor are there any adjustments in the exercise price of said warrants or options.

Item 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following are the number of Shares representing more than 5% of the Parent Company's issued and outstanding capital stock as of March 15, 2016:

Title of Class	Name, Address of Record Owner, and Relationship With Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% of Class
Common	PCD Nominee Corporation (Filipino) 37th Fl., Tower One, Enterprise Center, Paseo de Roxas corner Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino)	Filipino	2,011,877,842	80.48%
Common	Harvest All Investment Ltd. 4304-43F China Resources Bldg., 26 Harbour Road, Wanchai, Hong Kong	Harvest All Investment Ltd.	Chinese / Hong Kong	177,261,165	7.91%
Common	Victory Fund Ltd. 30 Biderford Road, #17-02 Thongsia Building, Singapore	Victory Fund Ltd.	Singapore	138,474,015	5.54%
	Total			2,327,613,022	93.93%

Title of Class	Name, Address of Record Owner, and Relationship With Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% of Class
Common	PCD Nominee Corporation (Filipino) 37th Fl., Tower One, Enterprise Center, Paseo de Roxas corner Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino)	Filipino	2,011,877,842	80.48 %

Common	Harvest All Investment Ltd. 4304-43F China Resources Bldg., 26 Harbour Road, Wanchai, Hong Kong	Harvest All Investment Ltd.	Chinese/ Hong Kong	177,261,165	7.91%
Common	Victory Fund Ltd. 30 Biderford Road, #17-02 Thongsia Building, Singapore	Victory Fund Ltd.	Singapore	138,474,015	5.54%
	Total			2,327,613,022	93.93%

Security ownership of Directors, Officers and Management as of April 4, 2016:

Security Ownership of Directors

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Common	Erwin M. Elechicon	200	0	Filipino	0.00%
Common	Antonio C Pacis	400	0	Filipino	0.00%
Common	Joseph Peter Y. Roxas	100,000	356,000/through Eagle Equities, Inc. 1,785,000/through Glory Y. Roxas (member of immediate family) – through Eagle Equities, Inc.	Filipino	0.08%
Common	Raymond K. H. See	5,000	10,521/through Asiasec Equities, Inc.	Filipino	0.00%
Common	George E. Sycip	1	1,826,565/through Abacus Securities 488,388/through Angping & Associates	American	0.09%
Common	Dobbin A. Tan	10,000	0	Filipino	0.00%
Common	Marie Grace T. Vera Cruz	400	0	Filipino	0.00%
	TOTAL	116,001	4,466,474		0.17%

Security Ownership of Management

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Common	Raymond K.H. See	5,000	10,521/through Asiasec Equities, Inc.	Filipino	0.00%
-	Lisa Angela Y. Dejadina	0	0	Filipino	0.00%
-	Barbara Anne C. Migallos	0	0	Filipino	0.00%
-	Ma. Kristina P. Ambrocio	0	0	Filipino	0.00%
	TOTAL	5,000	10,521		0.00%

Voting Trust or Similar Agreements

There are no existing voting trust or similar agreements.

Changes in Control

There are no existing provisions in the amended Articles of Incorporation and amended By-Laws of the Parent Company, which may cause delay, deferment, or in any manner prevent a change in control of the Parent Company.

Item 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In the course of its regular business, the Parent company entered into some related party transactions. For details please refer to Note 17 of the attached Notes to the Financial Statements.

Part IV – CORPORATE GOVERNANCE

Item 14 – CORPORATE GOVERNANCE

In compliance with SEC Regulations, please refer to the attached Annual Corporate Governance Reoprt (ACGR) which was submitted to the SEC on January 14, 2016 and posted on the Company's website on January 11, 2016.

The Company stays faithful to the recommended and best practices as far as Corporate Governance standards are concerned. It participates and follows the standards prescribed by the Securities & Exchange Commission (SEC) and the Philippines Stock Exchange (PSE). The Company filed its revised Manual of Corporate Governance (containing revisions as of July 2014) with the SEC on July 31, 2014. It also filed its Consolidated Changes to the Annual Corporate Governance Report on January 14, 2016. Since then, the Company has filed two (2) amendments to the Company's ACGR to reflect the changes made after the Company's stockholders' meeting held on March 01, 2016. All amendments and changes have been posted in the Company's website before the prescribed deadline.

In addition, the Company has been regularly submitting corporate governance surveys as required by the PSE Memorandum 2010-0574 dated November 26, 2010. Since this requirement came into force, the Company has been participating in these surveys and filing it with the Exchange in a timely manner. The latest Compliance Report on Corporate Governance was submitted to the Exchange on March 29, 2016 for the year ended December 31, 2015.

The attendance of the Board members during Board of Directors meetings held in CY 2015 was as follows:

	21 Jan	1 Mar	7 Mar	7 Apr	29 Apr	3 May	6 May	8 Jul	8 Aug	8 Nov	Attendance
Jonathan Y. Dee	P	N	N	N	N	N	N	N	N	N	100%
Hedy S.C. Yap-Chua	P	N	N	N	N	N	N	N	N	N	100%
George E. SyCip	P	P	P	P	A	P	P	P	P	P	90%
Antonio C. Pacis	P	P	P	P	P	P	P	P	P	P	100%
Raymond K.H. See	P	P	P	P	P	P	P	P	P	P	100%
Marie Grace T. Vera Cruz	P	P	P	P	P	P	P	P	P	P	100%
Dobbin A. Tan	N	P	P	P	P	P	P	P	P	P	100%
Erwin M. Elechicon	P	P	P	P	P	P	P	P	P	A	90%
Joseph Peter Y. Roxas	N	P	P	P	P	P	P	P	P	P	100%

P = Present

A = Absent

N = Not a Director

** There were 10 meetings held during the year 2016.*

Per the Company's Manual on Corporate Governance the Board has taken the lead in following recommended standards of Corporate Governance. To reflect its commitment to set, and maintain, high standards of governance, the Board has set up various Board Committees to guide the attainment of corporate goals. These Committees are:

Audit Committee – The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the Company's corporate governance processes relating to:

(i) The quality and integrity of the company's financial statements and financial reporting process;

(ii) The adequacy and effectiveness of the Company's internal control systems;

(iii) Compliance with accounting standards, legal and regulatory requirements, including the Company's disclosure policies and procedures;

(iv) Independence and performance of the Company's internal and external auditors;

(v) Evaluation of risk management policies and process.

The Committee is accountable to the Board for its performance and shall prepare the report of the Committee required to be in the Company's annual report.

The Committee's duties and responsibilities include, among others, monitoring the integrity of the financial information provided by the Company, monitoring and assessing the role and effectiveness of the internal audit function, reviewing the external auditors scope of work, reviewing the effectiveness of the system for monitoring compliance with laws and regulations, overseeing interested party transactions, ensuring that the management establishes sound risk management policies and systems and performing any other activities consistent with the committees charter and Company By-Laws etc.

Executive Committee – The primary responsibility of the committee is to act on behalf of the Board on matters that require urgent and prompt action. In cases where the full Board cannot convene, but urgent matters need to be acted upon, the Committee exercises the power of the Board though it is subordinated to and responsible to the full Board at all times.

The committee can act on all matters except change the Company Articles of Incorporation and By-Laws, adopt an agreement on Mergers & Acquisitions, declare dividends or authorize issuance of stock, amend or rescind previous Board resolutions and recommend sale, lease or exchange of corporate property and assets.

The Committee has to report all the actions it takes to the Board.

Nominations Committee – The committee's primary responsibility is to pre-screen and short-list all candidates nominated to become a member of the Board of Directors. It should also define, or re-define, as the case may be, the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

Compensation & Remuneration Committee – Its responsibilities include establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment. Moreover, the committee is to designate amount of remuneration to attract and retain competent corporate officers. Also, the committee should establish a formal and transparent procedure for developing a policy on executive remuneration and fixing the remuneration packages of individual directors.

The Company's Compliance Officer constantly monitors and evaluates compliance of the Directors and officers to its Manual on Corporate Governance. The Company has fully complied with the requirements of the Manual on Corporate Governance and the company will continue to take steps, as needed, to improve its corporate governance.

Part V – EXHIBITS AND SCHEDULES

Part V – EXHIBITS AND SCHEDULES

Item 15 – EXHIBITS AND REPORTS

(a) **Exhibits**

The exhibits indicated in the Index to Exhibits, are either not applicable to the Company or have been previously submitted.

(b) **Reports on SEC Form 17-C**

LIST OF REPORTS ON SEC FORM 17- C
(During the last 6-month period covered by the Annual Report)

Date Reported	Subject
January 06, 2016	Alliance Select Food International, Inc.'s (ASFII) subscription of Alliance MHI Properties, Inc.'s (AMHI) 54,000,000 Preferred Shares
January 21, 2016	Appointment of Mr. Sofio S. Angulo, Jr. as the Company's Chief Financial Officer, Treasurer and Public Informations Officer
January 28, 2016	Resignation of Mr. Jonathan Y. Dee as Chairman and Director of Alliance Select Foods International, Inc. (the "Company" or "ASFII"), and as Chairman and member of the Company's Executive Committee.
February 26, 2016	Motion for Partial Reconsideration (Re: Decision dated 15 February 2016) filed by Respondent Jonathan Y. Dee, in connection with the Petition for Review (with Prayer for the issuance of a Temporary Restraining Order and/or Preliminary Injunction) filed by Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay, and Hedy C. Yap Chua ("Harvest et al" hereafter) with the Court of Appeals on 10 September 2015.
March 01, 2016	Press Release: "Alliance Select holds ASM; new Chairman elected"
March 21, 2016	Clarification of News Report
March 23, 2016	Subpoena received by Mr. Raymond K.H. See dated March 8, 2016

March 30, 2016	Joint Complaint-Affidavit (for Syndicated Estafa under Presidential Decree No. 1689, in relation to Article 315 (2)(a) of the Revised Penal Code, and Falsification of Public Documents under Article 172 (1) of the Revised Penal Code
April 05, 2016	Resignation of Chief Financial Officer, Treasurer and Public Informations Officer
April 29, 2016	Approval of the Annual Report and Audited Financial Statements for the year ended 2015
May 04, 2016	Reply Letter to PSE dated May 4, 2016
May 04, 2016	Press Release: "Alliance Select bullish on 2016"
May 06, 2016	Financial Highlights for the First (1st) Quarter of 2016
May 06, 2016	Adjustment to the Planned Use of Proceeds
May 11, 2016	Press Release: "Alliance Select Q1 net income up by over 2,700% amid tough market"
May 30, 2016	Press Release: "Alliance Select looks at larger UK market share"
June 28, 2016	Press Release: "Alliance Select holds 2016 Stockholders' Meeting"
July 07, 2016	Clarification of News Report
July 25, 2016	Press Release: "Alliance Select Increasing Market Presence in the Middle East"
August 08, 2016	Board Meeting taking up Financial Highlights for the 2nd Quarter of 2016.
August 08, 2016	Results of the Organizational Meeting of the Board of Directors
August 12, 2016	Press Release: "ASFII poised for Volume Growth."
August 30, 2016	Press Release: "Manila City Prosecutor Clears Alliance Select Directors Against Fraud Charges"
November 08, 2016	Board Meeting discussed the Financial Highlights for the 3rd Quarter of 2016
November 10, 2016	Alliance Select Foods International, Inc., (the "ASFII", "FOOD") dilution in FDCP Inc.
November 10, 2016	Press Release: "Improved Operational Efficiencies amid Challenging Environment"

EXHIBIT TABLE

SECURITIES REGULATION CODE FORMS

	Description	17-A	2014 17-A Filing
3	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	x	N/A
5	Instruments Defining the Rights of Security Holders, Including Indentures	x	N/A
8	Voting Trust Agreement	x	N/A
10	Annual Report to Security Holders, FORM 17-Q or Quarterly Report to Security Holders—n1	x	Please refer to the First Quarter 17-Q
13	Letter re: Change in Certifying Accountant--n2	x	N/A
15	Letter re: Change in Accounting Principles	x	N/A
16	Report Furnished to Security Holders	x	Please refer to First Quarter 17Q
18	Subsidiaries of the Registrant	x	Please refer to latest Amended General Information Sheet, with corresponding jurisdiction of incorporation
19	Published Report Regarding Matters Submitted to Vote of Security Holders	x	N/A
20	Consents of Experts and Independent Counsel	x-n3	N/A
21	(a) Power of Attorney (b) Power of Attorney—Foreign Registrant	x	N/A
29	Additional Exhibits	x	Consolidated 2014 ACGR, pursuant to SEC Advisory dated 12 March 2015

n1 In the case of SEC Form 17-A, where the annual report to security holders is incorporated by reference into the text of FORM 17-A. Note: SRC Rule 12.2 prohibits information from being incorporated by reference to the prospectus.

n2 If required pursuant to Part III, paragraph B(3) of this Annex C.

n3 Where the opinion of the expert or independent counsel has been incorporated by reference to a previously filed SEC Form 12-1 registration statement.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of __________ on ___________.

By:

RAYMOND K.H. SEE
President & CEO

LISA ANGELA Y. DEJADINA
Senior Vice President for Group Operations

MA. KRISTINA P. AMBROCIO
VP Legal & Compliance Officer

SUBCRIBED AND SWORN to before me this 10 APR 2017 at Pasig City, affiants exhibiting to me their government issued identification cards, as follows:

Name	Competent Evidence of Identity	Date/Place Issued	Valid Until
Raymond K.H. See	PP No. EC369414	DFA NCR East	6 March 2020
Lisa Angela Y. Dejadina	P1427002A	DFA NCR East	29 Dec 2021
Ma. Kristina P. Ambrocio	EB7460274	DFA Manila	21 Feb 2018

Doc. No. 64;
Page No. 14;
Book No. I;
Series of 2017.

SAMMY DAVE A. SANTOS
PASIG
SAN JUAN
TAGUIG
PATEROS
PHILS.
ROLL NO. 63272

SAMMY DAVE ABELLAR SANTOS
Notary Public for the Cities of Pasig and San Juan, and Municipality of Pateros, Metro Manila
until December 31, 2018
Commission No. 45(2017-2018)
Roll of Attorneys No. 63272
PTR No. 2600194/ 1.13.2017/ Pasig City
IBP No. 1057327/1.05.2017
MCLE NO. V-0012594/12.29.2015
Suite 1206, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

COVER SHEET

C S 2 0 0 3 1 9 1 3 8

SEC Registration Number

ALLIANCE SELECT FOODS INTERNATIONAL INC. AND ITS SUBSIDIARIES

(Company's Full Name)

SUITE 1206 EAST TOWER PSE CENTRE EXCHANGE ROAD, ORTIGAS CENTER PASIG CITY

(Business Address: No. Street City/ Town/ Province)

RAYMOND K.H. SEE

(Contact Person)

Advisement Letter on Updates to the Annual Corporate Governance Report

635-5241 TO 44/638-3829

(Company Telephone Number)

1 2 3 1

Month Day

(Fiscal Year)

(Form Type)

0 6 1 5

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

CONSOLIDATED CHANGES IN THE ANNUAL CORPORATE GOVERNANCE REPORT FOR THE YEAR 2016

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be manually signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: **CY 2016**

2. Exact Name of Registrant as Specified in its Charter: **Alliance Select Foods International, Inc.**

3. **Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila** — **1605**
   Address of Principal Office — Postal Code

4. SEC Identification Number: **CS200319138**

5. [redacted] (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number: **227-409-249-000**

7. **(632) 635-5241 to 44**
   Issuer's Telephone number, including area code

8. **n.a.**
   Former name or former address, if changed from the last report

A. BOARD MATTERS

1) Board of Directors

[redacted]	7

[redacted]	7

(a) Composition of the Board

Complete the table with information on the Board of Directors:

[redacted]							
George E. Sycip	NED	N.A.	Raymond K.H. See	12/2004	06/2016	Annual	12
Raymond K.H. See	ED	N.A. – Representative of Management	Josephine Mape-Asmuth	12/2014	06/2016	Annual	2
Marie Grace T. Vera Cruz	NED	Strongoak, Inc.	Josephine Mape-Asmuth	6/2014	06/2016	Annual	2
Dobbin A. Tan	ID	N.A. – Independent Director	Raymond K.H. See (None)	03/2016	06/2016 (-)	Annual	-
Antonio C. Pacis	NED	Strongoak, Inc.	Josephine Mape-Asmuth	12/2014	06/2016	Annual	2
Erwin M. Elechicon	ID	N.A. – Independent Director	Josephine Mape-Asmuth (None)	6/2014	06/2016 (2)	Annual	2
Joseph Peter Y. Roxas	NED	N.A.	Peter L. Kawsek, Jr.	03/2016	06/2016	Annual	-

** The Company held its 2016 Annual Stockholders Meeting on 28 June 2016.*

(b) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

[redacted]

[1] Reckoned from 2012.

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

[illegible]	[illegible]	[illegible]
George E. Sycip	1. PT International Alliance Food Indonesia	Commissioner
	2. PT Van De Zee	Commissioner
	3. Spence & Co. Ltd.	Non-executive Director
Raymond K.H. See	1. Big Glory Bay Salmon and Seafood Company, Inc.	Executive Director and Chairman
	2. Alliance MHI Properties, Inc.	Executive Director and Chairman
	3. PT International Alliance Food Indonesia	Director-President
	4. PT Van De Zee	Commissioner
	5. Akaroa Salmon New Zealand Ltd.	Non-executive Director
Marie Grace T. Vera Cruz	1. Big Glory Bay Salmon and Seafood Company, Inc.	Non-executive Director
	2. Alliance MHI Properties, Inc.	Non-executive Director
	3. PT International Alliance Food Indonesia	Commissioner
	4. PT Van De Zee	Commissioner
	5. Akaroa Salmon New Zealand Ltd.	Non-executive Director
	6. Spence & Co., Ltd.	Non-executive Director
Erwin M. Elechicon	1. Big Glory Bay Salmon and Seafood Company, Inc.	Non-executive Director
	2. PT International Alliance Food Indonesia	Independent Commissioner
	4. PT Van De Zee	Independent Commissioner
Antonio C. Pacis	1. Big Glory Bay Salmon and Seafood Company, Inc.	Non-executive Director
	2. Alliance MHI Properties, Inc.	Non-executive Director

(ii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

[illegible]	[illegible]	[illegible]
Marie Grace T. Vera Cruz	Strongoak, Inc.	Chairman and shareholder

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

[illegible]	[illegible]	[illegible]	[illegible]
Erwin M. Elechicon	200	0	0.00%
Antonio C Pacis	400	0	0.00%
Joseph Peter Y. Roxas	100,000	356,000/through Eagle Equities, Inc.	0.08%
		1,785,000/through Glory Y. Roxas (member of immediate family) - through Eagle Equities, Inc.	

Raymond K. H. See	5,000	10,521/through Asiasec Equities, Inc.	0.00%
George E. Sycip	1	1,826,565/through Abacus Securities 488,388/through Angping & Associates	0.09%
Dobbin A. Tan	10,000	0	0.00%
Marie Grace T. Vera Cruz	400	0	0.00%
TOTAL	116,001	4,466,474	0.17%

2) Chairman and CEO

a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

YES [X] NO [ ]

Identify the Chair and CEO

Chairman of the Board	Antonio C. Pacis
CEO/President	Raymond K.H. See

3) Changes in the Board of Directors (Executive, Non-Executive, and Independent Directors)

Voting Result of the last Annual General Meeting

Director	Number of Votes[3]
1. Antonio C. Pacis	2,537,975,391
2. George E. SyCip	2,538,082,046
3. Raymond K.H. See	2,538,087,257
4. Marie Grace T. Vera Cruz	2,538,045,972
5. Joseph Peter Y. Roxas	2,537,971,704
6. Dobbin A. Tan	238,236,884
7. Erwin M. Elechicon	238,237,213

4) Orientation and Education Program

a) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

[illegible]	[illegible]	[illegible]	[illegible]
Raymond K.H. See	March 9, 2017	Seminar on Corporate Governance	PCCI
Marie Grace T. Vera Cruz	March 9, 2017	Seminar on Corporate Governance	PCCI
Erwin M. Elechicon	May 18, 2016	Seminar on Corporate Governance	PCCI

[3] Result of cumulative voting.

Antonio C. Pacis	February 3, 2017	Corporate Governance	ROAM, Inc.
George E. Sycip	December 2, 2016	Corporate Governance	ROAM, Inc.
Joseph Peter Y. Roxas	March 23, 2017	Corporate Governance	ROAM, Inc.
Dobbin A. Tan	March 23, 2017	Corporate Governance	ROAM, Inc.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

[illegible]	[illegible]	[illegible]
Strongoak, Inc.	Contractual	In 2017, the Company entered into a Consultancy Agreement with Strongoak, Inc.

C. BOARD MEETINGS & ATTENDANCE

1) Attendance of Directors

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chairman	Antonio C. Pacis	6/2016	9	9	100
Vice Chairman	George Y. SyCip	6/2016	9	8	88
Member	Marie Grace T. Vera Cruz	6/2016	9	9	100
Member	Raymond K.H. See	6/2016	9	9	100
Member	Joseph Peter Y. Roxas	6/2016	8	8	100
Independent	Erwin M. Elechicon	6/2016	9	8	88
Independent	Dobbin A. Tan	6/2016	8	8	100

* Mr. Roxas and Mr. Tan were first elected to the Board of Directors on March 1, 2016. They were not present during the January 2016 Meeting

D. REMUNERATION MATTERS

1) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

[illegible]	[illegible]
Lisa Angela Y. Dejadina	₱16,940,000.00
Ma. Kristina P. Ambrocio	
Christopher Paul M. Manese	
Edward L. Noma	
Raymond See	

1) Committee Members

a) Executive Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Antonio C. Pacis	August 8, 2016	1	1	100	-
Member (ED)	Raymond K.H. See	August 8, 2016	1	1	100	-
Member (NED)	Marie Grace T. Vera Cruz	August 8, 2016	1	1	100	-

b) Audit Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Dobbin A. Tan	August 8, 2016	4	4	100	-
Member (NED)	George E. SyCip	August 8, 2016	4	4	100	-
Member (NED)	Marie Grace T. Vera Cruz	August 8, 2016	4	4	100	-

DOBBIN A. TAN - 53, Filipino citizen; Independent Director

Mr. Tan graduated from the Ateneo de Manila University in 1985 with a Bachelor of Science degree in Management Engineering. He obtained his Master's degree in Business Administration from the University of Chicago, Booth School of Business in 2013. Mr. Tan also attended a Management Development Program of the Asian Institute of Management in 1990, and a Strategic Business Economics Program of the University of Asia and the Pacific in 2001.

Mr. Tan is presently Chief Executive Officer of New Sunlife Ventures, Inc. He was Managing Director and Chief Operating Officer of Information Gateway from 2002 to 2012. Mr. Tan also served as Vice President for Marketing of Dutch Boy Philippines from 2000 to 2002, President of Informatics Computer College from 1997 to 2000, Assistant Vice President for Marketing of Basic Holdings from 1994 to 1997, Operations Manager of DC Restaurant Management Systems from 1990 to 1994, and Senior Financial Analyst/ Corporate Planning Manager for San Miguel Corporation from 1985 to 1990.

GEORGE E. SYCIP - 60, American citizen; Vice-Chairman

Mr. Sycip received his BA 'With Distinction' in International Relations/Economics from Stanford University and his Master in Business Administration Degree from the Harvard Business School

Mr. Sycip is the Director and Principal of Galaxaco China Group, a project doing business in China, and Halanna Management estate investment and development and consultancy firm serving American, European and Asian clients' estate investment and development company. Mr. Sycip currently serves on the Boards or Advisory Boards of several companies and institutions. In Asia, these include Macro Asia Corp., Beneficial-PNB Life Insurance, Medtecs Corporation, and Cityland Development Corporation. In the U.S., he is on the Board of the Bank of the Orient, Arasor International, the California Asia Business Council, the International Institute for Rural Reconstruction, Give2Asia, and Stanford University's Institute for International Studies.

MARIE GRACE T. VERA CRUZ - 36, Filipino citizen; Director

Ms. Vera Cruz holds an MBA from London Business School and a Bachelor's Degree in Business Economics from the University of the Philippines, where she graduated Magna cum Laude.

Ms. Vera Cruz is the Managing Director of Seawood Resources, Inc., an investment company based in the Philippines. She is also the President of Strongoak, Inc. Prior to Seawood and Strongoak, Ms. Vera Cruz was a consultant at McKinsey & Co.

c) Nomination Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Joseph Peter Y. Roxas	August 8, 2016	1	1	100	-
Member (ED)	Raymond K.H. See	August 8, 2016	1	1	100	-
Member (ID)	Erwin M. Elechicon	August 8, 2016	1	1	100	-

d) Remuneration Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Erwin M. Elechicon	August 8, 2016	1	1	100	-
Member (NED)	Raymond K.H. See	August 8, 2016	1	1	100	-
Member (NED)	Antonio C. Pacis	August 8, 2016	1	1	100	-

2) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

[illegible]	[illegible]	[illegible]
Executive	Antonio C. Pacis, Raymond K.H. See, Marie Grace T. Vera Cruz	The members were elected during the 08 August 2016 Organizational meeting. Atty. Pacis was elected Chairman of the Committee.
Audit	Dobbin A. Tan, Marie Grace T. Vera Cruz, George E. Sycip	The members were elected during the 08 August 2016 Organizational meeting. Mr. Tan was elected Chairman of the Committee.
Nomination	Joseph Peter Y. Roxas, Raymond K.H. See, Erwin M. Elechicon	The members were elected during the 08 August 2016 Organizational meeting. Mr. Roxas was elected Chairman of the Committee.
Remuneration	Erwin M. Elechicon, Marie Grace T. Vera Cruz, Antonio C. Pacis	The members were elected during the 08 August 2016 Organizational meeting. Mr. Elechicon was elected Chairman of the Committee.
Others (specify)	N.A.	N.A.

E. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

[illegible]	[illegible]	[illegible]	[illegible]
PCD Nominee Corporation (Filipino)	2,011,877,842	80.48%	Strongoak, Inc., and Mingjing Holdings, Inc.
Harvest All Investment Ltd.	177,261,165	7.91%	Same as Record Owner

Victory Fund Ltd.	138,474,015	5.54%	Same as Record Owner

[illegible]	[illegible]	[illegible]	[illegible]
Raymond K.H. See	5,000	10,521/ Through Asiasec Equities, Inc.	0.00%
Lisa Angela Y. Dejadina	0	0	0.00%
Ma. Kristina P. Ambrocio	0	0	0.00%
TOTAL	5,000	10,521	0.00%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	No
Dividend policy	No
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's Fee

Name of Auditor	Audit Fee	Non-audit Fee
Reyes Tacandong & Co.	₱1,000,000.00	₱150,000.00

4) Mode of Communication

List down the mode/s of communication that the company is using for disseminating information.

(a) Company Website
(b) PSE EDGE
(c) Press Release

5) Date of release of audited financial report: for CY 2015, disclosed on 29 April 2016; amendment disclosed on 2 May 2016

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
AMHI	Subsidiary	Lease Contract	₱579,409 per month
Strongoak, Inc.	Parent	Consultancy Agreement	*₱500,000.00 per month

**Effective January 01, 2017.*

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All RPTs entered into by the Company comply with all the reporting, approval, and execution requirements of Philippine laws, rules and regulations.

J. RIGHTS OF STOCKHOLDERS

1) Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

   a. Date of sending out notices: **Disclosed on May 3, 2016**

   b. Date of the Annual/Special Stockholders' Meeting: **June 28, 2016**

2) Result of Annual/Special Stockholders' Meeting's Resolutions

1. Dispensing with the Reading of the Minutes of Previous Stockholders' Meeting and Approval of said Minutes			
a. 2015 Annual Stockholders' Meeting held on December 6, 2015	1,880,942,879 (75.25%)	0 (0%)	40,780 (0%)
b. Minutes of the Continuation of the 2015 Annual Stockholders' Meeting held on March 1, 2016	1,880,942,879 (75.25%)	0 (0%)	58,934 (0%)
2. Approval of the Management Report and the Audited Financial Statements for the Year ended December 31, 2015	1,880,948,066 (75.25%)	0 (0%)	58,355 (0%)

3. Ratification and Approval of Acts of the Board of Directors and Executive Officers during the past year	1,880,945,769 (75.25%)	0 (0%)	40,201 (0%)
4. Appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2015	1,880,946,769 (75.25%)	0 (0%)	40,201 (0%)

3) Date of Publishing of the result of the votes taken during the most recent AGM for all resolutions:
Disclosed June 28, 2016.

4) Stockholder's Attendance
a) Details of Attendance in the Annual/Special Stockholders' Meeting:

Type of Meeting	Named of Board Members/ Officers Present	Date of Meeting	Voting Procedure	% of SH Attending in Person	% of SH Attending in Proxy	Total % of SH attendance
ASM	1. Mr. Erwin M. Elechicon (ID) 2. Mr. Joseph Peter Y. Roxas (NED) 3. Mr. Dobbin A. Tan (ID) 4. Barbara Anne C. Migallos (Corporate Secretary)	June 28, 2016	Voting through ballots			75.27%

b) Does the company appoint an independent party (inspectors) to count or validate the votes at the ASM/SSMs?
YES

5) Proxy Voting Policies

The Company follows the rules on proxy based on Rule 20 of the Securities Regulations Code Rules

6) Sending of Notices

The Company follows the rules on notices based on Rule 20 of the Securities Regulations Code Rules

7) Definitive Information Statements and Management Report

[redacted]	All stockholders as of record date were entitled to receive notices
	June 6, 2016
	June 6, 2016
	CDs
	Yes

(a) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	No
The amount payable for final dividends.	No
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

The company has not declared dividends for fiscal year ended 31 December 2016.

**No need to include the items re: dividends because there were no dividends to be declared. Policy on dividend declaration is stated in the Manual on Corporate Governance.*

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of **Pasig City** on 10 APR 2017.

SIGNATURES

MA. KRISTINA P. AMBROCIO
Compliance Officer

SUBSCRIBED AND SWORN to before me this 10 APR 2017 day of ______ 20__, affiant(s) exhibiting to me their ______, as follows:

NAME/NO.	DATE OF VALIDITY	PLACE OF ISSUE
Ma. Kristina P. Ambrocio EB7460274	21 February 2018	DFA Manila

Doc No. 62
Page No. 14
Book No. 3
Series of 2017.

SAMMY DAVE A. SANTOS
PASIG
SAN JUAN
TAGUIG
PATEROS
PHILS.
ROLL NO. 63272

SAMMY DAVE ABELLAR SANTOS
Notary Public for the Cities of Pasig and San Juan and Municipality of Pateros, Metro Manila
until December 31, 2018.
Commission No. 45(2017-2018)
Roll of Attorneys No. 63272
PTR No. 2600124/ 1.13.2017/ Pasig City
IBP No. 1057327/1.05.2017
MCLE NO. V-0012594/12.29.2015
Suite 1206, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

COVER SHEET

C S 2 0 0 3 1 9 1 3 8

SEC Registration Number

ALLIANCE SELECT FOODS
INTERNATIONAL INC. AND ITS
SUBSIDIARIES

(Company's Full Name)

SUITE 1206 EAST TOWER PSE CENTRE
EXCHANGE ROAD, ORTIGAS CENTER
PASIG CITY

(Business Address: No. Street City/Town/Province)

RAYMOND K.H. SEE

(Contact Person)

635-5241 TO 44/638-3829

(Company Telephone Number)

Annual Corporate Governance Report

1 2 / 3 1

Month Day

(Fiscal Year)

(Form Type)

0 6 / 1 5

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: CY 2016

2. Exact Name of Registrant as Specified in its Charter: Alliance Select Foods International, Inc.

3. Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila

   Address of Principal Office — 1605 Postal Code

4. SEC Identification Number: CS200319138

5. (SEC Use Only) Industry Classification Code

6. BIR Tax Identification Number: 227-409-243-000

7. (632) 635-5241 to 44
   Issuer's Telephone number, including area code

8. N.A.
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. **BOARD MATTERS**

1) Board of Directors

[redacted]	7
[redacted]	7

1) **Board of Directors**

(a) Composition of the Board

[redacted]							
George E. Sycip	NED	N.A.	Raymond K.H. See	12/2004	06/2016	Annual	12
Raymond K.H. See	ED	N.A. – Representative of Management	Josephine Mape-Asmuth	12/2014	06/2016	Annual	2
Marie Grace T. Vera Cruz	NED	Strongoak, Inc.	Josephine Mape-Asmuth	6/2014	06/2016	Annual	2
Dobbin A. Tan	ID	N.A. – Independent Director	Raymond K.H. See (None)	03/2016	06/2016 (-)	Annual	-
Antonio C. Pacis	NED	Strongoak, Inc.	Josephine Mape-Asmuth	12/2014	06/2016	Annual	2
Erwin M. Elechicon	ID	N.A. – Independent Director	Josephine Mape-Asmuth (None)	6/2014	06/2016 (2)	Annual	2
Joseph Peter Y. Roxas	NED	N.A.	Peter L. Kawsek, Jr.	03/2016	06/2016	Annual	-

* *The Company held its 2016 Annual Stockholders Meeting on 28 June 2016.*

(b) **Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.**

The Board believes that corporate governance is a necessary component of what constitutes sound strategic business management and therefore undertakes every effort necessary to create awareness and promote best governance standards. The company has only one class of shares and each share carries one vote. Disclosure duties are assigned to the compliance officer to ensure adherence to corporate principles and best

[1] Reckoned from 2012.

practices. The corporate powers, business and property of the corporation are exercised and controlled by the Board of Directors.

(c) How often does the Board review and approve the vision and mission?

The Board gives the broad outlines of the vision and mission of the company but the Vision and the Mission of the company are not specifically discussed in the Board meeting.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

[illegible]	[illegible]	[illegible]
George E. Sycip	1. PT International Alliance Food Indonesia	Commissioner
	2. PT Van De Zee	Commissioner
	3. Spence & Co. Ltd.	Non-executive Director
Raymond K.H. See	1. Big Glory Bay Salmon and Seafood Company, Inc.	Executive Director and Chairman
	2. Alliance MHI Properties, Inc.	Executive Director and Chairman
	3. PT International Alliance Food Indonesia	Director-President
	4. PT Van De Zee	Commissioner
	5. Akaroa Salmon New Zealand Ltd.	Non-executive Director
Marie Grace T. Vera Cruz	1. Big Glory Bay Salmon and Seafood Company, Inc.	Non-executive Director
	2. Alliance MHI Properties, Inc.	Non-executive Director
	3. PT. International Alliance Food Indonesia	Commissioner
	4. PT Van De Zee	Commissioner
	5. Akaroa Salmon New Zealand Ltd.	Non-executive Director
	6. Spence & Co., Ltd.	Non-executive Director
Erwin M. Elechicon	1. Big Glory Bay Salmon and Seafood Company, Inc.	Non-executive Director
	2. PT International Alliance Food Indonesia	Independent Commissioner
	4. PT Van De Zee	Independent Commissioner
Antonio C. Pacis	1. Big Glory Bay Salmon and Seafood Company, Inc.	Non-executive Director
	2. Alliance MHI Properties, Inc.	Non-executive Director

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

[illegible]		
[illegible]	[illegible]	[illegible]

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among themembers of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

[illegible]	[illegible]	[illegible]
Marie Grace T. Vera Cruz	Strongoak, Inc.	Chairman and shareholder

(iv) Has the company set a limit on the number of board seats inother companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

[illegible]	[illegible]	[illegible]
Executive Director	No Limits Placed	N.A
Non-Executive Director	No Limits Placed	N.A
CEO	No Limits Placed	N.A

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

[illegible]	[illegible]	[illegible]	[illegible]
Erwin M. Elechicon	200	0	0.00%
Antonio C Pacis	400	0	0.00%
Joseph Peter Y. Roxas	100,000	356,000/through Eagle Equities, Inc. 1,785,000/through Glory Y. Roxas (member of immediate family) – through Eagle Equities, Inc.	0.08%
Raymond K. H. See	5,000	10,521/through Asiasec Equities, Inc.	0.00%
George E. Sycip	1	1,826,565/through Abacus Securities 488,388/through Angping & Associates	0.09%
Dobbin A. Tan	10,000	0	0.00%
Marie Grace T. Vera Cruz	400	0	0.00%

TOTAL	116,001	4,466,474	0.17%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [X] No [ ]

Identify the Chair and CEO:

[illegible]	Antonio C. Pacis
[illegible]	Raymond K.H. See

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of theChairman and CEO.

	[illegible]	[illegible]
Role	Foster long-term growth	Manage company operations
Accountabilities	Formulation of policies and fiduciary duty towards all shareholders	Initiate & develop corporate objectives and implement policies
Deliverables	Comply with principles of good governance	Meet revenue and growth targets

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Board looks for suitable candidates within the organization and has identified potential candidates who could fill positions that become vacant.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The company strives to promote diversity within the Board too. The positions that are not taken up by the major shareholders are filled by members who have relevant experience and can bring new ideas and opinions to the group.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The company wants its independent directors to be well versed in corporate matters, specially in financial or industry matters. Moreover, it looks for the director to have an international outlook and industry experience or knowledge is preferred where possible.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	[illegible]	[illegible]	[illegible]
Role	Represent the management	Represent major shareholders' interests	Provide neutral observations

Accountabilities	Management of business affairs	Ensuring sustainable growth	Setting high standards for best practice
Deliverables	Meet corporate objectives	Monitor company progress	Safeguard interest of all shareholders

Provide the company's definition of "independence" and describe the company's compliance to the definition.

An independent director shall mean a person other than an officer or employee of the corporations, its parent or its subsidiaries, or any other individual having a relationship with the corporation as would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

No term limits.

5) **Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)**

(a) **Resignation/Death/Removal**

Indicate any changes in the composition of the Board of Directors that happened during the period:

[illegible]	[illegible]	[illegible]	[illegible]
Jonathan Y. Dee	Chairman of the Board	February 1, 2016	Resignation

(b). Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

[illegible]	[illegible]	[illegible]
[illegible]		
(i) Executive Directors	Nominated/Elected	Ex-officio – C.E.O.
(ii) Non-Executive Directors	Nominated/Elected	Major Shareholders
(iii) Independent Directors	Nominated/Elected	Knowledge, Experience in Industry/related industry
[illegible]		
(i) Executive Directors	Election at Annual Stockholders Meeting	One vote for one share
(ii) Non-Executive Directors	Election at Annual Stockholders Meeting	One vote for one share
(iii) Independent Directors	Election at Annual Stockholders Meeting	One vote for one share
[illegible]		
(i) Executive Directors	N.A	N.A
(ii) Non-Executive Directors	N.A	N.A
(iii) Independent Directors	N.A	N.A
[illegible]		
(i) Executive Directors	N.A	N.A
(ii) Non-Executive Directors	N.A	N.A

(iii) Independent Directors	N.A	N.A
[illegible]		
(i) Executive Directors	N.A	N.A
(ii) Non-Executive Directors	N.A	N.A
(iii) Independent Directors	N.A	N.A
[illegible]		
(i) Executive Directors	N.A	N.A
(ii) Non-Executive Directors	N.A	N.A
(iii) Independent Directors	N.A	N.A
[illegible]		
(i) Executive Directors	N.A	N.A
(ii) Non-Executive Directors	N.A	N.A
(iii) Independent Directors	N.A	N.A

Voting Result of the last Annual General Meeting (June 28, 2016)

Director	Number of Votes[3]
1. Antonio C. Pacis	2,537,975,391
2. George E. SyCip	2,538,082,046
3. Raymond K.H. See	2,538,087,257
4. Marie Grace T. Vera Cruz	2,538,045,972
5. Joseph Peter Y. Roxas	2,537,971,704
6. Dobbin A. Tan	238,236,884
7. Erwin M. Elechicon	238,237,213

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

No formal orientation program for new directors but each new incoming Board member is given a detailed briefing on the company's background by the CEO and/or other officers. Other Board members may also provide inputs about the company and various issues facing the firm.

(b) State any in-house training and external courses attended by Directors and Senior Management[4] for the past three (3) years:

No in-house training program or company sponsored external courses attended by Directors and senior management in the last three years.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year..

[illegible]	[illegible]	[illegible]	[illegible]
Raymond K.H. See	March 9, 2017	Seminar on Corporate Governance	PCCI

[3] Result of cumulative voting.

[4] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Marie Grace T. Vera Cruz	March 9, 2017	Seminar on Corporate Governance	PCCI
Erwin M. Elechicon	May 18, 2016	Seminar on Corporate Governance	PCCI
Antonio C. Pacis	February 3, 2017	Corporate Governance	ROAM, Inc.
George E. Sycip	December 2, 2016	Corporate Governance	ROAM, Inc.
Joseph Peter Y. Roxas	March 23, 2017	Corporate Governance	ROAM, Inc.
Dobbin A. Tan	March 23, 2017	Corporate Governance	ROAM, Inc.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

[illegible]	[illegible]	[illegible]	[illegible]
(a) Conflict of Interest	Do not vote on activities in which there is a conflict of interest	Are not allowed to be involved in the decision making process if conflict of interest is present	Are not allowed to be involved in the decision making process if conflict of interest is present
(b) Conduct of Business and Fair Dealings	Should follow best practices and company policy, if such are in place	Should follow best practices and company policy, if such are in place	Should follow best practices and company policy, if such are in place
(c) Receipt of gifts from third parties	No formal company policy	No formal company policy	No formal company policy
(d) Compliance with Laws & Regulations	Monitored by the compliance officer & other officers	Monitored by the compliance officer & other officers	Monitored by the compliance officer & other officers
(e) Respect for Trade Secrets/Use of Non-public Information	Discouraged from using such information	Discouraged from using such information	Discouraged from using such information
(f) Use of Company Funds, Assets and Information	Regulated through Manual on Corporate Governance	Regulated through Manual on Corporate Governance	Regulated through Manual on Corporate Governance
(g) Employment & Labor Laws & Policies	Meet at least the minimum criteria set by the labor authorities	Meet at least the minimum criteria set by the labor authorities	Meet at least the minimum criteria set by the labor authorities
(h) Disciplinary action	Based on Manual of Corporate Governance	Based on Manual of Corporate Governance	Based on Manual of Corporate Governance
(i) Whistle Blower	No formal company policy	No formal company policy	No formal company policy
(j) Conflict Resolution	No formal company policy	No formal company policy	No formal company policy

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Rules and procedures have been disseminated to the management and employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Any infringement of the rules & policies are reported to senior management and suitable action is taken within the bounds of law.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

[illegible]	[illegible]
(1) Parent Company	All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party
(2) Joint Ventures	All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party
(3) Subsidiaries	All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party
(4) Entities Under Common Control	All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party
(5) Substantial Stockholders	All related party transactions have to be on an arms-length basis if the company gets the most competitive product from a related party
(6) Officers including spouse/children/siblings/parents	No such related party transaction
(7) Directors including spouse/children/siblings/parents	No such related party transaction
(8) Interlocking director relationship of Board of Directors	The Board member has to have knowledge of industry if he/she serves on the board of subsidiary etc.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	[illegible]
Name of Director/s	N.A.
Name of Officer/s	N.A.
Name of Significant Shareholders –	N.A.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	[illegible]
Company	No formal mechanism in place currently
Group	No formal mechanism in place currently

5) **Family, Commercial and Contractual Relations**

(a) Indicate, if applicable, any relation of a family,[5] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

[illegible]	[illegible]	[illegible]
No such relationships exist	N.A.	N.A.

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

[illegible]	[illegible]	[illegible]
Strongoak, Inc	Contractual[6]	Consultancy Agreement

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

No such shareholders agreements in place that may impact on thecontrol, ownership and strategic direction of the company

[illegible]	[illegible]	[illegible]
N.A	N.A	N.A

6) **Alternative Dispute Resolution**

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	[illegible]
Corporation & Stockholders	The Company follows the judicial dispute resolution and mediation mandated by the courts.
Corporation & Third Parties	N.A.
Corporation & Regulatory Authorities	N.A.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Board of Directors' meetings are held as needed, but at least once every quarter. The company generally decides on these meetings a few weeks in advance of the date these take place rather than pre-scheduling before or at the beginning of the year.

[5] Family relationship up to the fourth civil degree either by consanguinity or affinity.
[6] Effective 1 January 2017

2) Attendance of Directors

Chairman	Antonio C. Pacis	6/2016	9	9	100
Vice Chairman	George Y. SyCip	6/2016	9	8	88
Member	Marie Grace T. Vera Cruz	6/2016	9	9	100
Member	Raymond K.H. See	6/2016	9	9	100
Member	Joseph Peter Y. Roxas	6/2016	8	8	100
Independent	Erwin M. Elechicon	6/2016	9	8	88
Independent	Dobbin A. Tan	6/2016	8	8	100

* Mr. Roxas and Mr. Tan were first elected to the Board of Directors on March 1, 2016. They were not present during the January 2016 Meeting

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Conformably with the Corporation's By-Laws, a majority of the number of directors constitutes a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at the meeting at which there is a quorum is valid as a corporate act except for the election of officers which requires the vote of a majority of all the members of the Board.

5) Access to Information

(a) How many days in advance are board papers[7] for board of directors meetings provided to the board?

Generally, all the board papers are sent a week in advance of the meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes, they do (personally and via telephone/mobile, email and fax transmission).

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary is basically the individual who keeps the official records of the corporation, particularly the minutes and transactions of all meetings of the Directors and the Stockholders. Apart from this principal function, and as required by the Company's By-Laws, she is the custodian of record books showing the details required by law with respect to the stockholdings in the corporation; attends to the giving and serving of all notices of the corporation; certifies to corporate acts and countersigns corporate documents or certificates; and makes reports or statements as may be required by law or rules.

Yes, the functions of the Corporate Secretary include assisting in the preparation of the agenda of meetings. Being a lawyer, the Corporate Secretary also counsels and advises the Board on the proper steps and legal implications of taking certain corporate actions such as the disposition of corporate assets, share issuances, and other forms of exercise of corporate powers. She ensures that the Board and the members of senior

[7] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

management have the proper advice in the discharge of their duties to the corporation and the stockholders.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The corporate secretary is lawyer with over 35 years work experience under her belt.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [/] No [ ]

[illegible]	[illegible]
Executive	Copies of presentations provided by management
Audit	Copies of presentations provided by management
Nomination	Copies of presentations provided by management
Remuneration	Copies of presentations provided by management
Others (specify)	No other committees

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

[illegible]	[illegible]
No formal procedure but members can ask for external advice	External advice not requested in the past

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

[illegible]	[illegible]	[illegible]
N.A	No changes made	N.A

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

[illegible]	[illegible]	[illegible]
(1) Fixed remuneration	Based on Industry standards	Based on industry standards
(2) Variable remuneration	Not provided	Not provided
(3) Per diem allowance	Not provided	Not provided
(4) Bonus	Based on annual profitability	Based on annual profitability
(5) Stock Options and other financial instruments	Not provided	Not provided

(6) Others (specify)	Not provided	Not provided

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	[illegible]	[illegible]	[illegible]
Executive Directors	Fixed annual payment	Basic pay, performance bonus depending on company profitability	Based on industry standard
Non-Executive Directors	Fixed annual payment	Basic pay, performance bonus depending on company profitability, additional pay for heading Board committees	Based on industry standard

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

[illegible]	[illegible]
Not presented to stockholders	N.A

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

[illegible]	[illegible]	[illegible]	[illegible]
(a) Fixed Remuneration/Per Diem Allowance	0	0	0
(b) Variable Remuneration	D	0	0
(c) Per diem Allowance	0	85,000	195,000
(d) Bonuses	0	0	0
(e) Stock Options and/or other financial instruments	0	0	0
(f) Others (Specify)	0	0	0
[illegible]	0	85,000	85,000

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares

Stock rights, options, warrants not awarded to any member of the Board or management

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N.A	N.A	N.A	N.A	N.A

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

No Amendments made

[illegible]	[illegible]	[illegible]
N.A	N.A	N.A

5) Remuneration of Management

Identify the five (5) members of management who are <u>not</u> at the same time executive directors and indicate the total remuneration received during the financial year:

[illegible]	[illegible]
Lisa Angela Y. Dejadina	₱16,940,000.00
Ma. Kristina P. Ambrocio	
Christopher Paul M. Manese	
Edward L. Noma	
Raymond See	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Executive	1	2	0	Pending approval	Exercise the power and the authority of the Board in	Acts on behalf of the Board of Directors to determine	Has and exercises all the power and the authority of the Board in the

					the management and direction of the business and affairs of the Company	matter which, in the judgment of the Chairman of the Board, do not warrant convening a special meeting of the Board but should not be postponed until the next scheduled meeting of the Board.	management and direction of the business and affairs of the Company, when Board is not in session
Audit		2	1	Approved	To assist the Board of Directors in fulfilling its oversight responsibilities for the Company's corporate governance processes and financial management functions	Check all financial reports against its compliance; develop a transparent financial management system	Annually review its Terms of Reference; assist the Board in fulfilling its monitoring responsibilities; seek any information that it requires from any employee of the Company; have direct and unrestricted access to the representatives of the external auditors; obtain professional advice.
Nomination	1	1	1	Pending approval	Pre-screens and selects the candidates and prepares the official list of qualified nominees for the position.	Prepares and promulgates its policy, procedures and guidelines for the nomination and selection of nominees; evaluates the candidate to ensure that he or she	Power to evaluate candidates, and make its recommendations to the Board

						possesses all the necessary qualifications	
Remuneration	0	2	1	Pending approval	Establish policies and general guidelines on remuneration and compensation for employees	Establish a remuneration philosophy and policy; formulate general guidelines; determine the remuneration package; review and approve recommended performance targets; review and evaluate the company's yearly performance appraisal system and compensation packages	Power to investigate; obtain legal and professional advice; make recommendations to the Board; request attendance at meetings of an outside party
Others (specify)							

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Antonio C. Pacis	August 8, 2016	1	1	100	-
Member (ED)	Raymond K.H. See	August 8, 2016	1	1	100	-
Member (NED)	Marie Grace T. Vera Cruz	August 8, 2016	1	1	100	-

(b) Audit Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Dobbin A. Tan	August 8, 2016	4	4	100	-
Member (NED)	George E. SyCip	August 8, 2016	4	4	100	-
Member (NED)	Marie Grace T. Vera Cruz	August 8, 2016	4	4	100	-

Disclose the profile or qualifications of the Audit Committee members.

DOBBIN A. TAN - 53, Filipino citizen; Independent Director

Mr. Tan graduated from the Ateneo de Manila University in 1985 with a Bachelor of Science degree in Management Engineering. He obtained his Master's degree in Business Administration from the University of Chicago, Booth School of Business in 2013. Mr. Tan also attended a Management Development Program of the Asian Institute of Management in 1990, and a Strategic Business Economics Program of the University of Asia and the Pacific in 2001.

Mr. Tan is presently Chief Executive Officer of New Sunlife Ventures, Inc. He was Managing Director and Chief Operating Officer of Information Gateway from 2002 to 2012. Mr. Tan also served as Vice President for Marketing of Dutch Boy Philippines from 2000 to 2002, President of Informatics Computer College from 1997 to 2000, Assistant Vice President for Marketing of Basic Holdings from 1994 to 1997, Operations Manager of DC Restaurant Management Systems from 1990 to 1994, and Senior Financial Analyst/ Corporate Planning Manager for San Miguel Corporation from 1985 to 1990.

GEORGE E. SYCIP - 60, American citizen; Vice-Chairman

Mr. Sycip received his BA 'With Distinction' in International Relations/Economics from Stanford University and his Master in Business Administration Degree from the Harvard Business School

Mr. Sycip is the Director and Principal of Galaxaco China Group, a project doing business in China, and Halanna Management estate investment and development and consultancy firm serving American, European and Asian clients' estate investment and development company. Mr. Sycip currently serves on the Boards or Advisory Boards of several companies and institutions. In Asia, these include Macro Asia Corp., Beneficial-PNB Life Insurance, Medtecs Corporation, and Cityland Development Corporation. In the U.S., he is on the Board of the Bank of the Orient, Arasor International, the California Asia Business Council, the International Institute for Rural Reconstruction, Give2Asia, and Stanford University's Institute for International Studies.

MARIE GRACE T. VERA CRUZ - 36, Filipino citizen; Director

Ms. Vera Cruz holds an MBA from London Business School and a Bachelor's Degree in Business Economics from the University of the Philippines, where she graduated Magna cum Laude.

Ms. Vera Cruz is the Managing Director of Seawood Resources, Inc., an investment company based in the Philippines. She is also the President of Strongoak, Inc. Prior to Seawood and Strongoak, Ms. Vera Cruz was a consultant at McKinsey & Co.

Describe the Audit Committee's responsibility relative to the external auditor.

To assist the Board of Directors in fulfilling its oversight responsibilities for the Company's corporate governance processes and analyze the efficacy of the company's internal and external auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Joseph Peter Y. Roxas	August 8, 2016	1	1	100	-
Member (ED)	Raymond K.H. See	August 8, 2016	1	1	100	-
Member (ID)	Erwin M. Elechicon	August 8, 2016	1	1	100	-

(d) Remuneration Committee

Office	Name	Date of Appointment	No of Meetings	No of Meetings Attended	%	Length of Service in Committee
Chairman	Erwin M. Elechicon	August 8, 2016	1	1	100	-
Member (NED)	Raymond K.H. See	August 8, 2016	1	1	100	-
Member (NED)	Antonio C. Pacis	August 8, 2016	1	1	100	-

(e) Others (Specify) – No other committee

Provide the same information on all other committees constituted by the Board of Directors:

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chairman	N.A	N.A	N.A	N.A	N.A	N.A
Member (ED)	N.A	N.A	N.A	N.A	N.A	N.A
Member (NED)	N.A	N.A	N.A	N.A	N.A	N.A
Member (ID)	N.A	N.A	N.A	N.A	N.A	N.A
Member	N.A	N.A	N.A	N.A	N.A	N.A

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

[illegible]	[illegible]	[illegible]
Executive	Antonio C. Pacis, Raymond K.H. See, Marie Grace T. Vera Cruz	The members were elected during the 08 August 2016 Organizational meeting. Atty. Pacis was elected Chairman of the Committee.
Audit	Dobbin A. Tan, Marie Grace T. Vera Cruz, George E. Sycip	The members were elected during the 08 August 2016 Organizational meeting. Mr. Tan was elected Chairman of the Committee.
Nomination	Joseph Peter Y. Roxas, Raymond K.H. See, Erwin M. Elechicon	The members were elected during the 08 August 2016 Organizational meeting. Mr. Roxas was elected Chairman of the Committee.
Remuneration	Erwin M. Elechicon, Marie Grace T. Vera Cruz, Antonio C. Pacis	The members were elected during the 08 August 2016 Organizational meeting. Mr. Elechicon was elected Chairman of the Committee.
Others (specify)	N.A.	N.A.

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

[illegible]	[illegible]	[illegible]
Executive	Approval of day to day business transactions of the Company when the Board of Directors is not in session	Most issues addressed were transactional matters
Audit	Approval of audited financial statements	Looked at internal control issues at all subsidiaries
Nomination	Considered antecedents of people nominated for the positions	Nominate competent members only
Remuneration	Deliberated on industry remuneration standards and recommended benefits accordingly	Offer competitive benefits to retain and attract competent employees
Others (specify)	N.A	N.A

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

[illegible]	[illegible]	[illegible]
Executive	Update and revise committee charter for better governance	More efficient approvals for day-to-day transactions
Audit	Regular updates on some operational activities	Firm up internal controls for new subsidiaries that will be operational soon
Nomination	Review & evaluate qualifications of all nominees	Continue to attract well qualified Board members and employees
Remuneration	Establish a transparent procedure on compensation policies	Keep pace with industry standards on compensation
Others (specify)	No other committee	No other committee

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

ASFII and its subsidiaries manage the risks to support the Company's mission and vision, as set out in its overall objectives. The Group recognizes that risks cannot be eliminated. However, the Group ensures that existing and emerging risks are identified and managed within its acceptable risk tolerance.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The directors under Section F (1) of the Audit Committee Charter have the responsibility of the audit committee to review the adequacy of the company's risk management processes. As such, the Audit Committee reviews the following:

1. Quarterly report from senior management regarding major risk issues, as disclosed in the quarterly and annual financial statements, filed with the SEC and PSE
2. Quarterly report from the internal audit and the compliance officer, regarding the result of the evaluation of the control system risk, to safeguard shareholder investments and company assets.
3. Annual report, management report, report from external auditors on the results of financial statement risks.

The adequacy and effectiveness of risk management system are discussed during the quarterly audit committee meeting.

(c) Period covered by the review;

Q1-Q4 CY 2016

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and – as and when needed

(e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

[illegible]	[illegible]	[illegible]
Raw Material Procurement	RM purchase should be covered with confirmed orders	Minimize exposure to fluctuating RM prices
Environment protection	Purchase sustainably produced/sourced materials as much as possible	Ensure steady supply of raw materials in the future
Produce quality products	Use manufacturing processes that adhere to highest international standards	Eliminate selling sub-standard products as food is for human consumption
Contractual Agreements	Meet, and anticipate, customers needs	Clients have options to procure products from other suppliers

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

[illegible]	[illegible]	[illegible]
Raw Material Procurement	RM purchase should be covered with confirmed orders	Minimize exposure to fluctuating RM prices
Environment protection	Purchase sustainably produced/sourced materials as much as possible	Ensure steady supply of raw materials in the future
Produce quality products	Use manufacturing processes that adhere to highest international standards	Eliminate selling sub-standard products as food is for human consumption
Contractual Agreements	Meet, and anticipate, customer's needs	Clients have options to procure products from other suppliers

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

[illegible]
All shareholders have one vote per share; so minority shareholders voting power is not truncated

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

[illegible]	[illegible]	[illegible]
Inventory Management	Potential loss due to inventory obsolescence	Strict monitoring control of Inventory ageing and provide highlights report to the Management on Inventory Status updates
Integrity of Financial Information	Untimely detection of financial error	Continuous improvement of Information system and security access.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

[illegible]	[illegible]	[illegible]
Inventory Management	Potential loss due to inventory obsolescence	Strict monitoring control of Inventory ageing and provide highlights report to the Management on inventory Status updates
Integrity of Financial Information	Untimely detection of financial error	Continuous improvement of information system and security access.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

[illegible]	[illegible]	[illegible]
Audit Committee	Oversight control	1. Monitor integrity of financial information 2. Monitor and assess internal audit function 3. Overseeing IPT 4.compliance with legal and regulatory requirements 5. Review external auditor performance 6. Risk management

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company - Internal Control System is a formalized system to promote company's efficiency, safeguard assets, compliance with the legal and regulatory requirements and integrity of financial information.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate - The directors have hired a third party review on the efficiency and adequacy of the company's internal control.

(c) Period covered by the review – CY 2016

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and – when deemed necessary

(e) Where no review was conducted during the year, an explanation why not.

2) Internal Audit

(f) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

[illegible]

2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.)

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

[illegible]	[illegible]
Standard Financial Procedures on authorization, receipts and disbursements and safeguarding of assets and various operating procedures	Implemented
Standard Operating Policies and Procedures	Implemented

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

[illegible]	[illegible]	[illegible]	[illegible]
Report directly to the Board or its committee, i.e. reports administratively to President and CEO, and functionally, to the Audit Committee	All requested information provided; company does not interfere in influencing analyst conclusions	All requested information provided; company does not interfere in influencing analyst conclusions	Have not hired any rating agency in the past.

State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The document will be signed by the two independent directors (one of whom is the Chairman of the Board), the Chief Executive Officer and the Compliance Officer.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

[illegible]	[illegible]	[illegible]
Customers' welfare	Commit to producing high quality seafood	Strict processing standards that meet international regulations are followed
Supplier/contractor selection practice	Ability to deliver quality products in a timely manner at competitive costs	Major purchases are generally sent out for bids before decisions are made

Environmentally friendly value-chain	Meet standards set by clients and accreditation authorities	Procure only dolphin-safe tuna and environmentally sustainable quantities of raw materials
Community interaction	Involve local stakeholders where possible	CSR activities include feeding program in high school where children of a number of workers study
Anti-corruption programmes and procedures?	No specific or formal program in place	The company, as a rule, frowns on and does not indulge in corrupt practices
Safeguarding creditors' rights	Transparency in its financial dealings	Meet financial & other covenants set by creditors

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes, the Corporate Social Responsibility section was part of the Notes to the Financial Statements, which in turn was one of the major sections in the annual report.

3) Performance-enhancing mechanisms for employee participation.

a. Show data relating to health, safety and welfare of its employees.
The Company spent Php 1,709,099.00 on various health and insurance benefits.

b. State the company's training and development programmes for its employees. Show the data.
The Company has an orientation program for all new employees conducted by the Human Resources personnel. The Company spent Php 996,182.89 on various training programs and seminars.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

[illegible]	[illegible]	[illegible]	[illegible]
PCD Nominee Corporation (Filipino)	2,011,877,842	80.48%	Strongoak, Inc., and Mingjing Holdings, Inc.
Harvest All Investment Ltd.	177,261,165	7.91%	Same as Record Owner
Victory Fund Ltd.	138,474,015	5.54%	Same as Record Owner

[illegible]	[illegible]	[illegible]	[illegible]
Raymond K.H. See	5,000	10,521/ Through Asiasec Equities, Inc.	0.00%
Lisa Angela Y. Dejadina	0	0	0.00%
Ma. Kristina P. Ambrocio	0	0	0.00%
TOTAL	5,000	10,521	0.00%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes

Non-financial performance indicators	No
Dividend policy	No
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Reyes Tacandong & Co.	₱1,000,000.00	₱150,000.00

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information. – Disclosures made to the PSE/SEC and disseminating information through the company website or news releases

5) Date of release of audited financial report: for CY 2015, disclosed on 29 April 2016; amendment disclosed on 2 May 2016

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

[illegible]	[illegible]	[illegible]	[illegible]
TRADE AND OTHER RECEIVABLES			
FDCP	Joint Venture	Receivables	240,518
SSNZ	Associate	Receivables	3,507
			TOTAL: 244,025
TRADE AND OTHER PAYABLES			
FDCP	Joint Venture	Trade Payables	260,957
			TOTAL: 260,957
DUE TO RELATED PARTIES			
Duncan Bates	Shareholder of Subsidiary	Advances	136,112
			TOTAL: 136,112

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

[illegible]	Majority of capital stock present or represented at meeting

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

[illegible]	Giving of notice; Presentation of proposed corporate act and opportunity for discussion/Q&A
[illegible]	Stockholders are apprised of corporate acts requiring stockholder approval in the Notice and Agenda of Meeting and Information Statement; During the meeting itself, proposed corporate acts on which stockholder approval is sought are presented and explained to the stockholders, and questions/comments are solicited, received and entertained.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

[illegible]	[illegible]
No difference between two codes	No difference between two codes

Dividends

[illegible]	[illegible]	[illegible]
December 16, 2011	January 5, 2012	January 26, 2012

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measure Adopted	Communication Procedure
At stockholders meeting, time is set aside for the investors to question the Board and management	Part of the agenda.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution
b. Authorization of additional shares
c. Transfer of all or substantially all assets, which in effect results in the sale of the company

All these crucial decisions are discussed and approved by the shareholders. During the AGM, agenda is sent out to the shareholders in advance so they can prepare to discuss these issues. If the management is proposing such changes, the investors have a right to vote with, or against, the management.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes.

a. Date of sending out notices: Disclosed on May 3, 2016

b. Date of the Annual/Special Stockholders' Meeting: June 28, 2016

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

None.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

1. Dispensing with the Reading of the Minutes of Previous Stockholders' Meeting and Approval of said Minutes			
a. 2015 Annual Stockholders' Meeting held on December 6, 2015	1,880,942,879 (75.25%)	0 (0%)	40,780 (0%)
b. Minutes of the Continuation of the 2015 Annual Stockholders' Meeting held on March 1, 2016	1,880,942,879 (75.25%)	0 (0%)	58,934 (0%)
2. Approval of the Management Report and the Audited Financial Statements for the Year ended December 31, 2015	1,880,948,066 (75.25%)	0 (0%)	58,355 (0%)
3. Ratification and Approval of Acts of the Board of Directors and Executive Officers during the past year	1,880,945,769 (75.25%)	0 (0%)	40,201 (0%)
4. Appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2015	1,880,946,769 (75.25%)	0 (0%)	40,201 (0%)

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Disclosed June 28, 2016.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modification	Reason for Modification
No modifications made	No modifications made

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Named of Board Members/ Officers Present	Date of Meeting	Voting Procedure	% of SH Attending in Person	% of SH Attending in Proxy	Total % of SH attendance
ASM	1. Mr. Erwin M. Elechicon (ID) 2. Mr. Joseph Peter Y. Roxas (NED) 3. Mr. Dobbin A. Tan (ID) 4. Barbara Anne C. Migallos (Corporate Secretary)	June 28, 2016	Voting through ballots			75.27%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

YES

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

YES

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	[illegible]
Execution and acceptance of proxies	Conformably with By-Laws, stockholders who cannot attend ASM/SSMs but wish to send a representative are required to execute written proxies which must be in the hands of the Secretary before the time set for the meeting.
Notary	Proxies are not required to be notarized.
Submission of Proxy	Should be to the Corporate Secretary; must have been received by him/her before the time set for the meeting.

Several Proxies	No company policy
Validity of Proxy	No company policy
Proxies executed abroad	No company policy
Invalidated Proxy	No company policy
Validation of Proxy	No company policy
Violation of Proxy	No company policy

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

[redacted]	[redacted]
Send notices two weeks prior to the meeting	Notices are sent by post to the last known postal address of the shareholder of record

(i) Definitive Information Statements and Management Report

[redacted]	All stockholders as of record date were entitled to receive notices
	June 6, 2016
	June 6, 2016
	CDs
	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	No
The amount payable for final dividends.	No
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

The company has not declared dividends for fiscal year ended31 December 2016.

**No need to include the items re: dividends because there were no dividends to be declared. Policy on dividend declaration is stated in the Manual on Corporate Governance.*

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policy	Implementation
Recognize right of minority stockholders to influence Board composition by cumulative voting	Notice of Meeting/Information Statement expressly sets out procedure for cumulative voting.
Allow nominations to the Board of Directors to come from minority stockholders	All nominations for members of the Board of Directors are accepted for screening and selection.
Equal treatment of shareholders holding the same class of shares.	One share, one vote.

(b) Do minority stockholders have a right to nominate candidates for board of directors? Yes

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee. – No formal communication policies though the company disseminates all material information to its investors through disclosures.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the publicin general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	[illegible]
(1) Objectives	Timely disclosure of material information
(2) Principles	Enable investors to make appropriate investment decisions
(3) Modes of Communications	Disclosure of information to PSE/SEC, upload info in company website
(4) Investors Relations Officer	Atty. Kristina P. Ambrocio

**Atty. Ma. Kristina P. Ambrocio was appointed Investor Relations Officer on 20 October 2015.*

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

All these major decisions have to be approved by the Board of Directors and the stockholders, as necessary.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

Not every merger or acquisition had an independent third party providing a fairness opinion. However, the company largest acquisition to date had a US investment banker propose a purchase price which was then approved by the Board.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

[illegible]	[illegible]
Feeding Program	Banisil High School, Brgy. Tambler, General Santos City

M. **BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	[illegible]	[illegible]
Board of Directors	Periodic self-appraisal	Board discussions & participation
Board Committees	Periodic self-appraisal	Meeting targets set by the committees
Individual Directors	Periodic self-appraisal	Board discussions & participation
CEO/President	Periodic review of management & the CEO/President	Attainment of company objectives

N. **INTERNAL BREACHES AND SANCTIONS**

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

[illegible]	[illegible]
First Violation	Reprimand
Second Violation	Suspension
Third Violation	Removal from office

[Intentionally left blank]

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of MANDALUYONG CITY APR 1 2 2017 20___.

SIGNATURES

MA. KRISTINA P. AMBROCIO
Compliance Officer

SUBSCRIBED AND SWORN to before me this _______ day of APR 1 2 2017 20__, affiant(s) exhibiting to me their _______________, as follows:

NAME/NO.		DATE OF VALIDITY	PLACE OF ISSUE
Ma. Kristina P. Ambrocio	EB7460274	21 February 2018	DFA Manila

Doc No. 114
Page No. 23
Book No. 83
Series of 2017.

ATTY. JOSHUA B. DULNUAN
NOTARY PUBLIC
FOR THE CITY OF MANDALUYONG
Until December 31, 2017
COMMISSION NO. 458-16
IBP LIFETIME NO. 0995268 / IFUGAO
PTR NO. 69252527, 1-3-17, Cainta, Rizal
ROLL NO. 26304
MCLE COMP. NO. V-0022171, 6-15-16
VALID UNTIL 04-14-2019
D22-AB GUVENTVILLE II, D.M. GUEVARA ST,
MAUWAY, MANDALUYONG CITY
TEL 532-8858, 5338864
email: jbdulnuan@gmail.com

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
A PUBLICLY LISTED COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Alliance Select Foods International, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein; and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANTONIO C. PACIS
Chairman of the Board

RAYMOND K.H. SEE
Chief Executive Officer

MA. CRISTINA C. VILLARUZ
Group Comptroller*

Signed this 04 day of APR 2017

SUBCRIBED AND SWORN to before me this 10 APR 2017 at Pasig City affiants exhibiting to me their government issued identification cards, as follows:

Name	Competent Evidence of Identity	Date/Place Issued	Valid Until
Antonio C. Pacis	EC5839503	DFA MANILA	29 Oct 2020
Raymond K.H. See	PP No. EC3695414	DFA NCR East	6 March 2020
Ma. Cristina C. Villaruz	CRN-0009-1527194-0	General Santos City	

Doc. No. 60;
Page No. 13;
Book No. I;
Series of 2017.

SAMMY DAVE A. SANTOS
PASIG SAN JUAN TAGUIG PATEROS PHILS.
ROLL NO. 63272

SAMMY DAVE ABELLAR SANTOS
Notary Public for the Cities of Pasig and San Juan, and Municipality of Pateros, Metro Manila
until December 31, 2018.
Commission No. 45(2017-2018)
Roll of Attorneys No. 63272
PTR No. 2600124/ 1.13.2017/ Pasig City
IBP No. 1057327/1.05.2017
MCLE NO. V-0012594/12.29.2015
Suite 1206, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

*the position of Chief Finance Offer is currently vacant

Suites 1206 & 1405 East Tower
Philippine Stock Exchange Centre,
Exchange Road, Ortigas Center,
Pasig City, Metro Manila,
Philippines 1600
Telephone No. (632) 635 2341 to 44
Fax No. (632) 635 5235
WWW.ALLIANCESELECTFOODS.COM

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	1	9	1	3	8

COMPANY NAME

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES (A Subsidiary of Strongoak Inc.)

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@allianceselectfoods.com	(02) 635-5241 to 44	-

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
256	June 15	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Raymond K.H. See	info@allianceselectfoods.com	(02) 635-5241	-

CONTACT PERSON'S ADDRESS

Unit 1206, East Tower, Philippine Stock exchange Centre, Exchange Road, Ortigas Center, Pasig City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc. and Subsidiaries
Unit 1206 East Tower
Philippine Stock Exchange Centre, Exchange Road
Ortigas Avenue, Pasig City

Opinion

We have audited the consolidated financial statements of Alliance Select Foods International, Inc. (a subsidiary of Strongoak Inc.) and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Property, Plant and Equipment
The Group's Parent Company and three of its subsidiaries are incurring significant losses. The Group is required to review the recoverable amount of its property, plant and equipment whenever there is an indication of impairment losses. These losing companies account for $7.10 million or 42% of the Group's property, plant and equipment as at December 31, 2016. The determination of the recoverable amount of these assets based on value in use involves significant estimates and assumptions. Our audit procedures included, among others, review of the management's impairment analysis and cash flow projections and evaluation of the assumptions used by the Group. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, particularly those that have the most significant effect on the determination of the recoverable amount of the property, plant and equipment in accordance with PAS 36. The Group's disclosures are included in Notes 2, 3 and 11 to the consolidated financial statements.

Valuation of Goodwill
Under Philippine Accounting Standards (PAS) 36 *Impairment of Assets*, the Group is required to test annually the amount of goodwill for impairment. This annual impairment test was significant to our audit because the assessment process is complex and highly judgmental and is based on assumptions that are affected by future market or economic conditions. The Group's recorded goodwill of $9.50 million represents 16% of the total consolidated assets as at December 31, 2016. Our audit procedures included, among others, review of management's impairment analysis and cash flow projections and evaluation of the assumptions used by the Group. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, particularly those that have the most significant effect on the determination of the recoverable amount of goodwill in accordance with PAS 36. The Group's disclosures are included in Notes 2, 3 and 5 to the consolidated financial statements.

Valuation of Inventories
Inventories are initially measured at cost and subsequently valued at the lower of cost and net realizable value (NRV). Determination of the NRV of inventories involves significant judgment and is affected by the volatility of the price in the market. Total inventories of the Group of $8.01 million represent 13% of the total consolidated assets as at December 31, 2016. Our audit procedures included an assessment of the Group's identification and measurement of the inventories' NRV. We also focused on the adequacy of the Group's disclosures in accordance with PAS 2 *Inventories*. The Group's disclosures are included in Notes 2, 3 and 9 to the consolidated financial statements.

Other Matter

The consolidated financial statements of Alliance Select Foods International, Inc. and Subsidiaries as at and for the year ended December 31, 2014 were audited by another auditor whose report dated May 11, 2015, expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Emmanuel V. Clarino.

REYES TACANDONG & CO.

Emmanuel V. Cl

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1021-AR-1 Group A
Valid until April 30, 2017
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 5908522
Issued January 3, 2017, Makati City

April 4, 2017
Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents	7	$7,396,343	$17,594,979
Trade and other receivables	8	6,724,908	5,373,575
Inventories	9	7,953,765	6,722,456
Other current assets	10	1,530,195	1,096,766
Total Current Assets		$23,605,211	30,787,776
Noncurrent Assets			
Property, plant and equipment	11	17,007,323	17,916,572
Deferred tax assets	26	8,273,039	8,764,114
Goodwill	5	9,502,585	9,502,585
Other noncurrent assets	12	1,473,129	1,566,887
Total Noncurrent Assets		36,256,076	37,750,158
		$59,861,287	$68,537,934
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	$6,070,258	$5,730,919
Loans payable	14	20,830,183	21,839,914
Due to a related party	15	136,112	134,657
Income tax payable		91,571	80,042
Total Current Liabilities		27,128,124	27,785,532
Noncurrent Liabilities			
Loans payable - net of current portion	14	54,446	1,805,996
Net retirement benefit obligation	16	184,914	381,169
Deferred tax liabilities	26	289,201	317,058
Refundable lease deposits		92,395	184,201
Total Noncurrent Liabilities		620,956	2,688,424
Total Liabilities		27,749,080	30,473,956
Equity			
Capital stock	17	53,646,778	53,646,778
Additional paid-in capital		6,662,001	6,662,001
Other comprehensive income		948,999	950,491
Deficit		(26,669,068)	(20,700,539)
		34,588,710	40,558,731
Treasury shares	17	(5,774)	(5,774)
Equity attributable to equity holders of the Parent Company		34,582,936	40,552,957
Non-controlling interests		(2,470,729)	(2,488,979)
Total Equity		32,112,207	38,063,978
		$59,861,287	$68,537,934

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2016	2015	2014
		Years Ended December 31		
NET SALES	18	$59,914,477	$67,915,690	$81,262,493
COST OF GOODS SOLD	19	(56,446,802)	(61,096,123)	(73,382,400)
GROSS PROFIT		3,467,675	6,819,567	7,880,093
SELLING AND ADMINISTRATIVE EXPENSES	20	(7,957,915)	(18,744,748)	(28,289,706)
INTEREST EXPENSE	14	(868,517)	(1,903,051)	(1,831,364)
EQUITY IN NET INCOME (LOSSES) OF JOINT VENTURES AND ASSOCIATES	12	19,771	(26,024)	(155,275)
GAIN ON ACQUISITION OF A SUBSIDIARY	4	-	3,471,040	–
GAIN ON REMEASUREMENT OF PREVIOUSLY HELD INTEREST IN AN ASSOCIATE	4	-	2,356,202	–
OTHER INCOME (CHARGES) - Net	21	561,115	(167,979)	(205,745)
LOSS BEFORE INCOME TAX		(4,777,871)	(8,194,993)	(22,601,997)
INCOME TAX EXPENSE (BENEFIT)	26	1,120,898	(172,177)	(5,525,493)
NET LOSS		(5,898,769)	(8,022,816)	(17,076,504)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(105,034)	815,312	42,612
Share in other comprehensive income (loss) of a joint venture		–	(14,505)	15,686
Items that will not be reclassified subsequently to profit or loss				
Remeasurement gain on retirement benefits (net of tax)		103,542	75,094	51,663
		(1,492)	875,901	109,961
TOTAL COMPREHENSIVE LOSS		($5,900,261)	($7,146,915)	($16,966,543)
NET LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		($5,968,529)	($6,392,392)	($16,436,112)
Noncontrolling Interests		69,760	(1,630,424)	(640,392)
		($5,898,769)	($8,022,816)	($17,076,504)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		($5,918,511)	($5,576,750)	($16,326,280)
Noncontrolling Interests		18,250	(1,570,165)	(640,263)
		($5,900,261)	($7,146,915)	($16,966,543)
LOSS PER SHARE				
Basic and diluted loss per share	23	($0.0024)	($0.0038)	($0.0121)

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	2016	2015	2014
		Years Ended December 31		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock	17			
Balance at beginning of year		$53,646,778	$32,238,544	$22,575,922
Additional subscription		–	21,408,234	9,662,622
Balance at end of year		53,646,778	53,646,778	32,238,544
Additional Paid-in Capital				
Balance at beginning of year		6,662,001	6,768,843	3,821,732
Addition		–	–	2,947,111
Stock issue cost		–	(106,842)	–
Balance at end of year		6,662,001	6,662,001	6,768,843
Other Comprehensive Income (Loss)				
Cumulative Remeasurement on Retirement Benefit Obligation	16			
Balance at beginning of year		(48,352)	(123,446)	(175,109)
Remeasurement gain on retirement		103,542	75,094	51,663
Balance at end of year		55,190	(48,352)	(123,446)
Revaluation Reserves				
Balance at beginning of year		275	86,457	70,771
Effect of deconsolidation		–	(71,677)	–
Share in other comprehensive income (loss) of a joint venture		–	(14,505)	15,686
Balance at end of year		275	275	86,457
Cumulative Translation Adjustment				
Balance at beginning of year		998,568	183,256	140,644
Exchange differences on foreign currency translation		(105,034)	815,312	42,612
Balance at end of year		893,534	998,568	183,256
Total balance at end of year of other comprehensive income		948,999	950,491	146,267
Deficit				
Balance at beginning of year		(20,700,539)	(14,898,404)	1,537,708
Effect of deconsolidation		–	590,257	–
Net loss		(5,968,529)	(6,392,392)	(16,436,112)
Balance at end of year		(26,669,068)	(20,700,539)	(14,898,404)
Treasury Shares	17	(5,774)	(5,774)	(5,774)
NON-CONTROLLING INTERESTS				
Balance at beginning of year		(2,488,979)	(918,814)	(278,551)
Total comprehensive income (loss) attributable to non-controlling interests		18,250	(1,570,165)	(640,263)
Balance at end of year		(2,470,729)	(2,488,979)	(918,814)
		$32,112,207	$38,063,978	$23,330,662

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(\$4,777,871)	(\$8,194,993)	(\$22,601,997)
Adjustments for:				
Depreciation and amortization	11	1,149,670	1,184,928	1,447,424
Interest expense	14	868,517	1,903,051	1,831,364
Provision for impairment losses on:				
Inventories	9	794,010	5,298,817	3,232,647
Trade and other receivables	8	79,049	315,318	501,219
Other noncurrent assets	12	314,320	628,480	8,043,987
Property, plant and equipment	20	-	2,730,177	7,792,307
Interest income	7	(159,133)	(175,890)	(108,896)
Retirement benefits expense	16	92,315	74,093	148,979
Unrealized foreign exchange loss - net		86,366	678,965	69,338
Gain on disposal of property, plant and equipment	21	(12,078)	(4,418)	(3,899)
Reversal of allowance for impairment losses on inventories		-	(436,277)	-
Gain on acquisition of subsidiary	4	-	(3,471,040)	-
Gain on remeasurement of previously held interest	4	-	(2,356,202)	-
Loss on restructuring of receivable	21	-	556,879	-
Gain on disposal of investment	21	-	(371,280)	-
Equity in net losses (income) of joint ventures and associates	12	(19,771)	26,024	155,275
Operating income (loss) before working capital changes		(1,584,606)	(1,613,368)	507,748
Decrease (increase) in:				
Trade and other receivables		(1,402,586)	3,581,355	6,783,484
Inventories		(2,025,319)	6,572,952	(7,566,585)
Other current assets		(433,429)	565,597	(8,196,917)
Other noncurrent assets		109,258	(1,688,749)	(125,884)
Increase (decrease) in trade and other payables		185,218	(3,360,151)	1,674,101
Net cash generated from (used for) operations		(5,151,464)	4,057,636	(6,924,053)
Income tax paid		(699,153)	(822,616)	(735,479)
Interest received		90,613	175,890	41,579
Contribution to retirement fund	16	(42,403)	(32,965)	(311,796)
Retirement benefits paid	16	(38,833)	-	-
Net cash provided by (used in) operating activities		(5,841,240)	3,377,945	(7,929,749)

(Forward)

	Note	Years Ended December 31 2016	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	11	($702,914)	($1,286,072)	($1,547,515)
Proceeds from sale of property, plant and equipment		14,762	254,073	31,992
Acquisition of subsidiary, net of cash acquired	4	-	(479,089)	-
Proceeds from disposal of investment	6	-	5,000	-
Net cash used in investing activities		(688,152)	(1,506,088)	(1,515,523)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of loans		35,590,025	75,093,353	74,635,566
Issuance of shares	17	-	21,408,234	12,609,733
Payments of:				
Loans		(38,351,307)	(80,686,263)	(75,211,203)
Interest		(868,517)	(1,956,584)	(1,797,581)
Decrease in due to a related party		-	(18,947)	9,841
Net cash provided by (used in) financing activities		(3,629,799)	13,839,793	10,246,356
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(39,445)	(542,691)	56,811
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(10,198,636)	15,168,959	857,895
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,594,979	2,426,020	1,568,125
CASH AND CASH EQUIVALENTS AT END OF YEAR		$7,396,343	$17,594,979	$2,426,020

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

General Information

Alliance Select Foods International, Inc. (ASFII or the "Parent Company"), a public corporation under Section 17.2 of the Securities Regulation Code (SRC), was incorporated in the Philippines and registered with the 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.

Strongoak Inc. acquired 952,479,638 Parent Company common shares from the increase in authorized capital stock and stock rights offering, which were both approved by the SEC on October 28, 2015 (see Note 17). This resulted in Strongoak Inc. becoming the Parent Company of ASFII for owning a total of 1,382,765,864 common shares, representing 55.32% of the total issued and outstanding shares of the Parent Company (see Note 17).

Strongoak Inc., the immediate parent of ASFII, is a domestic company engaged in investment activities. The ultimate parent company is Seawood Resources, Inc., a domestic company also engaged in investment activities.

The Parent Company's registered office address, which is also the principal place of business, is Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City. The Parent Company has a plant located in Brgy. Tambler, General Santos City, Philippines.

Subsidiaries

The consolidated financial statements include the accounts of ASFII and the following subsidiaries (collectively referred herein as the "Group") as at December 31, 2016 and 2015:

Name of Subsidiary	% of Ownership	Nature of Business	Principal Place of Business
Spence & Company Ltd. (Spence)	100	Salmon & other seafoods processing	USA
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	100	Salmon & other seafoods processing	Philippines
ASFI Thailand [b]	100	Sales office	Thailand
PT International Alliance Food Indonesia (PTIAFI)	99.98	Canned fish processing	Indonesia
Alliance MHI Properties, Inc. (AMHI)	98.89	Leasing	Philippines
Akaroa Salmon (NZ) Ltd. (Akaroa)	80	Salmon farming & processing	New Zealand
PT Van De Zee (PT VDZ) [a] [b]	49	Fishing	Indonesia
Prime Foods New Zealand Limited (PFNZ)	–	Salmon & other seafoods processing	New Zealand

(a) Indirect ownership interest through PTIAFI.
(b) No operations in 2016 and 2015.

Spence. Spence is based in Brockton, USA and specializes in the production of smoked salmon and other seafood products.

PFNZ and BGB. BGB is engaged in manufacturing, canning, processing, packing, repacking, and trading on wholesale goods such as salmon and other processed seafoods. It was registered with the Philippine SEC on October 29, 2009 and has a plant facility in Brgy. Tambler, General Santos City.

PFNZ is a company registered and domiciled in New Zealand and is engaged in the processing, manufacturing and distributing smoked salmon and other seafoods under the Prime Smoke and Studholme brand for distribution in New Zealand and other countries.

On October 27, 2015, ASFII acquired 50,864,702 shares of BGB for $1.37 million from PFNZ. The acquisition resulted to the increase in Parent Company ownership interest in BGB from 68% to 100%.

On October 30, 2015, ASFII sold its equity interest in PFNZ to HC & JW Studholme No. 2 Family Trust (see Note 6).

In 2016, the Company converted advances of $2.57 million to capital stock of BGB.

ASFI Thailand. ASFI Thailand was established as a sales representative office. As at December 31, 2016 and 2015, ASFI Thailand has no operations.

PTIAFI and PT VDZ. PTIAFI was established under the Indonesian Foreign Capital Investment Law and is primarily engaged in canned fish processing exclusively for international market. The plant is located at JL Raya Madidir Kelurahan Madidir Unet Ling. II Kecamatan Madidir, Bitung Indonesia.

PTIAFI owns 49% of PT Van de Zee (PT VDZ), a fishing company. PT VDZ's operation is integrated with the tuna processing activities of PTIAFI. As at December 31, 2016, PT VDZ ceased operations.

Republic of Indonesia requires at least 51% domestic ownership in local entities engaged in mineral resources. As a result, in 2014, PTIAFI sold 31% of its ownership in PT VDZ decreasing its share to 49%. Management still considers PT VDZ as its subsidiary because the Company retained financial and operating control over PT VDZ.

AMHI. AMHI was incorporated in the Philippines and registered with the SEC on June 18, 2010 and engaged in the business as a property holding company.

On December 23, 2015, ASFII converted advances of $0.29 million as partial payment of its subscription to 54,000,000 voting preferred shares of AMHI. The subscription resulted to the increase in Parent Company's effective voting interest in AMHI from 40% to 98.89% (see Note 4).

Akaroa. Akaroa, a company incorporated and domiciled in New Zealand, is engaged in sea cage salmon farming and operates two marine farms in Akaroa Harbor, South New Zealand. It also processes fresh and smoked salmon. Akaroa also holds 20% stake in Salmon Smolt NZ Ltd., an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa's farm.

Status of Operations

The Group incurred net losses of $5.90 million in 2016 and $8.02 million in 2015 ($17.08 million in 2014) because of losses sustained by its Parent Company and three of its subsidiaries (BGB, PTIAFI and PT VDZ). The losses were primarily due to declining volume of sales as a result of restrictive regulations in Indonesia, termination of PFNZ as a customer after the Parent Company divested its investment in PFNZ (see Note 6), and the inherent volatility in raw material prices. The Group has recognized impairment losses in inventories of $0.79 million in 2016 and $5.30 million in 2015 ($3.23 million in 2014) property, plant and equipment and other noncurrent assets (mainly fishing vessels and related CIP) of $0.31 million in 2016 and $3.36 million in 2015 ($15.84 million in 2014). Management recognized the loss on the fishing vessel because of the discontinuance of the Group's fishing operation in 2015.

In 2015 and 2014, Strongoak Inc. infused capital of $20.4 million and $9.9 million, respectively, thereby acquiring 55.3% ownership in the Parent Company. The new management is undertaking necessary initiatives to improve operation and maintain financial stability. With these initiatives, which include expanding the Group's global market, targeting key accounts, improving efficiencies across all areas of operations, better inventory management and raw material sourcing, management has projected a turnaround in operation with a positive result of operation and cash flow in the coming years. Strongoak will continue to provide the necessary level of financial support to enable ASFII to meet its working capital requirements.

Approval of Financial Statements

The consolidated financial statements as at and for the years ended December 31, 2016 and 2015 were approved and authorized for issuance by the BOD on April 4, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with Philippine Financial Reporting Standards (PFRS), issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

The consolidated financial statements comprise the statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes thereto. Income and expenses, excluding the components of other comprehensive income, are recognized in the statements of comprehensive income. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognized in the statements of changes in equity.

Measurement Bases

The consolidated financial statements are presented in U.S. Dollar, the functional currency of the primary economic environment in which the Parent Company operates. All values are rounded to the nearest U.S. Dollar, except when otherwise stated.

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability.

Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27 to the consolidated financial statements.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2016:

- Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal* – The amendment adds specific guidance when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.

- Amendments to PFRS 10, IFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 - *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* – The amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in PFRS 3) to apply all of the business combinations accounting principles and disclosure in PFRS 3 and other PFRS, except for those principles that conflict with the guidance in PFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

- Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiative* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to PAS 16, *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation,* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendment to PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue* – The amendment clarifies that in determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bond in the relevant currency should be used.

- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* – The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to the consolidated financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

Effective for annual periods beginning on or after January 1, 2018 -

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39

Effective for annual periods beginning on or after January 1, 2019 -

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

A subsidiary is an entity in which the Group has control. The Group controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Group controls an entity. The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of interest retained.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, presented within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of PTIAFI, PT VDZ, Akaroa and AMHI.

Business Combination and Goodwill

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the business combination is achieved in stages, any previously held non-controlling interest is re-measured at the date of obtaining control and a gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one year from the acquisition date.

Goodwill, which arose from the acquisitions of Spence ($7.45 million) in 2011 and Akaroa ($2.05 million) in 2012, is initially measured at the acquisition date as the sum of the fair value of consideration transferred; the recognized amount of any non-controlling interest in the acquiree; and, if the business combination is achieved in stages, the fair value of existing equity interest in the acquiree less the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the bargain purchase gain is recognized directly in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the entity's cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Where goodwill has been allocated to a cash-generating unit or group of cash generating units and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation in determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Financial Assets and Liabilities
Financial assets and liabilities are accounted for as follows:

a. Recognition

Financial assets and liabilities are recognized in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of a financial instrument. Financial instruments are initially measured at fair value which includes transaction costs directly attributable to the acquisition (e.g. fees, commissions, transfer taxes, etc.). However, transaction costs related to the acquisition of financial instruments classified as fair value through profit or loss (FVPL) are recognized immediately in profit or loss. The Group uses trade date accounting to account for financial instruments.

"Day 1" Difference. The best evidence of the fair value of a financial instrument at initial recognition is its transaction price unless the transaction price differs from its fair value. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Group determines fair value by using a valuation technique whose variables include data from observable markets. The difference between the transaction price and the fair value (a "day 1" difference) is recognized in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where the valuation model uses unobservable data, the difference between the transaction price and the model value is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

b. Classification

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's intention at acquisition or issuance date.

As at December 31, 2016 and 2015, the Group does not have financial assets and liabilities classified at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction costs which are directly attributable to the acquisition of the financial instrument. The amortization is included in profit or loss.

The Group has classified its cash and cash equivalents, trade and other receivables, due from related parties and deposits as loans and receivables.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

Other financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through amortization process.

The Group's trade and other payables (excluding customer's deposit and statutory payable), loans payable and due to a related party are classified under this category.

c. Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The Group first assesses whether objective evidence of impairment exists individually for its financial assets that are individually significant, and individually or collectively for its financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. Impairment losses are recognized in full in profit or loss. Interest income continues to be recognized on the reduced carrying amount using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent year, 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 is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss, to the extent that the resulting carrying amount will not exceed the amortized cost determined had no impairment loss been recognized in prior years.

d. Derecognition

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

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

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of the new liability, and the difference in the respective carrying amount is recognized in profit or loss.

e. Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the consolidated statements of financial position.

<u>Inventories</u>
Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV). The costs of inventories are calculated using weighted average method. Costs comprise direct materials and when applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. NRV represents the estimated selling price less estimated costs of completion and costs necessary to make the sale.

When the NRV 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 profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as part of other income or charges in the consolidated statements of comprehensive income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period when the related revenue is recognized and the related allowance for impairment is reversed.

<u>Other Assets</u>
Other assets include prepayments, creditable withholding taxes (CWTs), value-added tax (VAT), biological assets, investments in associate and joint ventures, intangible assets and idle assets. Other assets that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are apportioned over the period covered by the payment and recognized in profit or loss when incurred.

CWTs. CWTs represent the amount withheld by the Group's customers in relation to its income. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source.

VAT. Revenue, expenses and assets are recognized net of the amount of VAT. The net amount of VAT recoverable from the taxation authority is included as part of current assets in the consolidated statements of financial position.

Biological Assets. The Group measures its biological assets on initial recognition and at the end of each reporting period at its fair value less costs to sell. The Group uses the national average market values issued by the New Zealand Inland Revenue Department as a proxy for fair value of a class of livestock, provided that such values are applied consistent to a class of livestock. Biological assets of the Group comprised solely of consumable female smolts. They are cultured during the developmental phase which lasts for an average period of 12-18 months.

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

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

Investments in Associates and Joint Ventures. An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% percent of the voting power of another entity.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

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

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

Upon loss of significant influence over an associate or of joint control over the joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the investment upon loss of significant influence or joint control and the fair value of the retained interest and proceeds from disposal is recognized in profit or loss.

Idle Assets. Idle assets are those which are no longer used in the Group's operations. The Group's idle assets are already fully provided with allowance for impairment loss.

Property, Plant and Equipment

Property, plant and equipment except land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other directly attributable costs, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Building	25
Leasehold improvements	5 (or lease term, whichever is shorter)
Machinery and equipment	15
Transportation equipment	5
Plant and office furniture, fixtures and equipment	5
Fishing vessels	40

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

<u>Intangible Assets</u>

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 purchased 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 expenditures, including expenditure on internally generated goodwill and brands, are 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 less its residual value.

Amortization is recognized in the consolidated statements of comprehensive income on a straight-line basis over the useful life of salmon farming consent and fishing license, 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 is 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
- 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 Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Goodwill. The Group assesses goodwill for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates.

Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Customer's Deposit

Customer's deposit consists of amounts received by the Group from its customers as advance payments for the sale of goods. These are recorded at face amount in the consolidated statements of financial position and recognized as revenue in profit or loss when the goods for which the advances were made are delivered to the customers.

Capital Stock

Capital stock is measured at par value for all shares issued. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related additional paid-in capital or retained earnings. Proceeds or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Deficit

Deficit represents the cumulative balance of net loss, net of dividend declaration. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

Treasury Shares

Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Revenue Recognition
Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and returns. The Group has concluded that it is the principal in all of its revenue arrangements. Revenue is recognized as follows:

Sale of Goods. Revenue is recognized, net of sales returns and discounts, when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery to and acceptance of the goods by the buyer.

Rental Income. Revenue is recognized on a straight-line basis over the term of the lease.

Interest Income. Interest income is recognized in profit or loss using the effective interest method.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a 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.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are sold.

Selling and Administrative Expenses. Selling expenses constitute costs incurred to sell and market the goods and services. Administrative expenses constitute cost of administering the business. Both are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing cost commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. This requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Group as Lessor. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an income in profit or loss on a straight-line basis over the lease term.

<u>Retirement Benefits</u>

Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary.

The Group recognizes service costs comprising of current service costs, past service costs, gain or loss on curtailment and settlements and net interest expense on the retirement benefit liability in profit or loss.

The Group determines the net interest expense on retirement benefit liability by applying the discount rate to the net retirement benefit liability at the beginning of the year, taking into account any changes in the liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, which consist of actuarial gains and losses and the return on plan asset (excluding amount charged in net interest) are recognized immediately in other comprehensive income (OCI) and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit liability recognized by the Group is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

<u>Income Taxes</u>

Current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Deferred tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

<u>Foreign Currency-Denominated Transactions and Translation</u>
Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Investments in associates and subsidiaries whose functional currency is other than US Dollar are translated to US Dollar using the closing exchange rate prevailing at the reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation on non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates at the dates of the transactions are used. Exchange differences, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Related Party Relationships and Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

Contingencies

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

Events after the Reporting Date

The Group identifies subsequent events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements, when material.

Loss per Share

The Group presents basic and diluted loss per share data for its common shares.

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year. There are no potential dilutive shares.

Operating Segments

For management purposes, the Group is divided into operating segments per products/service, (tuna, salmon, and rental) according to the nature of the products and services provided. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker. Financial information on operating segments is presented in Note 29.

3. Significant Accounting Judgments and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when 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.

The Group believes that the following represent a summary of these significant estimates and judgments and the related impact and associated risks in the consolidated financial statements:

Assessing Going Concern. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Determining Functional Currency. Based on management's assessment, the functional currency of the entities in the Group has been determined to be the U.S. Dollar, except for certain subsidiaries whose functional currency is the New Zealand Dollar and Philippine Peso. The U.S. Dollar is the currency that mainly influences the operations of most of the entities within the Group.

Assessing Acquisition of a Business. The Parent Company acquired a subsidiary which owns real estate. At the time of acquisition, the Parent Company considers whether the acquisition represents an acquisition of a business or a group of assets. An entity accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to its current business. The consideration is made to the extent that the significant business processes are acquired and the additional services to be provided by the subsidiary.

Management has assessed that the acquisition of AMHI in 2015 constitutes a business.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has determined that by virtue of its majority ownership of voting rights in its subsidiaries as at December 31, 2016 and 2015, the Parent Company has the ability to exercise control over these investees.

Determining Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

a. Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

b. The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c. 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 consolidated financial statements.

Accounting for Interest in a Joint Operation. The Group has, after considering the structure and form of the contractual arrangement, the terms agreed by the parties and the Group's rights and obligations classified its interest in a joint arrangement with FDCP, Inc. (FDCP) and Wild Catch Fisheries, Inc. (WCFI) as a joint venture under PFRS 11. As a consequence, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation only to the extent of the Group's interest in the joint venture.

Classifying Leases - Group as a Lessee. The Group has an operating lease agreement for its office site. The Group has determined that the risks and rewards of ownership related to the leased property are retained by the lessor. Accordingly, the agreement is accounted for as an operating lease.

Rental expense arising from operating lease amounted to \$0.75 million and \$0.82 million in 2016 and 2015, respectively (\$1.24 million in 2014) (see Note 24).

Classifying Leases - Group as Lessor. The Group has entered into lease agreement on its parcel of land. The Group has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, these leases are accounted for as operating leases.

Rent income amounted to \$59,607 in 2016 (see Note 24).

Estimating Impairment Losses on Financial Assets. The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, significant financial difficulties or bankruptcy, the length of the Group's relationship with the customer, the customer payment behavior, and known market factors. The Group identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Trade and other receivables, receivable from WCFI and receivable from PFNZ, net of allowance for impairment losses, aggregated \$7.79 million and \$6.57 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses aggregated \$4.18 million and \$4.07 million as at December 31, 2016 and 2015, respectively (see Notes 8 and 12).

Estimating NRV of Inventories. The NRV of inventories represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale. The Group determines the estimated selling based on the recent sale transaction of similar goods with adjustments to reflect any changes in economic conditions since the date of transactions occurred. The Group records provisions for the excess of cost over the 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 profit or loss and equity.

Inventories carried at lower of cost and NRV amounted to \$7.95 million and \$6.72 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses amounted to \$2.54 million and \$4.59 million as at December 31, 2016 and 2015, respectively (see Note 9).

Estimating Useful Lives of Property, Plant and Equipment and Other Intangible Assets. The Group estimates the useful lives of property, plant and equipment and other intangible assets based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment are reviewed at each reporting date 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 assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Group's property, plant and equipment and other intangible assets as at December 31, 2016 and 2015.

Property, plant and equipment, net of accumulated depreciation, amortization and impairment losses amounted to \$17.01 million and \$17.92 million as at December 31, 2016 and 2015, respectively (see Note 11). Intangible assets, net of accumulated amortization, amounted to \$60,416 and \$64,687 as at December 31, 2016 and 2015, respectively (see Note 12).

Assessing Impairment of Nonfinancial Assets and Goodwill. The Group assesses impairment on its nonfinancial assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

Goodwill is tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

As at December 31, 2016 and 2015, management has determined that the amount of allowance for impairment on its investments in associates, joint ventures, idle assets, property, plant and equipment, intangible assets (including goodwill) and other current assets were sufficient. Carrying amounts of these nonfinancial assets are disclosed in Notes 5, 10, 11 and 12.

Estimating Retirement Benefit Costs. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 16 to the consolidated financial statements and include, among others, discount rates and salary increase rates.

The retirement benefit liability amounted to $0.18 million and $0.38 million as at December 31, 2016 and 2015, respectively. The cumulative remeasurement gain (loss) on retirement benefit liability recognized in equity amounted to $55,190 and ($48,352) as at December 31, 2016 and 2015, respectively (see Note 16).

Recognizing Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Group has recognized deferred tax assets amounting to $8.27 million and $8.76 million as at December 31, 2016 and 2015, respectively (see Note 26).

4. **Business Combinations**

On December 23, 2015, the Parent Company converted advances of $0.29 million (₱13.5 million) as partial payment of its subscription to 54,000,000 voting preferred shares of AMHI. The subscription resulted to the increase in the Parent Company's effective voting ownership interest in AMHI to 98.89%. Prior to December 23, 2015, the Parent Company had 40% ownership interest in AMHI. The fair values of the identified assets and liabilities of AMHI at the time of acquisition and the purchase price allocation are as follows:

	Amount
Cash in banks	$2,553
Due from related parties	170,279
Other current assets	85,568
Property and equipment	8,748,405
Deferred tax assets	59,415
Due to related parties	(453,137)
Refundable lease deposits	(1,877,828)
Loan payable	(323,326)
Deferred tax liabilities	(32,875)
Net assets	6,379,054
Percentage share of net assets acquired	98.89%
Net assets acquired	6,308,884
Gain from acquisition	(3,471,040)
Gain on remeasurement of previously held interest	(2,356,202)
Total consideration	$481,642
Total consideration	$481,642
Less cash acquired	2,553
Acquisition of subsidiary, net of cash acquired	$479,089

Gains from acquisition and remeasurement of previously held interest resulted from the increase in fair value of the land held by AMHI. The fair value of previously held interest by the acquirer immediately before the acquisition date was $2.55 million.

Non-controlling interest is measured based on its proportionate share on the net assets of AMHI at acquisition date.

The revenue and the net income of AMHI from the date the Parent Company obtained control, which is December 23, 2015, to December 31, 2015 were no longer included in the consolidated financial statements because these were not considered significant. The assets and liabilities of AMHI as at December 31, 2015 were included in the 2015 consolidated financial statements.

Had the acquisition of AMHI taken place at the beginning of 2015, the Group's revenue and net loss for the year would have been $67.99 million and $7.64 million, respectively.

5. Goodwill

Goodwill resulted from the acquisition by the Parent Company of the following subsidiaries:

Spence. The Parent Company acquired 100% ownership of Spence in 2011. The acquisition of Spence's salmon processing facilities in Brockton, USA 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. The goodwill arising from the acquisition amounted to $7.45 million.

Akaroa. The Parent Company acquired 80% ownership of Akaroa in 2012. Akaroa is engaged in the business of sea cage salmon farming and operates two marine farms in New Zealand. It also processes fresh and smoked salmon. Akaroa also holds 20% stake in Salmon Smolt NZ Ltd., an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa's farm. The acquisition enables the Group to stabilize its supply of salmon and eventually strengthen its market share in the salmon industry. The goodwill arising from the acquisition amounted to $2.05 million.

Results of operations (net income) of these two subsidiaries are as follows:

	2016	2015	2014
Spence	**$683,074**	$1,728,338	$815,142
Akaroa	**212,713**	74,174	96,878

Based on its annual impairment test using a discounted cash flow model covering a 5-year period, the Group has assessed that goodwill is not impaired as at December 31, 2016 and 2015. The principal assumptions made in determining the recoverable amount (value in use) include the Group's pre-tax weighted average cost of capital (WACC) and pre-tax cash flow long-term growth rate in 2016 and 2015.

6. Disposal of Investments

PFNZ

On October 30, 2015, ASFII sold its 50% plus one share interest in PFNZ to HC & JW Studholme No. 2 Family Trust for $5,000. The sale resulted in a gain of $0.37 million in the 2015 consolidated statement of comprehensive income (see Note 21).

The carrying amounts of the assets and liabilities of PFNZ as at October 30, 2015, which have been excluded in the 2015 consolidated financial statements, are as follows:

	Amount
Cash and cash equivalents	$100,004
Trade and other receivables	230,815
Due from related parties	14,135
Inventories	629,681
Property and equipment	1,010,268
Total assets	1,984,903
Trade and other payables	169,457
Income tax payable	201,937
Notes payable	2,346,283
Total liabilities	2,717,677
Deficit	(732,774)
Non-controlling interests	(366,494)
Net liabilities sold	($366,280)

Gain on disposal of a subsidiary was computed as follows (see Note 21):

	Amount
Fair value of consideration received	$5,000
Carrying amount of net liabilities sold	(366,280)
Gain on disposal	$371,280

The 2015 consolidated statement of comprehensive income includes revenue of $3.26 million and net loss of $0.57 million of PFNZ for the ten months ended October 30, 2015 (revenue and net loss of $7.49 million and $0.74 million, respectively, for the year ended December 31, 2014).

7. Cash and Cash Equivalents

This account consists of:

	2016	2015
Cash on hand	$4,621	$15,944
Cash in banks	3,710,241	3,416,569
Cash equivalents	3,681,481	14,162,466
	$7,396,343	$17,594,979

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to cash placement with a bank for varying periods of up to three months depending on the immediate cash requirements of the Group.

Interest income included in the consolidated statements of comprehensive income is summarized below (see Note 21):

	Note	2016	2015	2014
Cash and cash equivalents		$90,613	$107,442	$41,579
Accretion of lease deposits		68,520	68,448	67,317
	21	$159,133	$175,890	$108,896

8. Trade and Other Receivables

This account consists of:

	Note	2016	2015
Trade		$6,036,147	$4,458,287
Claims receivables		1,630,864	1,672,056
Due from related parties	15	244,025	71,623
Receivable from PFNZ- current portion	12	177,500	160,000
Advances to employees		20,436	15,089
Others		615,407	885,706
		8,724,379	7,262,761
Allowance for impairment losses		1,999,471	1,889,186
		$6,724,908	$5,373,575

Trade receivables are generated from the sale of inventories and are generally collectible within 29 to 60 days.

Trade receivables aggregating $3.59 million as at December 31, 2016 were used to secure the Group's short-term loans (see Note 14).

Claims receivables include refunds from government agencies and claims from insurance, suppliers and other parties.

Movements in the allowance for impairment losses are as follows:

	Note	2016	2015
Balance at beginning of year		$1,889,186	$1,620,966
Provisions	20	79,049	315,318
Write-off		–	(43,596)
Currency translation adjustment		31,236	(3,502)
Balance at end of year		$1,999,471	$1,889,186

9. Inventories

This account consists of:

	Note	2016	2015
At cost:			
Finished goods	19	$400,224	$–
Parts and supplies		346,966	–
Work-in-process		266,681	223,599
		1,013,871	223,599
At NRV:			
Raw and packaging materials		3,710,256	3,803,966
Finished goods		3,229,638	2,274,098
Parts and supplies		–	420,793
		6,939,894	6,498,857
		$7,953,765	$6,722,456

The costs of inventories measured at NRV are as follows:

	Note	2016	2015
Finished goods	19	$5,087,643	$6,415,666
Raw and packaging materials		4,359,079	4,244,625
Parts and supplies		32,706	428,471
		$9,479,428	$11,088,762

Movements in the allowance for impairment losses on inventories are as follows:

	Note	2016	2015
Balance at beginning of year		$4,589,905	$1,259,431
Provisions	20	794,010	5,298,817
Reversal/Write-off		(2,844,381)	(1,968,343)
Balance at end of year		$2,539,534	$4,589,905

Inventories aggregating $3.90 million as at December 31, 2016 are used to secure the Group's short-term loans (see Note 14).

Inventories charged to cost of goods sold amounted to $43.35 million, $51.24 million and $53.98 million in 2016, 2015 and 2014, respectively (see Note 19).

Reversal of allowance for impairment of inventories mainly pertains to inventories condemned and subsequently sold, which were provided with allowance.

10. Other Current Assets

This account consists of:

	2016	2015
Input VAT	$539,233	$430,545
Deposits	394,603	93,673
Prepayments:		
Taxes	172,433	234,227
Importation	152,492	81,622
Insurance	51,423	13,907
Rent	24,583	–
Others	195,428	242,792
	$1,530,195	$1,096,766

Deposits represent advance payments for rental of office spaces.

Other prepayments pertain to dues and subscriptions, membership fees and travel advances.

11. Property, Plant and Equipment

Movements in this account are as follows:

	December 31, 2016								
	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 at beginning of year	$9,400,984	$4,934,242	$8,032,043	$394,618	$330,364	$90,833	$14,687,953	$8,964	$37,869,781
Additions	–	14,078	440,349	49,740	136,809	1,840	–	–	702,914
Disposals/Retirement	–	(2,406)	(1,967)	(50,855)	(1,147)	–	–	–	(56,375)
Reclassification	–	–	–	–	–	–	(14,434,809)	(8,964)	(14,443,773)
Translation adjustment	34,111	(169,234)	277,357	95,206	(19,738)	44,087	(253,144)	–	(11,355)
Balance at end of year	9,435,075	4,796,678	8,747,782	488,711	446,288	136,660	–	–	24,051,194
Accumulated Depreciation and Amortization									
Balance at beginning of year	–	1,253,789	3,538,945	132,760	211,438	43,710	508,337	–	3,720,993
Depreciation and amortization	–	134,609	761,825	60,444	61,480	20,932	–	–	1,242,690
Disposals/Retirement	–	–	(1,967)	(50,853)	(869)	–	–	–	(53,689)
Reclassification	–	–	–	–	–	–	(508,337)	–	(508,337)
Translation adjustment	–	31,862	(15,196)	106,528	(15,911)	44,690	–	–	182,150
Balance at end of year	–	1,520,170	4,283,607	248,870	256,138	129,932	–	–	6,435,807
Allowance for Impairment									
Balance at beginning and end of year	–	506,658	101,406	–	–	–	13,614,152	–	14,222,216
Reclassification	–	–	–	–	–	–	(13,614,152)	–	(13,614,152)
Balance at end of year	–	506,658	101,406	–	–	–	–	–	608,064
Carrying Amount	$9,435,075	$2,769,750	$4,362,769	$239,841	$192,160	$7,728	$–	$–	$17,007,323

		December 31, 2015								
	Note	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 at beginning of year		$1,554,446	$5,130,229	$8,070,399	$855,074	$365,431	$37,147	$9,882,935	$849,365	26,765,016
Additions		–	197,979	691,171	68,909	60,718	20,671	849	245,535	1,286,072
Reclassification		–	–	404,578	–	–	–	5,914,904	–	6,319,482
Disposals/Retirement		–	(103,102)	(14,619)	(313,230)	(100,218)	–	(172,877)	–	(704,040)
Write-off		–	(192)	(447,097)	–	(1,015)	–	(912,605)	(761,244)	(2,122,113)
Translation adjustment		(204,716)	(4,108)	(56,453)	(137,326)	(6,751)	13,104	(25,253)	(324,692)	(746,595)
Acquisition of subsidiary	4	8,745,707	163,117	101	4	–	311	–	–	8,909,240
Effect of deconsolidation	6	(594,979)	(419,621)	(614,043)	(78,813)	(37,841)	–	–	–	(1,845,292)
Balance at end of year		9,400,964	4,954,242	8,037,043	394,618	190,364	90,683	14,687,953	8,964	37,859,781
Accumulated Depreciation and Amortization										
Balance at beginning of year		–	1,281,140	3,284,657	359,317	268,764	39,886	511,557	–	5,745,321
Depreciation and amortization		–	227,848	740,723	48,080	68,160	23,332	24,505	–	1,172,648
Disposals/Retirement		–	(99,790)	(3,572)	(233,693)	(90,290)	–	(27,100)	–	(454,385)
Translation adjustment		–	(1,181)	(58,376)	(4,563)	(1,838)	180	(2,625)	–	(68,403)
Acquisition of subsidiary	4	–	160,418	101	4	–	312	–	–	160,835
Effect of deconsolidation	6	–	(314,636)	(464,588)	(36,439)	(19,360)	–	–	–	(835,023)
Balance at end of year		–	1,253,799	3,538,945	132,766	225,436	63,710	506,337	–	5,720,993
Allowance for Impairment										
Balance at beginning of year		–	–	–	–	–	–	7,792,307	–	7,792,307
Provisions	20, 21	–	506,810	548,503	–	1,015	–	6,734,450	761,244	8,552,022
Write-off		–	(152)	(447,097)	–	(1,015)	–	(912,605)	(761,244)	(2,122,113)
Balance at end of year		–	506,658	101,406	–	–	–	13,614,152	–	14,222,216
Carrying Amount		$9,400,964	$3,193,785	$4,391,692	$261,852	$64,928	$26,923	$567,464	$8,964	$17,916,572

The Group has mortgaged its property, plant and equipment for long-term loans. The carrying value of mortgaged property amounted to $70,082 as at December 31, 2016 (see Note 14).

As discussed in Note 1, the Parent Company, BGB, PTIAFI and PT VDZ have been incurring losses. The Parent Company and these subsidiaries account for $7.10 million or 42% of the Group's property, plant and equipment as at December 31, 2016. The Group reviewed the recoverable amounts of these assets based on value in use by projecting cash flow covering a period of five (5) years. Management determined the projected cash flows based on past performance, existing contracts and expectations on market development such as average price per full container load and revenue growth range. A determined WACC was used to discount the cash flows. Management has concluded that no impairment losses have to be recognized.

The Group provided for impairment loss of $8.55 million in 2015 ($7.79 million in 2014), on its property, plant and equipment (mainly fishing vessels and related CIP) (see Notes 20 and 21) because of the discontinuance of the Group's fishing operations. Allowance for impairment loss amounted to $0.61 million and $14.22 million as at December 31, 2016 and 2015 ($7.79 million as at December 31, 2014). In 2015, the resulting carrying amount of the fishing vessels represents the estimated scrap value of the assets.

In 2016, the carrying amount of fishing vessels amounting to $0.31 million was reclassified to "Other noncurrent assets" as these are no longer used in operations (see Note 12).

In 2015, CIP represents vessel in construction relating to PT VDZ. The management has decided to discontinue its fishing operations. Accordingly, an impairment allowance was provided for the construction in progress.

In 2015, the Parent Company recovered two of the fishing vessels it previously sold to WCFI because of losses sustained by WCFI. The receivable from the sale of three fishing vessels of $6.38 million in 2013 was provided with an allowance for impairment loss of $6.28 million in 2014 (see Note 12). When the Parent Company recovered the two vessels at a carrying amount of $5.91 million, it reversed allowance for impairment (recovery) of $5.82 million in 2015 but recognized a provision for impairment loss on the fishing vessels at the same amount in the same year (see Note 21). Effectively, the Parent Company did not recognize any gain or loss from this transaction in the 2015 consolidated financial statements.

The depreciation and amortization charged to operations are as follows:

	Note	2016	2015	2014
Property, plant and equipment		$1,142,690	$1,172,648	$1,427,652
Other intangible assets	12	6,980	12,280	19,772
		$1,149,670	$1,184,928	$1,447,424
Charged to:				
Cost of goods sold	19	$1,061,166	$1,086,489	$1,100,838
Selling and administrative expenses	20	88,504	98,439	346,586
		$1,149,670	$1,184,928	$1,447,424

Gain on disposal/retirement of property, plant and equipment amounted to $12,078 and $4,418 in 2016 and 2015, respectively ($3,899 in 2014) (see Note 21).

The cost of fully depreciated property, plant and equipment still used in Group's operations amounted to $422,893 and $146,937 as at December 31, 2016 and 2015, respectively.

12. Other Noncurrent Assets

This account consists of:

	Note	2016	2015
Receivable from WCFI		$2,182,863	$2,182,863
Receivable from PFNZ- net of current portion		1,068,019	1,198,375
Investments in joint ventures		553,480	553,480
Other intangible assets		174,695	178,966
Investments in associates		92,252	72,481
Idle assets	11	314,320	–
Others		252,442	231,344
		4,638,071	4,417,509
Less allowance for impairment losses		3,164,942	2,850,622
		$1,473,129	$1,566,887

Receivable from WCFI

Receivable from WCFI includes receivable from the sale of three fishing vessels and advances for fish deposit. These were provided with allowance for impairment losses of $8.00 million in 2014 because of losses sustained by WCFI. WCFI ceased operations in the same year.

In 2013, the Parent Company sold three fishing vessels with an aggregate carrying amount of $6.30 million to WCFI for a total consideration of $6.38 million, resulting in a gain of $71,497. In 2015, the Parent Company reversed the receivable of $5.82 million from WCFI when the Parent Company recovered two of the vessels (see Note 11). Accordingly, the related allowance for impairment losses of $5.82 million was also reversed.

Movements in this account are as follows:

	Note	2016	2015
Gross amount of receivable from WCFI:			
At beginning of year		$2,182,863	$8,097,767
Reversal		–	(5,821,845)
Recovery		–	(93,059)
At end of year		2,182,863	2,182,863
Allowance for impairment losses:			
At beginning of year		2,182,863	8,004,708
Reversal	21	–	(5,821,845)
At end of year		2,182,863	2,182,863
		$–	$–

Receivable from PFNZ

As discussed in Note 1 and Note 6, the accounts of PFNZ were excluded from the consolidated financial statements in 2015 when ASFII sold its ownership interest. In the same year, BGB entered into a debt restructuring agreement with PFNZ, which resulted to the following:

a. Trade payable of $0.46 million to PFNZ was offset against the receivable of $2.77 million from PFNZ as at October 30, 2015;

b. The payment terms were modified from payable on demand to payable in monthly installments commencing in January 2016 and ending in September 2029;

c. The restructured receivable shall be secured by PFNZ's tangible and intellectual properties; and

d. Interest expense incurred and charged to operations amounted to $0.40 million in 2015 (see Note 14).

Details of the receivable from PFNZ are as follows:

	Note	2016	2015
Balance at beginning of year		$1,358,375	$2,772,462
Cash receipts		(112,856)	–
Offset of trade payable		–	(455,583)
Restructuring loss:			
Write-down	21	–	(556,879)
Interest expense	14	–	(401,625)
Outstanding balance		$1,245,519	1,358,375
Less current portion	8	177,500	160,000
Noncurrent portion		$1,068,019	$1,198,375

Investment in Joint Ventures
Details are as follows:

	2016	2015
At cost:		
FDCP, Inc. (FDCP)	$240,964	$240,964
WCFI	39,279	39,279
	280,243	280,243
Accumulated equity in net earnings:		
Balance at beginning of year	$360,189	392,690
Share in net losses for the year	–	(32,501)
Balance at end of year	$360,189	360,189
Share in other comprehensive income:		
Balance at beginning of year	($86,952)	(72,447)
Share in net losses for the year	–	(14,505)
Balance at end of year	($86,952)	(86,952)
Total	553,480	553,480
Allowance for impairment loss:		
Balance at beginning of year	(553,480)	(39,279)
Provision	–	(514,201)
Balance at end of year	(553,480)	(553,480)
	$–	$–

FDCP. FDCP is engaged in manufacturing and wholesale of tin cans. The Group has 40% ownership interest in FDCP. FDCP ceased manufacturing operations effective September 2015. The Group provided for impairment loss of $0.24 million in 2015 on its investment in FDCP. FDCP has no available financial information as at and for the year ended December 31, 2016 and no additional share in net earnings (losses) was recognized by the Group in 2016.

In November 2016, SEC approved the issuance of additional 7,500,000 common shares at ₱1 par value a share. The Parent Company did not subscribe to the said additional issuance resulting to the decrease of the Parent Company's ownership from 40% to 25%. Based on management's assessment, the Group retains joint control in FDCP.

WCFI. WCFI is an entity primarily engaged in commercial fishing within and outside Philippine waters and in the high seas. The Group has 40% ownership interest in WFCI. WCFI ceased operation effective December 31, 2014. The Group provided for impairment loss of $39,279 in 2014 on its investment in WFCI.

The Group's unrecognized share in losses of WCFI as at December 31, 2014 amounted to $0.87 million.

Investments in an Associate
The Group has 16% ownership interest in Salmon Smolt New Zealand Limited (SSNZ) through Akaroa. SSNZ is engaged in the farming of salmon in South Island of New Zealand and was incorporated in 2008.

Details of the investments are as follows:

	2016	2015
Acquisition cost	$27,319	$27,319
Accumulated equity in profits:		
Balance at beginning of year	45,162	38,685
Equity in net income for the year	19,771	6,477
Balance at end of year	64,933	45,162
	$92,252	$72,481

The summarized financial information of SSNZ as at and for the year ended December 31, 2016 and 2015 is as follows:

	2016	2015
Total assets	$491,719	$385,048
Total liabilities	120,092	118,830
Equity	371,627	266,218
Net income	123,571	40,480

Other Intangible Assets
Other intangible assets pertain to salmon farming consent and fishing license. Movements in this account are as follows:

	Note	2016	2015
Cost		$269,066	$269,066
Accumulated Amortization			
Balance at beginning of year		90,100	69,003
Amortization	11	6,980	12,280
Translation adjustment		(2,709)	8,817
Balance at end of year		94,371	90,100
		174,695	178,966
Allowance for Impairment			
Balance at beginning of year		114,279	-
Provisions		-	114,279
Balance at end of year		114,279	114,279
		$60,416	$64,687

Idle Assets
Idle assets pertain to fishing vessels reclassified to noncurrent assets as they are no longer used in the Group's operations. In 2016, provision for impairment loss amounting to $314,320 was recognized, based on management's estimate of the recoverable amount.

Others
Others include biological assets of the Group, which comprised solely of consumable female smolts. The biological assets amounted to $0.25 million and $0.23 million as at December 31, 2016 and 2015.

Allowance for Impairment Losses

This account consists of:

	Note	2016	2015
Receivable from WCFI		$2,182,863	$2,182,863
Investments in joint ventures		553,480	553,480
Idle assets	11	314,320	–
Other intangible assets		114,279	114,279
		$3,164,942	$2,850,622

Movements in this account are as follows:

	Note	2016	2015
Balance at beginning of year		$2,850,622	$8,043,987
Provisions	20	314,320	628,480
Reversal	21	–	(5,821,845)
Balance at end of year		$3,164,942	$2,850,622

13. Trade and Other Payables

This account consists of:

	Note	2016	2015
Trade payables:			
Third parties		$3,598,283	$3,001,313
Related party	15	260,957	300,957
Accrued expenses:			
Salaries, wages and other benefits		582,290	614,415
Professional fees		394,315	640,969
Rent		137,328	197,965
Freight		125,925	108,727
Interest		90,595	145,065
Others		541,837	506,950
Customer's deposit		195,398	36,652
Statutory payable		69,430	93,011
Others		73,900	84,895
		$6,070,258	$5,730,919

Trade payables are non-interest bearing and are generally settled within one year.

Other accrued expenses include accruals for business development expenses, security services, commission and customers' claims. Accrued expenses are usually settled in the following month.

Statutory payable includes amounts payable to government agencies such as SSS, Philhealth and Pag-IBIG and are normally settled in the following month.

14. Loans Payable

Details of the Group's loans payable are as follows:

Short-term Loans

	Currency	Nominal interest rate	2016	2015
Local banks	USD	2.50% - 4.80%	$12,522,343	$8,688,973
	PHP	4.00% - 5.80%	2,500,000	4,639,069
Foreign banks	USD	4.80% - 10.00%	–	34,909
Investment banks	PHP	4.60%	3,077,233	4,515,965
	USD	4.25% - 4.60%	2,700,000	2,700,000
			20,799,576	20,578,916
Add current portion of long-term loans			30,607	1,260,998
			$20,830,183	$21,839,914

Loans from local and foreign banks aggregating $15.02 million and $13.36 million as at December 31, 2016 and 2015, respectively, represent availments of revolving facilities, export packing credit, export bills purchase, import letters of credit and trust receipts. As at December 31, 2016, these loans are secured by the Group's trade receivables and inventories as follows:

	Note	Amount
Trade receivables	8	$3,589,400
Inventories	9	3,895,461
		$7,484,861

Loans from investment banks are unsecured promissory notes used to finance the Group's working capital requirements.

The Parent Company is required to maintain the following financial ratios as covenants for a USD loan from a local bank of $2.30 million as at December 31, 2016:

- Current ratio equal or greater than 1.5 times
- Debt to equity ratio of equal or less than 3 times
- Total bank interest coverage ratio not less than 3

As at December 31, 2016, the Parent Company did not meet the current and debt equity ratios. The short-term loan, however, was settled in January 2017.

Long-term Loans - Net of Current Portion

	Currency	Nominal interest rate	2016	2015
Local banks	PHP	4.31% - 5.50%	$11,772	$2,738,387
	USD	4.31% - 5.35%	39,892	48,125
Foreign banks	USD	7.22%	–	201,600
Foreign financing corporation	NZD	9.90%	33,389	44,661
Private lender	NZD	Non-interest bearing	–	34,221
			85,053	3,066,994
Less current portion			30,607	1,260,998
			$54,446	$1,805,996

Pre-terminated Loans. Pre-terminated loans in 2016 are summarized below:

	Amount
2-year loans from a local bank, *payable in 2017*	$2,367,358
6-year loans from a foreign bank, *maturing up to 2019*	201,600
	$2,568,958

These loans were obtained to acquire investments and property and equipment.

Loan Security. As at December 31, 2016, loans amounting to $51,664 are secured by a chattel mortgage on property, plant and equipment with carrying amount of $70,082 (see Note 11):

Schedule of Principal Payments. These are summarized below:

Year	Amount
2017	$30,607
2018	30,405
2019 - 2021	24,041
	$85,053

<u>Interest Expense</u>

Interest expense charged to operations is as follows:

	Note	2016	2015	2014
Loans payable		$860,496	$1,407,386	$1,569,467
Advances from related parties	15	8,021	94,040	261,897
Restructured receivables	12	–	401,625	–
		$868,517	$1,903,051	$1,831,364

Interest expense on restructured receivables pertains to "Day 1 loss" on receivable from PFNZ restructured in 2015 (see Note 12).

15. Related Party Transactions

The Group, in the normal course of business, has regular transactions with its related parties as summarized below:

Related Party	Note	Amount of Transaction 2016	Amount of Transaction 2015	Outstanding Balance 2016	Outstanding Balance 2015
Trade and other receivables					
Joint Venture					
FDCP		$306,398	$179,705	$240,518	$56,481
Associate					
SSNZ		–	–	3,507	15,142
	8			$244,025	$71,623

Related Party	Note	Amount of Transaction 2016	Amount of Transaction 2015	Outstanding Balance 2016	Outstanding Balance 2015
Other non-current assets					
Joint Venture					
WCFI		$–	$–	$–	$2,182,863
Allowance for impairment		–	–	–	(2,182,863)
	12			$–	$–
Trade and other payables					
Joint Venture					
FDCP	13	$–	$2,993,216	$260,957	$300,957
Due to a related party					
Subsidiary Stockholder					
Duncan Bates		$–	$–	$136,112	$134,657
Parent Stockholder					
Strongoak Inc.		–	2,464,544	–	–
				$136,112	$134,657

Nature and Terms of Payment

Working Capital Advances. The Parent Company and its subsidiaries make advances to and from its related parties for working capital requirements. The receivable from SSNZ and the payable to Duncan Bates are working capital advances that are payable on demand. Payable to Duncan Bates bears an interest of 7% per annum.

Other Noncurrent Assets. As discussed in Note 12, this receivable resulted from the sale of fishing vessels by the Parent Company.

Trade Receivable and Trade Payable. The Parent Company purchased some of its can requirements from FDCP. These trade accounts which resulted from these transactions are non-interest bearing and are normally settled within a year.

Due to Strongoak, Inc. The due to Strongoak, Inc. is an availment of a loan facility with interest rate of 6.5% secured by purchase orders equivalent to the loan amount. This loan facility is solely for tuna fish purchases. This was settled in 2016.

Intercompany transactions eliminated in consolidation pertain to advances and rental. Total advances eliminated as at December 31, 2016 and 2015 amounted to $18.0 million and $17.1 million, respectively. Total rental receivable and payable eliminated as at December 31, 2016 and 2015 amounted to $1.11 million and $599,671, respectively.

Interest Expense

Total interest expense aggregated $8,021 and $94,040 in 2016 and 2015 ($0.26 million in 2014) (see Note 14).

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the Group is set out in aggregate as follows:

	2016	2015	2014
Short-term employee benefits	$504,165	$436,492	$537,003
Post-employment benefits	39,581	16,541	29,081
	$543,746	$453,033	$566,084

16. Net Retirement Benefit Obligation

The Group values its defined benefit obligation using the Projected Unit Credit Method. 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 Group has executed a Trust Agreement with a reputable bank to establishing the Group's Retirement Plan.

The retirement benefit costs recorded under "Selling and administrative expenses" account in the statements of comprehensive income is as follows:

	2016	2015	2014
Current service cost	$74,564	$56,922	$70,993
Net interest expense	17,751	17,483	27,278
Settlement loss	–	–	50,708
Translation adjustment	–	(312)	–
	$92,315	$74,093	$148,979

The amounts included in the consolidated statements of financial position arising from the Group's obligations in respect of its retirement benefit obligation are as follows:

	2016	2015
Present value of defined benefit obligation	$226,550	$393,160
Fair value of plan assets	41,636	11,991
	$184,914	$381,169

Movements in the present value of defined benefit obligations are as follows:

	2016	2015
Balance at beginning of year	$393,160	$421,121
Current service cost	74,564	56,922
Interest cost	18,339	17,690
Actuarial loss	–	15,681
Retirement liability reclassified to payable	(46,451)	–
Benefits paid:		
From operations	(38,833)	–
From plan assets	(10,102)	(18,381)
Remeasurement losses (gains):		
Changes in financial assumptions	(37,559)	20,215
Experience adjustments	(112,063)	(97,516)
Unrealized foreign exchange gain - translation adjustment	(14,505)	(22,572)
	$226,550	$393,160

Movements in the fair value of plan assets are as follows:

	2016	2015	2014
Balance at beginning of year	$11,991	$4,975	$122,831
Interest income	588	215	5,243
Employer contribution	42,403	32,965	311,796
Benefits paid	(10,102)	(18,381)	(432,717)
Loss on plan asset	(916)	(6,576)	(1,297)
Translation adjustment	(2,328)	(1,207)	(881)
	$41,636	$11,991	$4,975

The analysis of the fair value of plan assets at the reporting dates is as follows:

	2016	2015
Cash and cash equivalents	$107	$9,801
Debt instruments	41,585	2,243
Fees payables	(6)	(52)
Withholding taxes payable	(50)	(1)
	$41,636	$11,991

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2016	2015	2014
Discount rate	5.25%	4.94%	4.83%
Expected rate of salary increases	4.00%	5.00%	3.50%

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2016		2015	
	Change in Assumption	Increase (Decrease) on Retirement Benefit Obligation	Change in Assumption	Increase (Decrease) on Retirement Benefit Obligation
Expected salary growth rate	1.00%	($26,325)	1.00%	$17,280
Discount rate	1.00%	26,228	1.00%	18,699
Life expectancy	10.00%	2,984	10.00%	4,400

The average duration of the benefit obligation on December 31, 2016 and 2015 is 18 years and 15 years, respectively. These numbers pertain to active employees.

The cumulative remeasurement gains (losses) on retirement liability recognized in equity as at December 31 follows:

	2016	2015	2014
Cumulative remeasurement loss at beginning of year	($48,352)	($123,446)	($175,109)
Remeasurement gain	103,542	75,094	51,663
Balance at end of year	$55,190	($48,352)	($123,446)

Deferred tax asset related to the cumulative remeasurement gain or loss amounted to $45,162 and $14,506 as at December 31, 2016 and 2015, respectively ($37,034 as at December 31, 2014).

17. Equity

Capital Stock

This account consists of:

	2016		2015	
	Shares	Amount	Shares	Amount
Authorized				
Ordinary shares at ₱1 par value				
Balance at beginning of year	3,000,000,000	₱3,000,000,000	1,500,000,000	₱1,500,000,000
Increase	–	–	1,500,000,000	1,500,000,000
Balance at end of year	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000
Issued and Outstanding				
Balance at beginning of year	2,500,000,000	$53,646,778	1,500,000,000	$32,238,544
Additional issuance	–	–	1,000,000,000	21,408,234
Total issued and fully paid	2,500,000,000	53,646,778	2,500,000,000	53,646,778
Treasury Stock	(287,537)	(5,774)	(287,537)	(5,774)
Balance at end of year	2,499,712,463	$53,641,004	2,499,712,463	$53,641,004

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

	Subscriber	Issue/Offer Price	Registration/Issue Date	Number of Shares Issued
Initial public offering	Various	₱1.35	November 8, 2006	535,099,610
Stock dividends	Various	–	December 17, 2007	64,177,449
Stock rights offer (SRO)	Various	1.00	July 25, 2011	272,267,965
Stock dividends	Various	–	January 25, 2012	137,500,000
Private placement	Various	1.60	December 14, 2012	60,668,750
Private placement	Strongoak Inc.	1.31	May 5, 2014	430,286,226
SRO	Various	1.00	October 28, 2015	1,000,000,000
				2,500,000,000

On May 5, 2014, the Parent Company's BOD 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 ₱1.31 a share at a 33% premium on the 30-day weighted average price for the period. The issuance of the shares resulted in an increase in share capital and additional paid-in capital amounting to $9,662,622 and $2,947,111, respectively.

On February 17, 2015, the BOD approved the increase in the Parent Company's authorized capital stock from ₱1.50 billion divided into 1.50 billion shares to ₱3.00 billion divided into 3.0 billion shares at ₱1 par value a share. The same resolution was approved by the stockholders on March 31, 2015. The increase in authorized capital stock was approved by the SEC on October 28, 2015.

In the same meeting, the BOD also approved the stock rights offering of up to 1.0 billion shares at ₱1 par value a share by way of pre-emptive rights offering to eligible existing common shareholders of the Parent Company at the proportion of 1 rights offer for every one and ½ existing common shares held as of the record date.

Strongoak Inc. acquired 952,479,638 shares of the Parent Company at par value arising from the increase in authorized capital stock and stock rights offering by way of pre-emptive rights, such increase was approved by the SEC on October 28, 2015. This resulted in Strongoak Inc. owning a total of 1,382,765,864 shares, representing 55.32% of the total issued and outstanding shares of the Parent Company.

As at December 31, 2016 and 2015, additional paid-in capital amounted to $6.66 million.

The total number of shareholders as at December 31, 2016 and 2015 is 256 and 252, respectively.

18. Net Sales

This account consists of:

	2016	2015	2014
Sales of goods	$59,917,341	$68,198,564	$82,087,985
Less sales returns	2,864	282,874	825,492
	$59,914,477	$67,915,690	$81,262,493

Sales returns pertain to returns of smoked salmon and canned tuna.

19. Cost of Goods Sold

This account consists of:

	Note	2016	2015	2014
Materials used		$42,423,566	$43,734,566	$57,144,566
Direct labor		6,046,490	5,332,294	7,632,374
Manufacturing overhead:				
Warehousing		1,173,976	1,031,855	984,891
Depreciation and amortization	11	1,061,166	1,086,489	1,100,838
Fuel		791,357	531,799	1,873,728
Rent	24	678,911	684,006	1,081,233
Consumables		439,796	140,484	108,159

(Forward)

	Note	2016	2015	2014
Light and water		₱303,958	₱482,542	₱829,836
Others		2,600,283	562,721	5,787,603
Total manufacturing costs		55,519,503	53,586,756	76,543,228
Finished goods, beginning	9	6,415,166	13,925,033	10,764,205
Total cost of goods manufactured		61,934,669	67,511,789	87,307,433
Finished goods, ending	9	5,487,867	6,415,666	13,925,033
		$56,446,802	$61,096,123	$73,382,400

Other manufacturing overhead consists of indirect labor, repairs and maintenance, outside services and insurance, among others.

20. Selling and Administrative Expenses

This account consists of:

	Note	2016	2015	2014
Salaries, wages and other benefits		$2,772,949	$3,621,209	$2,684,086
Provisions for impairment losses on:				
Inventories	9	794,010	5,298,817	3,232,647
Other noncurrent assets	12	314,320	628,480	8,043,987
Trade and other receivables	8	79,049	315,318	501,219
Property, plant and equipment	11	–	2,730,177	7,792,307
Freight and handling		845,804	333,426	675,872
Outside services		746,535	1,135,054	899,600
Transportation and travel		428,402	641,091	686,732
Advertising and marketing		309,030	435,789	690,405
Taxes and licenses		305,302	635,979	274,106
Representation and entertainment		193,856	174,420	247,957
Insurance		193,691	251,259	167,490
Utilities and communication		115,683	127,527	153,182
Business development		89,505	110,091	504,657
Depreciation and amortization	11	88,504	98,439	346,586
Materials and supplies		88,043	101,250	107,063
Commission		83,609	325,185	42,646
Rent	24	66,186	132,069	162,541
Repairs and maintenance		40,753	65,932	109,292
Buyers' claim		19,307	624,919	375,602
Others		383,377	958,317	591,729
		$7,957,915	$18,744,748	$28,289,706

21. Other Income (Charges)

This account consists of:

	Note	2016	2015	2014
Foreign exchange gain (loss)		$202,330	($405,182)	($195,996)
Interest income	7	159,133	175,890	108,896
Bank charges		(116,353)	(114,558)	(186,587)
Gain on disposal/retirement of property, plant and equipment	11	12,078	4,418	3,899
Loss on restructuring of receivable from PFNZ	12	–	(556,879)	–
Reversal of allowance for impairment loss on inventories		–	436,277	–
Recovery of fishing vessels from WCFI:				
Reversals of allowance for impairment loss on other non-current assets	12	–	5,821,845	–
Provision for impairment loss on fishing vessels	12	–	(5,821,845)	–
Gain on disposal of investment	6	–	371,280	–
Gain on disposal of shares of stock		–	–	34,100
Others		303,927	(79,225)	29,943
		$561,115	($167,979)	($205,745)

Others pertain to sale of scrap materials and duty rebates in 2016.

22. Employee Benefits

This account consists of:

	Note	2016	2015	2014
Short-term employee benefits		$9,503,263	$3,066,779	$3,402,833
Post-employment benefits	16	92,315	74,093	148,979
		$9,595,578	$3,140,872	$3,551,812

23. Loss Per Share

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

	2016	2015	2014
Net loss attributable to Parent Company	($5,968,529)	($6,392,392)	($16,436,112)
Weighted average number of ordinary shares outstanding	2,499,712,463	1,677,794,655	1,353,533,033
	($0.0024)	($0.0038)	($0.0121)

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury shares.

As at December 31, 2016 and 2015 (and 2014), the Parent Company has no dilutive potential share.

24. Significant Agreements

Operating Lease Agreements

A number of operating lease agreements were entered into by the Group.

The Group as Lessee

Operating lease agreement with Dominion Property Holdings, Inc. The Parent Company leases its head office space from Dominion Property Holdings, Inc. with a monthly rental of $3,688 for a period of three years, commencing on August 16, 2016 to August 15, 2018 renewable by mutual agreement by both parties.

Operating lease agreement with Piadi Multipurpose Cooperative. BGB has a one-year lease agreement with Piadi Multipurpose Cooperative for the lease of the warehouse building expiring on August 31, 2016. The lease agreement provides the following:

a. The said lease is renewable at the sole option of the lessor provided that the lessee shall occupy the premises on a month-to-month basis.

b. Fixed monthly rent in the amount of $426 plus 12% VAT or a total of $477.

Operating lease agreement with New Zealand Guardian Trust Company Limited. Akaroa entered into a lease agreement with New Zealand Guardian Trust Company Limited for premises located at 6 Pope Street, with an annual rental payment of $43,291 for 15 years beginning June 1, 2012 until May 30, 2027. The agreement has four renewable dates being December 1, 2014, June 1, 2017, June 1, 2022 and December 1, 2024.

Operating lease agreement with a former shareholder. Spence leases its office and manufacturing space from an entity that is controlled by its former shareholder under an operating lease that expires May 31, 2020. Per the lease agreement, after five years the yearly rent amount is to be adjusted to fair market value. During 2016, Spence reached an agreement with the lessor on a new yearly rent amount of $91,000, payable each month in the amount of $7,583, plus an amount to cover its portion of taxes and operating costs. The agreed-upon rent amount was retroactively applied to rent paid starting in August of 2015, resulting in excess rent paid. The excess rent is due in one lump sum payment from the lessor. At December 31, 2016, $110,702 was included in other current assets as the amount due from the lessor.

Total rent expense charged under "Cost of goods sold" amounted to $0.68 million in 2016 and 2015 ($1.08 million in 2014) (see Note 19).

Total rent expense charged under "Selling and administrative expenses" amounted to $0.07 million and $0.13 million in 2016 and 2015, respectively ($0.16 million in 2014) (see Note 20).

Future minimum lease payments under the lease agreements are as follows:

	2016	2015
Not later than one year	**$860,553**	$860,553
Later than one year but not later than five years	**1,383,224**	2,243,777
	$2,243,777	$3,104,330

The Group as Lessor

Operating lease agreement between AMHI and FDCP. AMHI has an existing lease agreement with FDCP covering a parcel of land. The lease agreement will expire in 2017 and renewable as may be agreed by both parties. The rental payments are subject to annual escalation of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. Rental receivable of AMHI included in the "Due from related parties" under "Trade and other receivable" account amounted to $14,610 and $56,481 as at December 31, 2016 and 2015 ($22,300 as at December 31, 2014), respectively. Rent income amounted to $59,607 in 2016.

Future minimum lease receivable under the lease agreement follow:

	2016	2015
Not later than one year	**$74,632**	$71,078
Later than one year but not later than five years	**–**	74,632
	$74,632	$145,710

25. Corporate Social Responsibility

For the past eight (8) years, the Group accommodated the feeding program of the Banisil High School in General Santos City. Guided by the principle of "Feeding the stomach, feeding the mind" students from ages 12 to 14 that were identified to be severely below the average Body Mass Index were fed daily throughout the year with meals that would give complete nutrition to complement their mental development. Part of the goal is to educate families about health and nutrition, so that they could sustain the progress children have made every school year. As of December 31, 2016, eight hundred ninety two (892) students benefited from this program and has helped reduced the rate of students dropping out and improved their academic performance.

26. Income Taxes

Components of income tax expense (benefit) charged to profit or loss is as follows:

	2016	2015	2014
Current	**$702,842**	$1,051,298	$509,512
Deferred	**418,056**	(1,223,475)	(6,035,005)
	$1,120,898	($172,177)	($5,525,493)

Deferred Tax

The components of the Group's deferred tax assets and deferred tax liabilities as at December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred tax assets:		
Allowance for impairment losses on:		
Property, plant and equipment	$4,208,964	$4,302,896
Inventories	504,733	1,008,446
Trade and other receivables and other noncurrent assets	955,832	930,384
NOLCO	2,284,039	1,641,336
Fiscal loss	–	482,091
MCIT	4,009	139,215
Accrued expenses	134,095	116,571
Retirement benefit obligation	53,354	112,125
Rental payable	126,464	28,870
Unrealized foreign exchange loss	1,549	2,180
	$8,273,039	$8,764,114
Deferred tax liabilities:		
Accelerated depreciation	$249,570	$284,183
Accrued rental income	21,134	32,875
Unrealized foreign exchange gain	18,497	–
	$289,201	$317,058

The details of the Group's NOLCO, which can be claimed as deduction from future taxable income are as follows:

Inception Year	Amount	Applied	With no DTA	Balance	Expiry Year
2016	$5,844,461	$–	$–	$5,844,461	2019
2015	4,491,524	–	(2,722,523)	1,769,001	2018
2014	2,035,603	–	(2,035,603)	–	2017
	$12,371,588	$–	($4,758,126)	$7,613,462	

The details of the Group's MCIT, which can be claimed as deduction from future income tax liability are as follows:

Inception Year	Amount	Applied	With no DTA	Balance	Expiry Year
2016	$4,009	$–	$–	$4,009	2019
2015	55,448	(20,227)	(35,221)	–	2018
2014	83,767	(14,507)	(69,260)	–	2017
	$143,224	($34,734)	($104,481)	$4,009	

The Group believes that with the new strategic plan being implemented to turn-around the business (see Note 1), the Group will generate enough taxable income to utilize the total deferred tax assets of $8.27 million and $8.76 million as at December 31, 2016 and 2015, respectively.

The reconciliation of income tax benefit computed at the statutory income tax rate and at effective income tax rate follows:

	2016	2015	2014
Income tax benefit computed at statutory tax rate	**($1,433,361)**	($2,458,498)	($6,780,599)
Tax effects of:			
Expenses exempt from tax	**70,282**	712,426	103,152
Interest expense	**18,152**	12,410	–
Income exempt from taxation	**(81,524)**	(52,516)	(30,199)
Derecognition of NOLCO and MCIT	**1,672,670**	1,551,454	–
Effect of tax rate differences	**874,679**	62,547	1,182,153
	$1,120,898	($172,177)	($5,525,493)

The Parent Company and BGB were subjected to MCIT of $4,009 in 2016 and $35,221 in 2015 ($69,260 in 2014).

27. Fair Value of Financial Assets and Liabilities

The table below presents the carrying amounts and fair value of the Group's financial assets and financial liabilities as at December 31, 2016 and 2015.

	2016		2015	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**$7,396,343**	**$7,396,343**	$17,594,979	$17,594,979
Trade and other receivables	**6,724,908**	**6,724,908**	5,373,575	5,373,575
Receivable from PFNZ*	**1,068,019**	**1,275,327**	1,198,375	1,382,375
	$15,189,270	**$15,396,578**	$24,166,929	$24,350,929

**Under other noncurrent assets*

	2016		2015	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Trade and other payables*	**$5,805,430**	**$5,805,430**	$5,601,256	$5,601,256
Loans payable	**20,884,629**	**21,116,861**	23,645,910	24,174,651
Due to a related party	**136,112**	**136,112**	134,657	134,657
Refundable lease deposit	**92,395**	**92,395**	184,201	184,201
	$26,918,566	**$27,150,798**	$29,566,024	$30,094,765

** Excluding statutory payable and customer deposits*

The difference between the carrying amount of trade and other payables disclosed in the consolidated statements of financial position and the amount disclosed in this note pertains to government payables that are not considered as financial liabilities.

Due to the short-term maturities of cash and cash equivalents, trade and other receivables, trade and other payables and due to a related party, their carrying amounts approximate their fair values.

The fair value of the receivable from PFNZ and loans payable is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. There were no significant unobservable inputs identified and no relationship was established between the unobservable inputs and the fair value of the loans payable and refundable lease deposits. These financial instruments are classified under Level 3 of the fair value hierarchy groups of the consolidated financial statements. The fair value of the refundable lease deposits is based on the amount that the Group could be required to repay immediately.

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2016 and 2015.

28. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise mainly of cash and cash equivalents, trade and other receivables, due from related parties, refundable lease deposits, trade and other payables (excluding statutory payable), loans payable and due to related parties. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group's BOD and management review and approve the policies for managing each of the risks summarized below.

Credit Risk

Credit risk is the risk that the counterparty fails to fulfill its obligations to the Group. Counterparty such as banks and customer who pay on or before due date have minimum risk exposure since default in settling its obligations is remote. The Group deals only with reputable banks and customer to limit this risk.

The table below shows the gross maximum exposure to credit risk for the components of the Group's consolidated statements of financial position before taking into consideration collateral and other credit enhancements:

	2016	2015
Cash in banks and cash equivalents	$7,391,722	$17,579,035
Trade and other receivables	8,724,379	7,262,761
Receivable from PFNZ*	1,068,019	1,198,375
	$17,184,120	$26,040,171

Under other noncurrent assets

As at December 31, 2016 and 2015, the aging analysis of the Group's financial assets is as follows:

	2016					
		Past Due Account but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$3,710,241	$–	$–	$–	$–	$3,710,241
Cash equivalents	3,681,481	–	–	–	–	3,681,481
Trade and other receivables	8,724,379	–	–	–	1,999,471	6,724,908
Receivable from PFNZ*	1,068,019	–	–	–	–	1,068,019
	$17,184,120	$–	$–	$–	$1,999,471	$15,184,649

Under other noncurrent assets

	2015					
		Past Due Account but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$3,416,569	$–	$–	$–	$–	$3,416,569
Cash equivalents	14,162,466	–	–	–	–	14,162,466
Trade and other receivables	7,262,761	–	–	–	1,889,186	5,373,575
Receivable from PFNZ*	1,198,375	–	–	–	–	1,198,375
	$26,040,171	$–	$–	$–	$1,889,186	$24,150,985

Under noncurrent assets

As at December 31, 2016 and 2015, the carrying amounts of financial assets that are neither past due nor impaired are rated as High Grade. The credit quality of the financial assets is managed by the Group using the internal credit quality ratings as follows:

High Grade. Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

Standard Grade. Other financial assets not belonging to high grade financial assets are included in this category.

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 disclosedin Note 14.

The Group has no established policy on managing interest 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 $20.9 million and $23.6 million as at December 31, 2016 and 2015, 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 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 reasonable possible change in interest rates.

The effects of a 50 basis points change in interest rate on net profit for the years ended December 31, 2016 and 2015 is an increase or a decrease of $104,151 and $118,315, respectively.

This is mainly attributable to the Group's exposure to interest rates on its borrowings.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Group's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;

b. To meet commitments as they arise without recurring unnecessary costs; and

c. To be able to assess funding when needed at the least possible cost.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal.

	2016			
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*	–	$5,805,430	$–	$5,805,430
Loans payable	2.75%-9.05%	20,830,802	54,446	20,885,248
Due to a related party	7.0%	136,112	–	136,112
Refundable lease deposit	–	–	92,395	92,395
		$26,772,344	$146,841	$26,919,185

	2015			
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*	–	$5,383,916	$–	$5,383,916
Loans payable	3.95%-9.05%	21,841,311	1,807,341	23,648,652
Due to a related party	7.0%	134,657	–	134,657
Refundable lease deposit	–	–	184,201	184,201
		$27,359,884	$1,991,542	$29,351,426

**Excluding statutory payable and customer's deposit*

The Group's financial liabilities (excluding statutory payable) based on contractual undiscounted payments amounted to $27.1 million and $29.6 million as at December 31, 2016 and 2015, respectively. These liabilities are payable within one year except for loans payable.

Foreign Currency Risk
The Group has transactional currency exposures arising from purchase and sale transactions denominated in currencies other than the reporting currency. The Group does not enter into forward contracts to hedge currency exposures.

As part of the Group's risk management policy, the Group maintains monitoring of the fluctuations in the foreign exchange rates, thus managing its foreign currency risk.

The carrying amounts of the Group's Philippine Peso and New Zealand Dollar denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	2016	2015
Cash and cash equivalents	$2,242,060	$14,781,200
Trade and other receivables	885,823	682,960
Due from related parties	237,596	15,142
Trade and other payables	(3,260,755)	(2,382,851)
Loans payable	(5,622,743)	(11,683,886)

Management's Assessment of the Reasonableness of Possible Change in Foreign Exchange Rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items adjusted and translated at period end for a 10% change in foreign currency rates.

The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in net profit when the U.S. Dollar strengthens by 10% against the relevant currency. For a 10% weakening of the U.S. Dollar against the relevant currency, there would be an equal and opposite impact on the net profit and the balances on the following table would be negative.

The following table details the Group's sensitivity to a 10% increase and decrease in the U.S. Dollar against the relevant foreign currency.

	Effect on Loss for the Period	
	2016	2015
Cash and cash equivalents	$207,951	$1,455,413
Trade and other receivables	32,627	27,541
Due from related parties	23,409	–
Trade and other payables	(276,913)	(194,339)
Loans payable	(558,901)	(1,157,010)
	($571,827)	$131,605

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as at December 31, 2016 and 2015, follows:

	2016	2015
Debt	$27,749,080	$30,473,956
Equity	34,582,936	40,552,957
Debt-to-Equity Ratio	$0.80:1	$0.75:1

The Group is not subject to any externally imposed capital requirements except for the loan covenants disclosed in Note 14.

Debt is composed of trade and other payables, loans payable, due to a related party and income tax payable as discussed in Notes 13, 14, and 15 respectively, while equity includes share capital and reserves of the Group, less treasury shares. The computed ratios above are acceptable.

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 32% as at December 31, 2016 and 2015, respectively.

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

29. Operating Segment Information

The primary segment reporting format is presented based on the business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The Group is organized into three major operating business segments (tuna, salmon and rental) in 2016, and 2015 which is consistent with how the Group's management internally monitors and analyses financial information.

	December 31, 2016			
	Tuna	Salmon	Rental	Consolidated
Net sales	$34,939,555	$24,957,221	$738,320	$60,635,096
Inter-segment revenue	-	(41,906)	(678,713)	(720,619)
Total revenue	$34,939,555	$24,915,315	$59,607	$59,914,477
Segment results				
Income (loss) before income tax	($6,137,014)	$1,377,393	($18,250)	(4,777,871)
Provision for income tax	343,078	566,621	211,199	1,120,898
Net income	($6,480,092)	$810,772	($229,449)	(5,898,769)
Segment assets	$29,214,871	$22,034,352	$8,612,064	$59,861,287
Segment liabilities	$24,793,234	$2,774,497	$181,348	$27,749,080

	December 31, 2016			
	Tuna	Salmon	Rental	Consolidated
Net cash flows provided by (used in):				
Operating activities	($7,321,522)	$1,173,294	$306,988	($5,841,240)
Investing activities	(248,997)	(439,155)	–	(688,152)
Financing activities	(2,947,263)	(375,818)	(306,718)	(3,629,799)
Other information:				
Depreciation and amortization	$713,017	$433,973	$2,680	$1,149,670
Other noncash losses - net	1,255,801	78,408	–	1,334,209
	$1,968,818	$512,381	$2,680	$2,483,879

	December 31, 2015			
	Tuna	Salmon	Rental	Consolidated
Net sales	$40,909,599	$28,139,177	$–	$69,048,776
Inter-segment revenue	–	(1,133,086)	–	(1,133,086)
Total revenue	$40,909,599	$27,006,091	$–	$67,915,690
Segment results				
Income (loss) before income tax	($8,368,085)	$173,092	$–	(8,194,993)
Provision for income tax	(906,127)	733,950	–	(172,177)
Net income	($7,461,958)	($560,858)	$–	(8,022,816)
Segment assets	$48,473,426	$11,143,165	$8,921,342	$68,537,933
Segment liabilities	$27,136,099	$2,339,677	$998,180	$30,473,956
Net cash flows provided by (used in):				
Operating activities	($1,413,873)	$4,806,236	$–	$3,392,363
Investing activities	(308,621)	(1,197,467)	–	(1,506,088)
Financing activities	16,143,652	(2,313,859)	–	13,839,793
Other information:				
Depreciation and amortization	$747,044	$437,884	$–	$1,184,928
Other noncash income (losses) - net	($2,310,356)	$439,514	–	($1,870,842)

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0107-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

**REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc. and Subsidiaries
Unit 1206 East Tower
Philippine Stock Exchange Centre, Exchange Road
Ortigas Avenue, Pasig City

We have audited the accompanying consolidated financial statements of Alliance Select Foods International, Inc. (a subsidiary of Strongoak Inc.) and Subsidiaries as at and for the year ended December 31, 2016, on which we have rendered our report dated April 4, 2017.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that Alliance Select Foods International, Inc. has two hundred forty-one (241) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1021-AR-1 Group A
Valid until April 30, 2017
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 5908521
Issued January 3, 2017, Makati City

April 4, 2017
Makati City, Metro Manila

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0107-FR-2 (Group A)
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REPORT OF INDEPENDENT AUDITOR ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc. and Subsidiaries
Unit 1206 East Tower
Philippine Stock Exchange Centre, Exchange Road
Ortigas Avenue, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Select Foods International, Inc. (a subsidiary of Strongoak Inc.) and Subsidiaries (the "Group") as at and for the year ended December 31, 2016, and have issued our report thereon dated April 4, 2017. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary schedules as follows are the responsibility of the Group's management:

- Adoption of Effective Accounting Standards and Interpretations
- Financial Soundness Indicators
- Conglomerate map
- Reconciliation of Retained Earnings Available for Dividend Declaration
- Supplementary Schedules as Required by Part II of Securities Regulation Code Rule 68, as Amended

These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, as amended, and are not part of the basic consolidated financial statements. The information in these schedules has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

Emmanuel V. Clarino

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1021-AR-1 Group A
Valid until April 30, 2017
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 5908522
Issued January 3, 2017, Makati City

April 4, 2017
Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2016

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRS Practice Statement Management Commentary			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities	✓		

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative			✓
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes In Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2016

Below is a schedule showing financial soundness indicators of the Group in the years 2016, 2015 and 2014.

	2016	2015	2014
CURRENT/LIQUIDITY RATIO			
Current assets	**$23,605,211**	$30,787,776	$32,738,455
Current liabilities	**27,128,124**	27,785,532	38,396,438
Current Ratio	**0.87**	1.108	0.853
SOLVENCY RATIO			
Net loss before depreciation and amortization	**($4,749,099)**	($6,837,888)	($15,629,080)
Total liabilities	**27,749,080**	30,473,956	42,516,054
Solvency Ratio	**(0.17)**	(0.224)	(0.368)
DEBT-TO-EQUITY RATIO			
Total liabilities	**$27,749,080**	$30,473,956	$42,516,054
Total equity	**32,112,207**	38,063,978	23,330,662
Debt-to-Equity Ratio	**0.86**	0.801	1.822
ASSET-TO-EQUITY RATIO			
Total assets	**$59,861,287**	$68,537,934	$65,846,716
Total equity	**32,112,207**	38,063,978	23,330,662
Asset-to-Equity Ratio	**1.86**	1.801	2.822
INTEREST-COVERAGE RATIO			
Earnings before interest and taxes	**($3,909,354)**	($6,291,942)	($20,770,633)
Interest expense	**868,517**	1,903,051	1,831,364
Interest-Coverage Ratio	**(4.50)**	(3.306)	(11.342)
PROFITABILITY RATIO			
Net loss	**($5,968,529)**	($6,392,392)	($16,436,112)
Average equity	**35,088,093**	30,697,320	25,509,003
Return on Equity	**(17.01%)**	(20.82%)	(64.43%)

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2016

	Amount
Deficit at beginning of year as shown in the financial statements	($20,700,539)
Less deferred tax assets at the beginning of year	8,764,114
Add deferred tax liability at the beginning of year	317,058
Total deficit, as adjusted at beginning of year	(29,147,595)
Net loss during the year closed to retained earnings	(5,968,529)
Less:	
Movement in deferred tax liability	27,857
Treasury shares	5,774
Subtotal	(35,149,755)
Add:	
Movement in deferred tax assets	491,075
Unrealized foreign exchange loss	893,534
Total deficit available for dividend declaration at end of year	($33,765,146)

Reconciliation:	
Deficit at end of year as shown in the financial statements	($26,669,068)
Less:	
Deferred tax asset as at end of year	8,273,039
Treasury shares	5,774
Subtotal	(34,947,881)
Add	
Deferred tax liability as at end of year	289,201
Unrealized foreign exchange loss	893,534
Total deficit available for dividend declaration at end of year	($33,765,146)

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II of SRC RULE 68 AS AMENDED
DECEMBER 31, 2016

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ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2016

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	ASFII	PT IAFI	PT VDZ	BGB	SPENCE	AKAROA	AMHI	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Cash on hand											
Petty cash and Undeposited collection	*not applicable*	$2,797	$558	$556	$710	$–	$–	$–	$4,621	$4,621	$–
Cash in banks											
Citizens Bank	*not applicable*	–	–	–	–	2,728,160	–	–	2,728,160	2,728,160	–
Bangkok Bank Manila	*not applicable*	5,967	–	–	7,211	–	–	–	13,178	13,178	–
Land Bank of the Philippines	*not applicable*	151,649	–	–	14,744	–	–	2,693	169,086	169,086	–
ANZ Bank	*not applicable*	–	–	–	–	–	162,552	–	162,552	162,552	–
Rabo Bank	*not applicable*	–	63,941	10,315	–	–	–	–	74,256	74,256	–
Banco De Oro Universal Bank	*not applicable*	146,432	–	–	45,825	–	–	–	192,257	192,257	–
Union Bank of the Philippines	*not applicable*	19,541	–	–	–	–	–	–	19,541	19,541	–
Philippine Business Bank	*not applicable*	3,907	–	–	–	–	–	–	3,907	3,907	–
Philippine Veterans Bank	*not applicable*	2,844	–	–	–	–	–	–	2,844	2,844	–
Security Bank of the Philippines	*not applicable*	133,195	–	–	–	–	–	–	133,195	133,195	–
Sterling Bank of Asia	*not applicable*	5,443	–	–	–	–	–	–	5,443	5,443	–

(Forward)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	ASFII	PT IAR	PT VDZ	BGB	SPENCE	AKAROA	AMHI	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Bank of Mandiri	*not applicable*	$–	$119,826	$–	$–	$–	$–	$–	$119,826	$119,826	$–
Development Bank of the Philippines	*not applicable*	615	–	–	–	–	–	–	615	615	–
East West Bank	*not applicable*	–	–	–	1,427	–	–	–	1,427	1,427	–
Asia United Bank	*not applicable*	–	–	–	3,029	–	–	–	3,029	3,029	–
Bank Rakyat Indonesia	*not applicable*	–	–	43,468	–	–	–	–	43,468	43,468	–
Robinsons Bank	*not applicable*	–	–	–	4,410	–	–	–	4,410	4,410	–
Bank of the Philippine Islands	*not applicable*	33,047	–	–	–	–	–	–	33,047	33,047	–
		$502,640	$183,767	$53,763	$76,646	$2,728,160	$162,552	$2,693	$3,710,241	$3,710,241	$13,921
Cash equivalents											
Security Bank of the Philippines	*not applicable*	$3,681,481	$–	$–	$–	$–	$–	$–	$3,681,481	$3,681,481	$76,692
		$4,185,918	$184,215	$54,329	$77,255	$2,728,160	$162,552	$2,693	$7,396,343	$7,396,343	$90,613
Due from Related Parties											
FDCP, Inc.		$234,069	$–	$–	$–	$–	$–	$6,429	$240,518	$240,518	$–
Salmon Smolt NZ Limited		–	–	–	–	–	3,507	–	3,507	3,507	–
		$234,089	$–	$–	$–	$–	$3,507	$6,429	$244,025	$244,025	$–
Trade and Other Receivables											
Trade Receivables											
AM GROUP FOR IMPORT AND COMMERCIAL AGENCIES		$181,050	$–	$–	$–	$–	$–	$–	$181,050	$181,050	$–
BK FOOD SP Z O.O.		–	–	–	–	–	–	–	–	–	–
CAMERICAN INTERNATIONAL, INC.		68,400	–	–	–	–	–	–	68,400	68,400	–

(Forward)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	ASFII	PT IAFI	PT VDZ	BGB	SPENCE	AKAROA	AMHI	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
GASTON, S.R.O.		$480,890	$–	$–	$–	$–	$–	$–	$480,890	$	$–
GREEK TRADE SP. Z.O.O.		64,350	–	–	–	–	–	–	64,350	64,350	–
IVORY & LEDOUX LIMITED		56,763	–	–	–	–	–	–	56,763	56,763	–
KAWASHO FOODS CORPORATION		333,623	–	–	–	–	–	–	333,623	333,623	–
KEDAINIU KONSERVU FABRIKAS UAB		40,800	–	–	–	–	–	–	40,800	40,800	–
KONSHURT SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA SP. K.		238,894	–	–	–	–	–	–	238,894	238,894	–
PRINCES FOODS BV		188,700	–	–	–	–	–	–	188,700	188,700	–
PRINCES LTD.		264,378	–	–	–	–	–	–	264,378	264,378	–
SCANDINAVIAN SWEDFOOD AB		65,700	–	–	–	–	–	–	65,700	65,700	–
SHAFER-HAGGART LTD.		941,625	–	–	–	–	–	–	941,625	941,625	–
EMC DISTRIBUTION		621,302	–	–	–	–	–	–	621,302	621,302	–
Local customers – canned tuna		17,022	–	–	–	–	–	–	17,022	17,022	–
Local customers – fishmeal		9,927	183	–	–	–	–	–	10,110	10,110	–
BURRIS LOGISTICS		–	–	–	–	494,769	–	–	494,769	494,769	–
US FOODS, INC.		–	–	–	–	208,304	–	–	208,304	208,304	–
WHOLE FOODS MARKET		–	–	–	–	123,635	–	–	123,635	123,635	–
Jewel Foods		–	–	–	–	61,508	–	–	61,508	61,508	–
Ocean Beauty Seafoods, LLC		–	–	–	–	48,246	–	–	48,246	48,246	–
GOURMET GURU		–	–	–	–	43,983	–	–	43,983	43,983	–
LIPARI FOODS INC		–	–	–	–	43,917	–	–	43,917	43,917	–
WEGMANS FOOD MARKETS, INC.		–	–	–	–	43,647	–	–	43,647	43,647	–
EURO USA-CLEVELAND		–	–	–	–	33,164	–	–	33,164	33,164	–
KROGER REGIONAL ACCOUNTING SERVICE CTR		–	–	–	–	31,200	–	–	31,200	31,200	–
WEIS MARKETS, INC.		–	–	–	–	30,825	–	–	30,825	30,825	–
H.E.BUTT GROCERY COMPANY		–	–	–	–	29,538	–	–	29,538	29,538	–
Pacific Fresh Seafood		–	–	–	–	28,950	–	–	28,950	28,950	–
Spence's Customers – Various		–	–	–	–	334,505	–	–	334,505	334,505	–

(Forward)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	ASFII	PT IAR	PT VD2	BGB	SPENCE	AKAROA	AMHI	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Strand Foods LLC		$	$	$	$	$	$84,660	$	$84,660	$84,660	$–
Export Trade USD Exchange		–	–	–	–	–	40,110	–	40,110	40,110	–
Crystal Bay Foods (NZ) Ltd		–	–	–	–	–	28,377	–	28,377	28,377	–
Service Foods Ltd		–	–	–	–	–	26,745	–	26,745	26,745	–
Skyline Gondola, Restaurant and Luge Ltd		–	–	–	–	–	17,814	–	17,814	17,814	–
Woolshed Enterprises Ltd		–	–	–	–	–	14,082	–	14,082	14,082	–
Cold Storage Singapore (1983) Pte Limited		–	–	–	–	–	11,733	–	11,733	11,733	–
Raeward Fresh Queenstown		–	–	–	–	–	11,164	–	11,164	11,164	–
Jagota Brothers Trading Co. Ltd.		–	–	–	–	–	10,438	–	10,438	10,438	–
Akaroa's Customers - Various		–	–	–	–	–	304,875	–	304,875	304,875	–
PFNZ		–	–	–	177,500	–	–	–	177,500	177,500	–
ALEX SEA DELICATESSEN		–	–	–	22,649	–	–	–	22,649	22,649	–
Park N Shop		–	–	–	20,160	–	–	–	20,160	20,160	–
PHILIPPINE PASTRIES INC.		–	–	–	15,126	–	–	–	15,126	15,126	–
Cold Storage		–	–	–	35,793	–	–	–	35,793	35,793	–
CENTURY PARK HOTEL		–	–	–	11,830	–	–	–	11,830	11,830	–
Sin Yuan Li PTE Ltd		–	–	–	7,710	–	–	–	7,710	7,710	–
TASTE MATTERS, INC.		–	–	–	7,345	–	–	–	7,345	7,345	–
BGB's Customers - Various		–	–	–	119,027	–	–	–	119,027	119,027	–
Other Non-trade Receivables											
Various		122,363	260,601	–	981	–	–	–	383,945	383,945	–
		$3,695,787	$260,784	$–	$418,122	$1,556,193	$553,504	$6,429	$6,724,908	$6,724,908	$–

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2016

			Deductions		Other Changes	Ending Balance		
Name and designation of debtor	Balance at beginnning of year	Additions	Amounts collected	Amounts written off	Additions (Deductions)	Current	Not current	Balance at end of year
Advances to Officers:								
Tan, Joan (QA Manager)	$1,033	$–	($1,033)	$–	$–	$–	$–	$–
Balangue, Nelda (General Services clerk)	256	–	(256)	–	–	–	–	–
Datuin, Nestor (Messenger)	368	–	(368)	–	–	–	–	–
Calalo, Cherille (Ttreasury Assistant)	216	–	(216)	–	–	–	–	–
Que, Nelsa (AVP – Human Resources)	7,643	–	(3,151)	–	–	4,492	–	4,492
Morales, Corazon (Accounting Manager)	3,646	–	(771)	–	–	2,875	–	2,875
Lim, Calvin (Financial Associate)	678	–	(678)	–	–	–	–	–
Head Office Employees (Rank & file)	1,249	18,996	(1,249)	–	–	18,996	–	18,996
PT IAFI Employees	9,312	2,721	(9,312)	–	–	2,721	–	2,721
BGB Employees	1,573	981	(1,573)	–	–	981	–	981
	$25,974	$22,698	($18,607)	$–	$–	$30,065	$–	$30,065

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

			Deductions			Ending Balance		
Name and designation of debtor	Balance at beginnning of year	Additions	Amounts collected	Amounts written off	Other changes Additions (Deductions)	Current	Not current	Balance at end of year
Amounts Due from Related Parties:								
Parent								
Big Glory Bay Salmon and Seafood Company - Subsidiary	$5,731,659	$1,387,116	($3,059,899)	$–	$–	$4,058,876	$–	$4,058,876
PT International AllianceFood Indonesia - Subsidiary	6,468,331	2,321,210	(44,080)	–	–	8,745,461	–	8,745,461
Spence & Co., Ltd. - Subsidiary	27,547	400,519	(328,066)	–	–	100,000	–	100,000
Akaroa Salmon NZ Ltd. - Subdiary	402,507	4,352	–	–	–	406,859	–	406,859
Alliance MHI Properties, Inc.- Subsidiary	454,793	138,891	–	–	–	593,684	–	593,684

(Forward)

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

DECEMBER 31, 2016

Description	Beginning balance	Additions at cost	Deduction: Charged to cost and expenses	Deduction: Charged to other accounts	Deduction: Other changes additions (deductions)	Ending balance
Fishing license	$114,279	$–	$–	$–	($114,279)	$–
Salmos farming consent	43,453	–	(6,846)	2,487	–	39,094
Macrocystic consent	20,532	–	–	222	–	20,754
Development expenditures	702	–	(134)	–	–	568
	$178,966	$–	($6,980)	$2,709	($114,279)	$60,416

*Pertains to exchange realignment arising from the translation of leasehold rights in Renminbi to Philippine peso.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak inc.)

SCHEDULE F - INDEBTEDNESS TO RELATED PARTY

(LONG-TERM LOANS FROM RELATED PARTY)

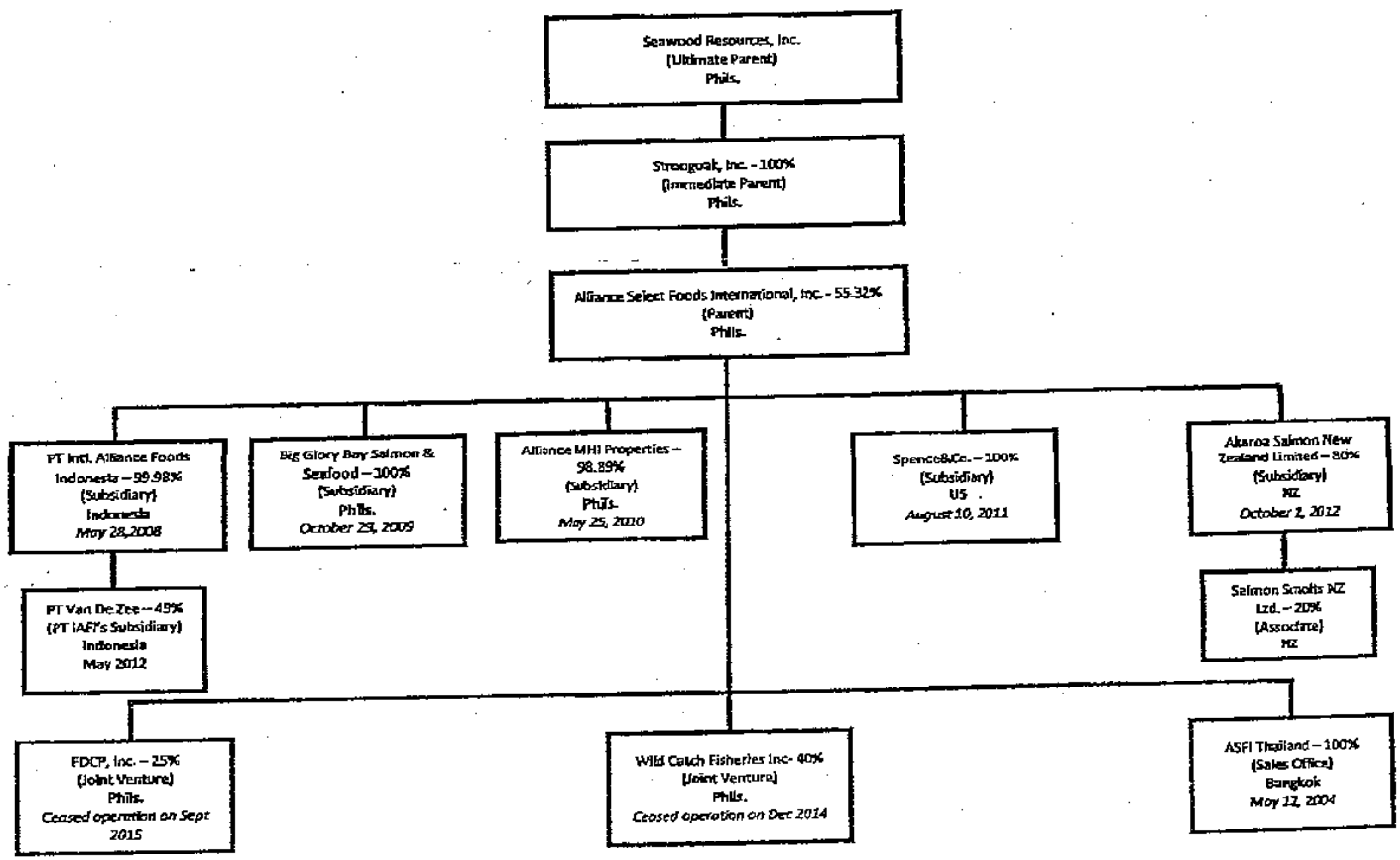
DECEMBER 31, 2016

Name of Issuer	Beginning Balance	Ending Balance

(Not applicable)

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

A MAP SHOWING THE RELATIONSHIPS BETWEEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES, AND ASSOCIATES
DECEMBER 31, 2016



ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

SCHEDULE I - STOCK RIGHTS OFFER
DECEMBER 31, 2016

A. GROSS AND NET PROCEEDS AS DISCLOSED IN THE FINANCIAL PROSPECTUS	
Gross Proceeds	₱1,000,000,000
Less :	
Taxes	5,120,000
PSE fees	1,011,200
Estimated Net Proceeds	₱993,868,800
B. ACTUAL GROSS AND NET PROCEEDS	
Gross Proceeds	₱1,000,000,000
Less :	
Taxes	5,000,000
PSE fees	1,133,546
Actual Net Proceeds	₱993,866,454
C. EXPENDITURE ITEMS WHERE THE PROCEEDS WAS USED	
Working capital	₱740,826,380
Repayment of Loans	94,000,000
New management information system	7,799,075
Capital expenditures	5,536,346
	₱848,161,801
D. BALANCE OF THE PROCEEDS AS OF DECEMBER 31, 2016	₱145,704,653

ALLIANCE SELECT FOODS
INTERNATIONAL, INC.
A PUBLICLY LISTED COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Alliance Select Foods International, Inc. is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the separate financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANTONIO C. PACIS
Chairman of the Board

RAYMOND K.H. SEE
Chief Executive Officer

MA. CRISTINA C. VILLARUZ
Group Comptroller*

SUBCRIBED AND SWORN to before me this 10 APR 2017 at Pasig City affiants exhibiting to me their government issued identification cards, as follows:

Signed this 04 day of APR 2017

Name	Competent Evidence of Identity	Date/Place Issued	Valid Until
Raymond K.H. See	PP No. EC3695414	DFA NCR East	6 March 2020
Ma. Cristina C. Villaruz	CRN-0009-1527194-0	General Santos City	
Antonio C. Pacis.	EC5839503	DFA MANILA	29 Oct 2020

*The position of Chief Finance Officer is vacant

Suites 1206 & 1403 East Tower
Philippine Stock Exchange Centre,
Exchange Road, Ortigas, Center,
Pasig City, Metro Manila,
Philippines 1600
Telephone No. (632) 635 2241 to 44
Fax No. (632) 635 7135

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Series of 2017

SAMMY DAVE A. SANTOS
PASIG
SAN JUAN
TAGUIG
PATEROS
PHILS.
ROLL NO. 63272

SAMMY DAVE ABELLAR SANTOS
Notary Public for the Cities of Pasig and San Juan,
and Municipality of Pateros, Metro Manila
until December 31, 2018.
Commission No. 45(2017-2018)
Roll of Attorneys No. 63272
PTR No. 2600124/ 1.13.2017/ Pasig City
IBP No. 1057327/1.05.2017
MCLE NO. V-0012594/12.29.2015
Suite 1206, Philippine Stock Exchange Centre,
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FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

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Makati City 1226 Philippines
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Unit 1206 East Tower
Philippine Stock Exchange Centre, Exchange Road
Ortigas Avenue, Pasig City

Report on the Separate Financial Statements

Opinion

We have audited the separate financial statements of Alliance Select Foods International, Inc. (a subsidiary of Strongoak Inc.) (the "Company"), which comprise the separate statements of financial position as at December 31, 2016 and 2015, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The separate financial statements of Alliance Select Foods International, Inc. as at and for the year ended December 31, 2014 were audited by another auditor whose report dated May 11, 2015, expressed an unmodified opinion on those statements.

BUREAU OF INTERNAL REVENUE
Large Taxpayers Service
Large Taxpayers Division-Davao
Date 4-12-17 RDO 127
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Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements including disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required under Revenue Regulations Nos. 15-2010 and 19-2011 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes and licenses and the schedule of taxable income and deductible expenses in Note 27 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of the management of Alliance Select Foods International, Inc. The information has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

Emmanuel V. Clarino

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1021-AR-1 Group A
Valid until April 30, 2017
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 5908522
Issued January 3, 2017, Makati City

April 4, 2017
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
Large Taxpayers Service
Large Taxpayers Division-Davao
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ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of Strongoak Inc.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents	4	$4,186,918	$14,829,053
Trade and other receivables	5	3,695,787	2,555,226
Due from related parties	13	14,138,969	13,084,837
Inventories	6	5,506,505	5,201,654
Other current assets	7	533,958	374,035
Total Current Assets		28,062,137	36,044,805
Noncurrent Assets			
Investments in subsidiaries	8	23,038,544	20,470,015
Property, plant and equipment	9	2,819,878	3,068,154
Deferred tax assets - net	24	7,714,414	7,461,131
Other noncurrent assets	10	2,021,253	1,920,261
Total Noncurrent Assets		35,594,089	32,919,561
		$63,656,226	$68,964,366
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	$3,867,638	$3,062,819
Loans payable	12	20,744,254	20,421,146
Current portion of loans payable	12	15,367	636,900
Due to related parties	13	1,001,333	1,000,000
Total Current Liabilities		25,628,592	25,120,865
Noncurrent Liabilities			
Loans payable - net of current portion	12	33,713	1,767,738
Net retirement benefit obligation	14	145,839	348,472
Total Noncurrent Liabilities		179,552	2,116,210
Total Liabilities		25,808,144	27,237,075
Equity			
Capital stock	15	53,646,778	53,646,778
Additional paid-in capital	15	6,662,001	6,662,001
Other comprehensive income (loss)	14	73,563	(32,165)
Deficit		(22,528,486)	(18,543,549)
		37,853,856	41,733,065
Treasury shares	15	(5,774)	(5,774)
Total Equity		37,848,082	41,727,291
		$63,656,226	$68,964,366

See accompanying Notes to Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
Large Taxpayers Service
Large Taxpayers Division-Davao
Date 4-12-17 RDO 127
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ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of Strongoak Inc.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(With Comparative Figures for 2014)

	Note	2016	2015	2014
REVENUE	16	$31,111,471	$34,409,596	$36,330,168
COST OF GOODS SOLD	17	(31,989,024)	(33,275,546)	(34,735,752)
GROSS PROFIT (LOSS)		(877,553)	1,134,050	1,594,416
SELLING AND ADMINISTRATIVE EXPENSES	18	(3,467,160)	(8,037,696)	(21,845,086)
OTHER INCOME - Net	19	688,784	76,460	1,624,973
INTEREST EXPENSE	12	(627,183)	(928,369)	(926,204)
LOSS BEFORE INCOME TAX		(4,283,112)	(7,755,555)	(19,551,901)
PROVISION FOR (BENEFIT FROM) INCOME TAX	24			
Current		420	35,221	69,260
Deferred		(298,595)	(570,345)	(5,918,921)
		(298,175)	(535,124)	(5,849,661)
NET LOSS		(3,984,937)	(7,220,431)	(13,702,240)
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to profit or loss				
Remeasurement gain on retirement benefit obligation (net of tax effect)	14	105,728	92,034	51,300
TOTAL COMPREHENSIVE LOSS		($3,879,209)	($7,128,397)	($13,650,940)
LOSS PER SHARE				
Basic and diluted loss per share	21	($0.00159)	($0.00430)	($0.01012)

See accompanying Notes to Separate Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of Strongoak Inc.)

SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(With Comparative Figures for 2014)

	Note	2016	2015	2014
CAPITAL STOCK	15			
Balance at beginning of year		$53,646,778	$32,238,544	$22,575,922
Issuance		-	21,408,234	9,662,622
Balance at end of year		53,646,778	53,646,778	32,238,544
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		6,662,001	6,768,843	3,821,732
Additions	15	-	-	2,947,111
Stock issue costs		-	(106,842)	-
Balance at end of year		6,662,001	6,662,001	6,768,843
OTHER COMPREHENSIVE INCOME (LOSS)	14			
Balance at beginning of year		(32,165)	(124,199)	(175,499)
Remeasurement gain on retirement benefit obligation (net of tax effect)		105,728	92,034	51,300
Balance at end of year		73,563	(32,165)	(124,199)
DEFICIT				
Balance at beginning of year		(18,543,549)	(11,323,118)	2,379,122
Net loss		(3,984,937)	(7,220,431)	(13,702,240)
Balance at end of year		(22,528,486)	(18,543,549)	(11,323,118)
TREASURY SHARES	15	(5,774)	(5,774)	(5,774)
		$37,848,082	$41,727,291	$27,554,296

See accompanying Notes to Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
Large Taxpayers Service
Large Taxpayers Division-Davao
Date 4-12-17 RDO 127
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GIRLY R. FERNANDEZ

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of Strongoak Inc.)

SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(With Comparative Figures for 2014)

	Note	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		($4,283,112)	($7,755,555)	($19,551,901)
Adjustments for:				
Provision for impairment losses on:				
Noncurrent assets	10	314,320	240,964	39,279
Inventories	6	267,059	3,441,498	2,282,646
Trade and other receivables	5	42,925	123,651	8,298,283
Property, plant and equipment	9	-	101,406	7,792,307
Interest expense	12	627,183	928,369	926,204
Depreciation and amortization	9	378,607	361,226	553,975
Retirement benefits	14	87,143	71,322	145,974
Interest income	4	(76,692)	(99,275)	(33,729)
Interest income from accretion of lease deposit	10	(68,520)	(68,448)	(67,437)
Unrealized foreign exchange gain		(59,160)	(6,023)	(16,984)
Loss (gain) on sale of investment and property and plant and equipment	19	(3,589)	599,487	(899)
Reversal of allowance for impairment losses on inventories	19	-	(368,294)	-
Dividend income	19	-	-	(800,000)
Operating loss before working capital changes		(2,773,836)	(2,429,672)	(432,282)
Decrease (increase) in:				
Trade and other receivables		(1,170,777)	855,453	(2,645,240)
Due from related parties		(3,622,661)	(5,318,736)	(2,911,482)
Inventories		(571,910)	2,632,526	(6,417,220)
Other current assets		(159,617)	283,535	831,606
Other noncurrent assets		(32,472)	(26,253)	-
Increase (decrease) in:				
Trade and other payables		769,486	(690,638)	(394,084)
Due to related parties		1,333	800,000	-
Net cash used for operations		(7,560,454)	(3,893,785)	(11,968,702)
Interest received		76,692	99,275	33,729
Retirement benefits paid	14	(38,833)	(18,381)	-
Contribution to retirement fund	14	(42,403)	(33,738)	(311,275)
Income tax paid		(306)	-	(276,944)
Net cash used in operating activities		(7,565,304)	(3,846,629)	(12,523,192)

(Forward)

	Note	2016	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	9	($444,651)	($510,200)	($136,640)
Proceeds from sale of property, plant and equipment	9	3,589	–	3,415
Proceeds from disposal of investments	8	–	5,000	–
Dividend received		–	–	800,000
Net cash provided by (used in) investing activities		(441,062)	(505,200)	666,775
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of loans		(36,031,962)	(67,628,428)	(50,958,560)
Proceeds from availment of loans		33,999,512	65,504,488	51,424,442
Interest expense paid		(598,183)	(787,428)	(943,225)
Proceeds from issuance of shares		–	21,301,392	12,609,733
Net cash provided by (used in) financing activities		(2,630,633)	18,390,024	12,132,390
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(5,136)	–	(701)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(10,642,135)	14,038,195	275,272
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		14,829,053	790,858	515,586
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	$4,186,918	$14,829,053	$790,858
NONCASH INVESTING ACTIVITY				
Conversion of advances to equity investment	8	$2,568,529	$2,434,083	$777,047

See accompanying Notes to Separate Financial Statements.

1. Corporate Information and Status of Operation

General Information

Alliance Select Foods International, Inc. (ASFII or the "Company") is a publicly listed corporation under Section 17.2 of the Securities Regulation Code (SRC) and was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 1, 2003. The 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.

Strongoak Inc. (the "Parent Company") acquired 952,479,638 common shares of the Company from the increase in authorized capital stock and stock rights offering, which were both approved by the SEC on October 28, 2015. This resulted in Strongoak Inc. owning a total of 1,382,765,864 common shares, representing 55.32% of the total issued and outstanding shares of the Company (see Note 15). As at December 31, 2016 and 2015, the Company is considered a subsidiary of Strongoak Inc.

Strongoak Inc. is a domestic company engaged in investing activities. The ultimate parent company is Seawood Resources, Inc., a domestic company also engaged in investing activities.

The Company's registered office address is Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City. It has a plant facility located in Brgy. Tambler, General Santos City, Philippines.

Investments in Subsidiaries

The Company has investments in the following subsidiaries as at December 31, 2016 and 2015:

Name of Subsidiary	% of Ownership	Nature of Business	Principal Place of Business
Spence & Company Ltd. (Spence)	100	Salmon and other sea-foods processing	United States of America
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	100	Salmon and other sea-foods processing	Philippines
ASFI Thailand [b]	100	Sales office	Thailand
PT International Alliance Food Indonesia (PTIAFI)	99.98	Canned fish processing	Indonesia
Alliance MHI Properties, Inc. (AMHI)	98.89	Leasing	Philippines
Akaroa Salmon (NZ) Ltd. (Akaroa)	80	Salmon farming and processing	New Zealand
PT. Van De Zee (PT VDZ)[a] [b]	49	Fishing	Indonesia

(a) Indirect ownership through PTIAFI
(b) No operations in 2016 and 2015

Additional Investments

October 4, 2016. ASFII converted advances of $2.57 million for 125,000,000 shares of capital stock of BGB. The Company's ownership interest in BGB remains at 100% (see Note 8).

October 27, 2015. ASFII acquired 50,864,702 shares of BGB for $1.37 million from Prime Foods NZ, Ltd. (PFNZ). The acquisition resulted to the increase in the Company's ownership interest in BGB from 68% to 100%.

December 23, 2015. ASFII converted advances of $0.29 million as partial payment of its subscription to 54,000,000 voting preferred shares of AMHI. The subscription resulted to the increase in the Company's effective ownership interest in AMHI from 40% to 98.89% (see Note 8).

Disposal of Investments

October 30, 2015. ASFII sold its equity interest in PFNZ to HC & JW Studholme No. 2 Family Trust (see Note 8).

Status of Operations

The Company incurred net losses of $3.98 million in 2016 and $7.22 million in 2015 ($13.70 million in 2014). The losses were primarily due to inherent volatility in raw material prices and lower pricing in 2016. The Company has recognized impairment losses on inventories of $0.27 million and $3.44 million in 2016 and 2015, respectively ($2.28 million in 2014), impairment losses on property and equipment and other noncurrent assets (mainly fishing vessel) of $0.31 million and $0.94 million in 2016 and 2015, respectively, ($7.83 million in 2014), and impairment losses on receivable from Wild Catch Fisheries, Inc. (WCFI) of $8.00 million in 2014. The management recognized the loss on the fishing vessels and the receivables because of the discontinuance of its fishing operations and losses sustained by WCFI, respectively (see Notes 9 and 10). WCFI, a joint venture company engaged in commercial fishing ceased operations in 2014.

In 2015 and 2014, Strongoak Inc. infused capital of $20.37 million and $9.89 million, respectively, eventually acquiring 55.32% corporate ownership. The new management has undertaken the necessary initiatives to improve operation and maintain financial stability. With these initiatives, which include expanding global market, targeting key accounts, improving efficiencies across all areas of operations, better inventory management and raw material sourcing, management has projected a turnaround in operation with a positive result of operation and cash flow in the coming years. Strongoak Inc. will continue to provide the necessary level of financial support to enable ASFII to meet its working capital requirements.

Approval of Separate Financial Statements

The Company's separate financial statements as at and for the years ended December 31, 2016 and 2015 were approved and authorized for issuance by the Board of Directors (BOD) on April 4, 2017.

2. Summary of Significant Accounting Policies

Basis of Preparation

The significant accounting policies used in the preparation of separate financial statements are consistently applied to all the years presented, unless otherwise stated.

The seperate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standard Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

The Company also prepares and issues consolidated financial statements in compliance with PFRS for the same period as the separate financial statements. These may be obtained at the registered office address of the Company or at the SEC.

Measurement Bases

The separate financial statements of the Company are presented in U.S. Dollar, the Company's functional currency. All amounts are rounded to the nearest Dollar unless otherwise indicated.

The separate financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 25 to the separate financial statements.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements* - The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to PAS 16, *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation,* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Amortisation* - The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendment to PAS 19, *Employee Benefit* - The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* - The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* - The amendment adds specific guidance when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.

- Amendment to PFRS 7, *Financial Instruments: Disclosures* - The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* - The amendments address a current conflict between the two standards and clarify that the gain or loss from sale or contribution of assets between an investor and its associate or joint venture should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- Amendments to PFRS 10, IFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 - *Investment Entities: Applying the Consolidation Exception* - The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The adoption of the foregoing new and amended PFRS did not have any material effect on the separate financial statements. Additional disclosures have been included in the notes to separate financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the separate financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2018 -

- PFRS 9, *Financial Instruments* - This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

  For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

  For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will be no longer necessary for objective evidence of impairment before a credit loss is recognized.

  For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

  The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual periods beginning on or after January 1, 2019 -

- *PFRS 16, Leases* - This standard will replace PAS 17, *Leases*. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the customer (lessee) and the supplier (lessor). This standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases with a term of more 12 months, unless the underlying asset has a low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the statement of comprehensive income. Lessors continue to classify leases as operating or finance, and continue to account for those two types of leases differently.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the notes to separate financial statements, as applicable.

Financial Assets and Liabilities

Financial assets and liabilities are accounted for as follows:

a. Recognition

Financial assets and liabilities are recognized in the separate statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. Financial instruments are initially measured at fair value which includes transaction costs directly attributable to the acquisition (e.g. fees, commissions, transfer taxes, etc.). However, transaction costs related to the acquisition of financial instruments classified as fair value through profit or loss (FVPL) are recognized immediately in profit or loss. The Company uses trade date accounting to account for financial instruments.

"Day 1" Difference. The best evidence of the fair value of a financial instrument at initial recognition is its transaction price unless the transaction price differs from its fair value. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Company determines fair value by using a valuation technique whose variables include data from observable markets. The difference between the transaction price and the fair value (a "day 1" difference) is recognized in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where the valuation model uses unobservable data, the difference between the transaction price and the model value is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "day 1" difference.

b. Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's intention at acquisition or issuance date.

As at December 31, 2016 and 2015, the Company does not have financial assets and liabilities classified at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction costs which are directly attributable to the acquisition of the financial instrument. The amortization is included in profit or loss.

The Company has classified its cash and cash equivalents, trade and other receivables, due from related parties and deposits (under other current assets), other noncurrent receivable and refundable lease deposits (classified under noncurrent assets) as loans and receivables.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

Other financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through amortization process.

The Company's trade and other payables (excluding customer's claims and deposit and statutory payable), short-term and long-term loans payable and due to related parties are classified under this category.

c. Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The Company first assesses whether objective evidence of impairment exists individually for its financial assets that are individually significant, and individually or collectively for its financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. Impairment losses are recognized in full in profit or loss. Interest income continues to be recognized on the reduced carrying amount using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent year, 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 is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss, to the extent that the resulting carrying amount will not exceed the amortized cost determined had no impairment loss been recognized in prior years.

d. Derecognition

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

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

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability, and the difference in the respective carrying amount is recognized in profit or loss.

e. Offsetting

Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the separate statement of financial position.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV). The costs of inventories are calculated using weighted average method. Costs comprise direct materials and when applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. NRV represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the NRV of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as part of other income or charges in the separate statement of comprehensive income.

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 and the related allowance for impairment loss is reversed.

Other Assets

Other assets include prepayments, value-added tax (VAT) and idle assets.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are apportioned over the period covered by the payment and recognized in profit or loss when incurred. Prepayments that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

VAT. Revenue, expenses and assets are recognized net of the amount of VAT. The net amount of VAT recoverable from the taxation authority is presented as "Input VAT".

Idle Assets. Idle assets are those which are no longer used in the Company's operations. The Company's idle assets are already fully provided with allowance.

Investments in Subsidiaries and Joint Ventures

The Company's investments in subsidiaries and joint ventures are carried in the separate statement of financial position at cost, less any impairment in value. A subsidiary is an entity in which the Company has control. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other directly attributable costs, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Building	25
Leasehold improvements	5 (or lease term, whichever is shorter)
Machinery and equipment	15
Transportation equipment	5
Plant and office furniture, fixtures and equipment	5
Fishing vessels	40

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization for property, plant and equipment, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges for property, plant and equipment are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Customers' Deposits

Customers' deposits consist of amounts received by the Company from its customers as advance payments for the sale of goods. These are recorded at face amount in the separate statement of financial position and recognized as revenue in profit or loss when the services for which the advances were made are rendered to the customers.

Capital Stock

Capital stock is measured at par value for all shares issued. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related additional paid-in capital or retained earnings. Proceeds or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Deficit

Deficit represents the cumulative balance of net losses. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

Treasury Shares

Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the separate statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and returns. The Company has concluded that it is the principal in all of its revenue arrangements. Revenue is recognized as follows:

Sale of Goods. Revenue is recognized, net of sales returns, discounts and allowances, when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery to and acceptance of the goods by the buyer.

Dividend Income. Dividend income is recognized when the right to receive dividends has been established.

Interest Income. Interest income is recognized in profit or loss using the effective interest method.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a 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.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are sold.

Selling and Administrative Expenses. Selling expenses constitute costs incurred to sell and market the goods and services. Administrative expenses constitute cost of administering the business. Both are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. This requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Company as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Retirement Benefits

Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary.

The Company recognizes current service costs on retirement benefit obligation and interest expense on the retirement benefit obligation in profit or loss.

The Company determines the interest expense on retirement benefit obligation by applying the discount rate to the retirement benefit obligation at the beginning of the year, taking into account any changes in the liability during the period as a result of benefit payments.

Remeasurements of the net retirement benefit obligation, which consist of actuarial gains and losses and the return on plan asset (excluding amount charged in net interest) are recognized immediately in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit obligation recognized by the Company is the present value of the defined benefit obligation is reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit obligation.

Actuarial valuation is made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Deferred tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

Foreign Currency-Denominated Transactions and Translation

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences are recognized in profit or loss.

Related Party Relationships and Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders.

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The estimates of outcome and financial effect are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting period.

Contingencies

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

Events after the Reporting Date

The Company identifies subsequent events as events that occurred after the reporting date but before the date when the separate financial statements were authorized for issue. Any subsequent event that provides additional information about the Company's financial position at the reporting date is reflected in the separate financial statements. Non-adjusting subsequent events are disclosed in the notes to the separate financial statements, when material.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares.

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the parent by the weighted average number of common shares issued and outstanding during the year.

There are no potential dilutive shares.

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3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when 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.

The Company believes that the following represent a summary of these significant estimates and judgments and the related impact and associated risks in the separate financial statements.

The following are the significant judgments, estimates and assumptions made by the Company:

Assessing Going Concern. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Management has assessed that there are no events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the separate financial statements continue to be prepared on a going concern basis.

Determining Functional Currency. Based on management's assessment, the functional currency of the Company has been determined to be the U.S. Dollar. The U.S. Dollar is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the operations of the Company.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has determined that by virtue of its majority ownership of voting rights in its subsidiaries as at December 31, 2016 and 2015, the Company has the ability to exercise control over these investees.

Classifying Leases. The Company has operating lease agreements for its office and plant site. The Company has determined that the risks and rewards of ownership related to the leased properties are retained by the lessor. Accordingly, the agreements are accounted for as operating leases.

Rental expense amounted to $0.72 million in 2016 and $0.62 million in 2015 ($0.69 million in 2014) (see Note 22).

Estimating Impairment Losses on Financial Assets. The Company maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, significant financial difficulties or bankruptcy, the length of the Company's relationship with the customer, the customer payment behavior, and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Trade and other receivables, net of allowance for doubtful accounts, amounted to $3.70 million and $2.56 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses amounted to $0.62 million and $0.58 million as at December 31, 2016 and 2015, respectively (see Note 5).

Due from related parties amounted to $14.14 million and $13.08 million as at December 31, 2016 and 2015, respectively. No allowance for impairment was provided on due from related parties as at December 31, 2016 and 2015 (see Note 13).

Receivable from WCFI and refundable lease deposits, net of allowance for impairment losses, aggregated $1.61 million and $1.63 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses amounted to $2.18 million as at December 31, 2016 and 2015 (see Note 10).

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

Inventories carried at lower of cost and NRV amounted to $5.51 million and $5.20 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses amounted to $1.39 million and $2.54 million as at December 31, 2016 and 2015, respectively (see Note 6).

Estimating Useful Lives of Property, Plant and Equipment. The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment are reviewed at each reporting date 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 assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation and amortization expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Company's property, plant and equipment as at December 31, 2016 and 2015.

The carrying value of property, plant and equipment amounted to $2.82 million and $3.07 million as at December 31, 2016 and 2015, respectively (see Note 9).

Assessing for Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

Allowance for impairment losses on property, plant and equipment amounted to $0.10 million and $13.72 million as at December 31, 2016 and 2015, respectively. The carrying value of property, plant and equipment amounted to $2.82 million and $3.07 million as at December 31, 2016 and 2015, respectively (see Note 9).

As at December 31, 2016 and 2015, management has assessed that there is no further allowance for impairment is required on its investments joint ventures, idle assets and property, plant and equipment in excess of those that were already provided. Carrying amounts of these nonfinancial assets are disclosed in Notes 9 and 10.

Estimating Retirement Benefit Costs. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 14 to the separate financial statements and include, among others, discount rates and expected salary increase rates.

The retirement benefits obligation amounted to $0.15 million and $0.35 million as at December 31, 2016 and 2015, respectively (see Note 14).

Recognizing Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date are reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits from NOLCO and MCIT is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The Company has recognized deferred tax assets amounting to $7.73 million and $7.46 million as at December 31, 2016 and 2015, respectively (see Note 24).

4. Cash and Cash Equivalents

This account consists of:

	2016	2015
Cash on hand	$2,797	$10,012
Cash in banks	502,640	656,575
Cash equivalents	3,681,481	14,162,466
	$4,186,918	$14,829,053

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to short-term placements and earn interest at the respective short-term deposit rates.

Interest income included in the separate statements of comprehensive income is summarized below (see Note 19):

	Note	2016	2015	2014
Cash and cash equivalents		$76,692	$99,275	$33,729
Accretion of lease deposits		68,520	68,448	67,437
	19	$145,212	$167,723	$101,166

5. Trade and Other Receivables

This account consists of:

	Note	2016	2015
Trade:			
Third parties		$3,595,510	$2,111,190
Related party	13	31,080	31,080
Other receivables		687,069	988,381
		4,313,659	3,130,651
Allowance for impairment losses		(617,872)	(575,425)
		$3,695,787	$2,555,226

The credit term on sale of goods averages 60 days. No interest is charged on receivables exceeding the credit terms.

Trade receivables aggregating $3.59 million as at December 31, 2016 are used to secure the Company's short-term loans (see Note 12).

Other receivables include claims receivable for tax refund and advances to employees.

Movements in allowance for impairment losses on trade and other receivables are as follows:

	Note	2016	2015
Balance at beginning of year		$575,425	$478,743
Provision	18	42,925	123,651
Write-off		(478)	(26,969)
Balance at end of year		$617,872	$575,425

6. **Inventories**

This account consists of:

	2016	2015
At NRV:		
Finished goods	$2,552,620	$1,587,325
Raw and packaging materials	2,750,488	3,408,314
At cost -		
Parts and supplies	203,397	206,015
	$5,506,505	$5,201,654

The costs of inventories measured at NRV are as follows:

	2016	2015
Finished goods	$3,818,280	$3,913,443
Raw and packaging materials	2,875,639	3,617,435
	$6,693,919	$7,530,878

Movements in allowance for impairment losses on inventories are as follows:

	Note	2016	2015
Balance at beginning of year		$2,535,239	$829,666
Provision	18	267,059	3,441,498
Reversal/write-off		(1,411,487)	(1,735,925)
		$1,390,811	$2,535,239

Inventories aggregating $2.75 million as at December 31, 2016 are used to secure the Company's short-term loans (see Note 12).

Inventories charged to cost of goods sold amounted to $31.99 million and $33.28 million in 2016 and 2015 ($34.74 million in 2014) (see Note 17).

Reversal of allowance for impairment of inventories mainly pertains to inventories condemned and subsequently sold, which were provided with allowance.

7. Other Current Assets

This account consists of:

	2016	2015
Prepayments:		
Importation	$321,594	$81,622
Taxes	163,048	162,322
Insurance	33,925	13,907
Others	15,391	95,172
Deposits	–	21,012
	$533,958	$374,035

Other prepayments pertain to insurance, subscriptions, membership fees and travel advances.

Deposits represent advance payments for rental of office spaces.

8. Investments in Subsidiaries

The account consists of investments in:

Name of Subsidiaries	2016	2015
Spence	$9,240,946	$9,240,946
BGB	6,177,761	3,609,232
PTIAFI	4,999,000	4,999,000
Akaroa	2,326,800	2,326,800
AMHI	294,037	294,037
	$23,038,544	$20,470,015

Movements in the investments in subsidiaries are as follows:

	2016	2015
Balance at beginning of year	$20,470,015	$18,650,312
Additions	2,568,529	2,434,083
Disposals	–	(614,380)
Balance at end of year	$23,038,544	$20,470,015

SPENCE

Spence is based in Brockton USA and specializes in the production of smoked salmon and other seafood products.

BGB

BGB is engaged in manufacturing goods such as salmon and other processed seafoods. It was registered with the Philippine SEC on October 29, 2009 and has a plant facility in Brgy. Tambler, General Santos City.

In July 2014, the Company converted its advances of $0.78 million to BGB increasing its ownership from 50% + 1 share to 68%.

In October 2015, the Company acquired 100% ownership of BGB after PFNZ transferred all of its shares to BGB in settlement of PFNZ's liabilities to the Company amounting to $2.28 million. The BOD of the Company approved the acquisition on August 17, 2015.

In October 2016, the Company converted advances of $2.57 million for 125,000,000 shares of stock of BGB.

PTIAFI

PTIAFI was established under the Indonesian Foreign Capital Investment Law and is primarily engaged in canned fish processing exclusively for international market. The plant is located at Jl. Raya Madidir Kelurahan Madidir Unet Ling. II Kecamatan Madidir, Bitung Indonesia.

PTIAFI owns 49% of PT VDZ, a fishing company. PT VDZ's operation is integrated with the tuna processing activities of PTIAFI. As at December 31, 2016, PT VDZ ceased operations.

Republic of Indonesia requires at least 51% domestic ownership in local entities engaged in mineral resources. As a result, in 2014, PTIAFI sold 31% of its ownership in PT VDZ decreasing its share to 49%. Management still considers PT VDZ as its subsidiary because the Company retained financial and operating control over PT VDZ.

AKAROA

Akaroa is a company incorporated and domiciled in New Zealand, engaged in sea cage salmon farming and operates two marine farms in Akaroa Harbor, South New Zealand. It also processes fresh and smoked salmon. Akaroa also holds 20% stake in Salmon Smolt NZ. Ltd, a modern hatchery quarantining high quality and consistent supply of smolts (juvenile salmon) for its farm.

AMHI

AMHI was incorporated in the Philippines and registered with the SEC on June 18, 2010 and engaged in the business as a property holding company.

The increase in capital stock of AMHI from ₱4.0 million divided into 4,000,000 common shares at ₱1 par value a share to ₱60 million divided into 4,000,000 common shares with ₱1 par value a share and 56,000,000 voting preferred shares at ₱1.0 par value a share, was approved by the SEC on December 23, 2015.

On the same date, the Company subscribed to 54,000,000 voting preferred shares of AMHI by converting ₱13.5 million ($0.29 million) of its advances to AMHI as partial payment resulting to increase in its effective voting interest from 40% to 98.89%.

PFNZ

PFNZ is a company registered and domiciled in New Zealand and is engaged in the processing, manufacturing and distributing smoked salmon and other seafoods under the Prime Smoke and Studholme brand for distribution in New Zealand and other countries (see Note 15).

In October 2015, the Company sold its interest in PFNZ to HC & JW Studholme No. 2 Family Trust for $5,000. Loss on sale amounted to $599,487.

Financial Information

The summarized financial information of the subsidiaries as at and for the years ended December 31, 2016 and 2015 is as follows:

	2016				
	SPENCE	PTIAFI	AKAROA	BGB	AMHI
Total assets	$6,960,134	$4,174,671	$1,791,814	$4,888,039	$3,603,358
Total liabilities	1,925,225	9,126,939	1,068,337	4,370,888	2,446,946
Equity (Capital deficiency)	5,034,909	(4,952,268)	723,477	517,151	1,156,412
Net income (loss)	683,074	(2,920,341)	210,859	(405,689)	380,744

	2015				
	SPENCE	PTIAFI	AKAROA	BGB	AMHI
Total assets	$6,120,067	$5,189,840	$1,635,630	$4,405,291	$3,527,397
Total liabilities	1,768,234	7,511,756	1,126,612	6,059,682	2,691,807
Equity (Capital deficiency)	4,351,833	2,321,916	509,018	(1,654,391)	835,590
Net income (loss)	1,728,338	(6,428,462)	51,959	(2,123,918)	384,162

Two of the subsidiaries, PTIAFI and BGB, are incurring continuous losses. Based on the Company's impairment analysis using a discounted cash flow, investments in these subsidiaries are not impaired for the years ended December 31, 2016 and 2015. The principal assumptions made in determining the estimated recoverable amount (value in use) include the Company's pre-tax weighted average cost of capital (WACC) and pre-tax cash flow long-term growth rate in 2016 and 2015.

9. Property, Plant and Equipment

Movements in this account are as follows:

	2016							
	Building	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and equipment	Fishing Vessels	Total
Cost								
Balance at beginning of year	$1,346,550	$141,213	$2,460,355	$288,601	$213,919	$45,647	$14,412,664	$18,909,549
Additions	14,076	–	185,754	49,740	195,081	–	–	444,651
Disposals	–	–	–	(50,853)	–	–	–	(50,853)
Reclassification	–	–	–	–	–	–	(14,412,664)	(14,412,664)
Balance at end of year	1,360,626	141,213	2,646,709	287,488	409,000	45,647	–	4,890,683
Accumulated Depreciation and Amortization								
Balance at beginning of year	280,766	1,652	1,027,132	138,566	163,528	30,001	484,192	2,125,837
Depreciation and amortization	78,469	535	185,987	38,158	60,048	15,410	–	378,607
Disposals	–	–	–	(50,853)	–	–	–	(50,853)
Reclassification	–	–	–	–	–	–	(484,192)	(484,192)
Balance at end of year	359,235	2,187	1,213,119	125,871	223,576	45,411	–	1,969,399
Allowance for Impairment								
Balance at beginning of year	–	–	101,406	–	–	–	13,614,152	13,715,558
Provision	–	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–	(13,614,152)	(13,614,152)
Balance at end of year	–	–	101,406	–	–	–	–	101,406
Carrying Amount	$1,001,391	$139,026	$1,332,184	$161,617	$185,424	$236	$–	$2,819,878

	2015							
	Building	Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and equipment	Fishing Vessels	Total
Cost								
Balance at beginning of year	$1,823,628	$87,281	$2,277,038	$548,346	$147,779	$28,011	$8,497,760	$13,009,843
Additions	42,493	137,463	202,908	53,485	56,215	17,636	–	510,200
Disposals	(19,571)	(83,531)	–	(313,230)	(90,075)	–	–	(506,407)
Reclassifications	–	–	(18,991)	–	–	–	5,914,904	5,895,913
Balance at end of year	1,846,550	141,213	2,460,955	288,601	213,919	45,647	14,412,664	18,909,549
Accumulated Depreciation and Amortization								
Balance at beginning of year	220,215	84,647	837,912	352,671	166,982	14,126	484,192	2,180,745
Depreciation and amortization	76,810	536	189,220	19,527	59,258	15,875	–	361,226
Disposals	(16,259)	(83,531)	–	(233,632)	(62,712)	–	–	(416,134)
Balance at end of year	280,766	1,652	1,027,132	138,566	163,528	30,001	484,192	2,125,837
Allowance for Impairment								
Balance at beginning of year	–	–	–	–	–	–	7,792,307	7,792,307
Provision	–	–	101,406	–	–	–	5,821,845	5,923,251
Balance at end of year	–	–	101,406	–	–	–	13,614,152	13,715,558
Carrying Amount	$1,065,784	$139,561	$1,332,417	$150,035	$50,391	$15,646	$314,320	$3,068,154

Transportation equipment with net carrying value of $58,295 as at December 31, 2016 are held as collateral to long-term loans (see Note 12).

As discussed in Note 1, the Company has incurred continuing losses. The Company reviewed the recoverable amounts of these assets based on value in use by projecting cash flow covering a period of five years. Management determined the projected cash flows based on past performance, existing contracts and expectations on market development such as average price per full container load and revenue growth range. A determined WACC was used to discount the cash flows. Management has concluded that no impairment losses have to be recognized.

The Company provided an allowance for impairment loss of $0.10 million in 2015 ($7.79 million in 2014) on its property, plant and equipment (mainly for fishing vessels) (see Notes 18 and 19) because of the discontinuance of the Company's fishing operations. Allowance for impairment loss amounted to $0.10 million and $13.72 million as at December 31, 2016 and 2015, respectively. In 2015, the resulting carrying amount of the fishing vessels represents the estimated scrap value of the assets.

In 2016, the carrying amount of fishing vessels amounting to $0.31 million was reclassified to "Other noncurrent assets" as these are no longer used in operations (see Note 10).

In 2015, the Company recovered two of the fishing vessels it previously sold to WCFI because of losses sustained by WCFI. The receivable from the sale of these fishing vessels at $6.38 million in 2013 was provided with an allowance for impairment loss of $6.28 million in 2014. When the Company recovered the two vessels at a carrying amount of $5.91 million, it reversed allowance for impairment (recovery) of $5.82 million in 2015 but recognized a provision for impairment loss on the fishing vessels at the same amount in the same year (see Note 10). Effectively, the Company did not recognize any gain or loss from this transaction in 2015.

Gain on disposal of property, plant and equipment amounted to $3,589 and nil in 2016 and 2015 ($899 in 2014), respectively (see Note 19).

The depreciation and amortization charged to operations are as follows:

	Note	2016	2015	2014
Cost of goods sold	17	$312,617	$301,968	$283,431
Selling and administrative expenses	18	65,990	59,258	270,544
		$378,607	$361,226	$553,975

The cost of fully depreciated property, plant and equipment still used in Company's operations amounted to $241,823 in 2016.

10. Other Noncurrent Assets

This account consists of:

	Note	2016	2015
Receivable from WCFI	13	$2,182,863	$2,182,863
Refundable lease deposits	22	1,613,428	1,631,975
Input VAT		407,825	288,286
Idle assets	9	314,320	–
Investments in joint ventures		280,243	280,243
		4,798,679	4,383,367
Less allowance for impairment losses		2,777,426	2,463,106
		$2,021,253	$1,920,261

Receivable from WCFI

Receivable from WCFI includes receivable from the sale of three fishing vessels and advances for fish purchases. These were provided with impairment losses of $8.00 million in 2014 because of losses sustained by WCFI. WCFI ceased operation in the same year. In 2013, the Company sold three fishing vessels with an aggregate carrying amount of $6.30 million to WCFI for a total consideration of $6.38 million, resulting in a gain of $71,497. In 2015, the Company reversed the receivable of $5.82 million from WCFI when the Company recovered two of the vessels. Accordingly, the related allowance for impairment losses of $5.82 million was also reversed (see Note 9).

Movements in this account are as follows:

	Note	2016	2015
Gross amount of receivable from WCFI:			
At beginning of year		$2,182,863	$8,097,767
Reversal	9	–	(5,914,904)
At end of year		2,182,863	2,182,863
Allowance for impairment losses:			
At beginning of year		2,182,863	8,004,708
Reversal	19	–	(5,821,845)
At end of year		2,182,863	2,182,863
		$–	$–

Idle Assets

Idle assets pertain to fishing vessels reclassified to noncurrent assets as they are no longer used in the Company's operations. In 2016, provision for impairment loss amounting to $314,320 was recognized, based on management's estimate of the recoverable amount.

Investments in Joint Ventures

Details are as follows:

	2016	2015
FDCP, Inc. (FDCP)	$240,964	$240,964
WCFI	39,279	39,279
	280,243	280,243
Allowance for impairment loss	(280,243)	(280,243)
	$–	$–

FDCP. FDCP is engaged in manufacturing and wholesale of tin cans. The Company has 40% ownership interest in FDCP. FDCP ceased manufacturing operations in September 2015. The Company provided impairment loss of $0.24 million in 2015 on its investment in FDCP (see Note 18). In November 2016, FDCP increased its capital stock by 7,500,000 common shares at ₱1.00 par value a share. The Company did not subscribe to the additional shares, thereby resulting to a reduction in ASFII's ownership from 40% to 25%. Management believes that the Company retains joint control in FDCP.

WCFI. WCFI is an entity primarily engaged in commercial fishing within and outside Philippine waters and in the high seas. The Company has 40% ownership interest in WFCI. The Company provided impairment loss of $39,279 in 2014 on its investment in WCFI when WCFI ceased operation on December 31, 2014 (see Note 18).

Refundable Lease Deposits

Refundable lease deposits pertain to lease deposits made to AMHI. Interest income on lease deposit amortization amounted to $68,520 and $68,448 in 2016 and 2015 ($67,437 in 2014), respectively (see Note 19).

Allowance for Impairment Losses

This account consists of:

	Note	2016	2015
Receivable from WCFI		$2,182,863	$2,182,863
Investments in joint ventures		280,243	280,243
Idle assets	9	314,320	–
		$2,777,426	$2,463,106

Movements in allowance for impairment on other noncurrent assets are as follows:

	Note	2016	2015
Balance at beginning of year		$2,463,106	$8,043,987
Provision	18	314,320	240,964
Reversal	19	–	(5,821,845)
		$2,777,426	$2,463,106

11. Trade and Other Payables

This account consists of:

	Note	2016	2015
Trade payables:			
Third parties		$1,935,165	$1,131,747
Related parties	13	684,390	300,957
Accrued expenses		1,001,982	1,557,018
Customers' deposits		195,398	32,708
Statutory payable		50,703	40,389
		$3,867,638	$3,062,819

Credit term for purchases of goods averages 19 days. No interest is charged on payables that have exceeded credit terms.

Details of accrued expenses are as follows:

	2016	2015
Professional fees	$315,696	$452,745
Freight	122,478	99,259
Rental	118,999	344,176
Interest	90,595	140,941
Salaries and wages	76,185	40,438
Short-term employee benefits	44,383	64,989
Others	233,646	414,470
	$1,001,982	$1,557,018

Others consist of accruals for foreign travel expenses, utilities, security services, commission and customers' claims.

12. Loans Payable

Details of the Company's loans payable are as follows:

Short-term Loans

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

	Currency	Nominal Interest Rate	2016	2015
Local banks	USD	2.50% to 4.40%	$14,967,021	$8,566,112
	PHP	4.00% to 5.80%	–	4,639,069
Investment banks	PHP	4.60%	3,077,233	4,515,965
	USD	4.25% to 4.60%	2,700,000	2,700,000
			$20,744,254	$20,421,146

The loans from local banks pertain to working capital loans and availments of revolving facilities in the form of export packing credit, export bills purchase, import letters of credit and trust receipts.

Loans of $12.47 million as at December 31, 2016 are secured by the Company's trade receivables and inventories as follows:

	Note	Amount
Trade receivables	5	$3,589,400
Inventories	6	2,750,488
		$6,339,888

The Company is required to maintain the following financial ratios as covenants for a USD loan of $2.30 million as at December 31, 2016 from a local bank:

- Current ratio equal or greater than 1.5 times
- Debt to equity ratio of equal or less than 3 times
- Total bank interest coverage ratio not less than 3

As at December 31, 2016 and 2015, the Company did not meet the current and debt to equity ratios. The short-term loan, however, was settled in January 2017.

Long-term loans

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

	Currency	Nominal interest rate	Year of maturity	2016	2015
Local bank	PHP	5.50%	2017	$–	$2,367,359
Local bank	PHP	9.05%	2018	9,188	37,279
Local bank	USD	9.49%	2021	20,409	–
Local bank	USD	9.59%	2021	19,483	–
				49,080	2,404,638
Less current portion of long-term loans				15,367	636,900
				$33,713	$1,767,738

Pre-terminated Loan. In 2016, the Company pre-terminated the 2-year loan, payable in 2017 amounting to $2.37 million.

Loan Security. As at December 31, 2016, loans amounting to $49,080 are secured by chattel mortgage on transportation equipment with carrying amount of $58,295 (see Note 9).

Schedules of Payments

These are summarized below:

Year	Amount
2017	$15,367
2018	9,672
2019 – 2021	24,041
	$49,080

Interest Expense

Interest expense arising from borrowings follows:

	Note	2016	2015	2014
Short-term loans		$536,054	$674,158	$673,584
Long-term loans		66,841	144,072	221,919
Due to related parties	13	20,682	104,032	19,691
Mortgage loan		3,606	6,107	11,010
		$627,183	$928,369	$926,204

13. Related Party Transactions

The Company, in the normal course of business, has regular transactions with its related parties as summarized below:

Related Party	Note	Amount of Transaction 2016	Amount of Transaction 2015	Outstanding Balance 2016	Outstanding Balance 2015
Trade and Other Receivables					
FDCP	5	$–	$111,606	$31,080	$31,080
Due from Related Parties					
PTIAFI		$2,818,932	$3,045,982	$8,745,461	$6,468,331
BGB		1,455,776	1,840,394	4,058,876	5,731,659
AMHI		235,383	298,558	593,684	454,793
Akaroa		172,387	137,600	406,859	402,507
FDCP		234,089	–	234,089	–
Spence		433,853	310,491	100,000	27,547
				$14,138,969	$13,084,837
Other Noncurrent Assets	10				
WCFI		$–	$–	$2,182,863	$2,182,863
AMHI		–	–	1,613,428	1,631,975
Allowance for Impairment losses		–	–	(2,182,863)	(2,182,863)
				$1,613,428	$1,631,975

Related Party	Note	Amount of Transaction 2016	Amount of Transaction 2015	Outstanding Balance 2016	Outstanding Balance 2015
Trade and Other Payables	11				
AMHI		$421,546	$–	$421,546	$–
FDCP		–	2,993,216	262,844	300,957
				$684,390	$300,957
Due to Related Parties					
Spence		$1,702,666	$1,900,000	$1,001,333	$1,000,000
Parent Company		–	2,464,544	–	–
				$1,001,333	$1,000,000

Trade Receivable and Trade Payable. The Company purchased some of its tin can requirements from FDCP. Trade payable to AMHI pertains to unpaid rentals. These trade accounts which resulted from these transactions are non-interest bearing and are normally settled within a year.

Due from Related Parties. The Company has advances to its related parties for working capital requirements. These receivables (excluding FDCP) are working capital advances that are non-interest bearing and payable on demand. The receivable from FDCP pertains to return of purchased tin cans. FDCP ceased operations in 2015.

Other Noncurrent Assets. The receivable from AMHI and WCFI resulted from a long-term lease contract (see Note 22) and sale of fishing vessels (see Note 10), respectively.

Due to Related Parties. The payable to Spence pertaining to working capital advances are subject to 0.4% interest per annum and payable in November 2017. Due to Parent Company is an availment of a loan facility with interest rate of 6.5% secured by purchase orders equivalent to the loan amount. This loan facility is solely for tuna fish purchases and paid in 2015.

Interest Expense. Interest expense amounted to $20,682 and $104,032 in 2016 and 2015 ($19,691 in 2014), respectively (see Note 12).

Management Fee. The Company has a management agreement with Spence. Management fees amounted to $0.40 million and $0.30 million in 2016 and 2015 (and $0.30 million in 2014), respectively. The outstanding balance is due on demand and non-interest bearing (see Note 19).

Remuneration of Key Management Personnel. The remuneration of the key management personnel of the Company is set out below in aggregate as:

	2016	2015	2014
Short-term employee benefits	$504,165	$436,492	$537,003
Post-employment benefits	39,581	16,541	29,081
	$543,746	$453,033	$566,084

14. Net Retirement Benefit Obligation

The Company valued its defined benefit obligation using projected unit credit method by the service of an independent actuary and accrues retirement benefit expense for its qualified employees. The Company has a trust agreement with a local bank, establishing the Company's retirement plan.

The most recent actuarial valuation was carried out at December 31, 2016 by independent actuary. The present value of the defined benefit obligation and the related current service cost was measured using projected unit credit method.

Retirement benefit costs recognized in the separate statement of comprehensive income in respect of this defined benefit plan are as follows (see Note 18):

	2016	2015	2014
Service cost:			
Current service cost	$70,049	$54,246	$68,137
Settlement loss	–	–	50,708
Net interest expense	17,094	17,076	27,129
Retirement costs recognized in profit or loss	$87,143	$71,322	$145,974

The amounts included in the seperate statement of financial position arising from the Company's obligations in respect of its retirement benefit obligation are as follows:

	2016	2015
Present value of defined benefit obligation	$187,475	$360,463
Fair value of plan assets	(41,636)	(11,991)
	$145,839	$348,472

Movements in the present value of defined benefit obligations are as follows:

	2016	2015
Balance at beginning of year	$360,463	$414,298
Current service cost	70,049	54,246
Interest cost	17,682	17,284
Retirement liability reclassified to payable	(46,451)	–
Benefits paid:		
From operations	(38,833)	–
From plan assets	(10,102)	(18,381)
Remeasurement losses (gains):		
Actuarial gains arising from experience adjustments	(114,936)	(101,163)
Actuarial gains and losses arising from changes in financial assumptions	(37,020)	16,463
Unrealized foreign exchange gain	(13,377)	(22,284)
Balance at end of year	$187,475	$360,463

Movements on the fair value of plan assets are as follows:

	2016	2015
Balance at beginning of year	$11,991	$4,975
Interest income	588	208
Employer contribution	42,403	33,738
Benefits paid	(10,102)	(18,381)
Loss on plan assets	(916)	(8,549)
Unrealized foreign exchange loss	(2,328)	-
Balance at end of year	$41,636	$11,991

The analysis of the fair value of plan assets at the reporting dates is as follows:

	2016	2015
Cash and cash equivalents	$107	$9,801
Debt instruments	41,585	2,243
Fees payables	(6)	(52)
Withholding taxes payable	(50)	(1)
	$41,636	$11,991

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2016	2015	2014
Discount rate	5.25%	4.94%	4.41%
Expected rate of salary increases	4.00%	5.00%	4.00%

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2016	2015
1% increase in the discount rate	($22,013)	($33,276)
1% decrease in the discount rate	26,220	39,642
1% increase in the salary increase rate assumption	26,308	39,026
1% decrease in the salary increase rate assumption	(22,624)	(33,722)
10% improvement in employee turnover	2,984	4,400
10% increase in employee turnover	(2,984)	(4,400)

The cumulative remeasurement gains (losses) on retirement liability recognized in equity follows:

	Accumulated Remeasurement Gain (Loss)	Deferred Tax	Net
Balance as at January 1, 2016	($45,950)	$13,785	($32,165)
Remeasurement gain	151,040	(45,312)	105,728
Balance as at December 31, 2016	$105,090	($31,527)	$73,563

	Accumulated Remeasurement Gain (Loss)	Deferred Tax	Net
Balance as at January 1, 2015	($177,427)	$53,228	($124,199)
Remeasurement loss	131,477	(39,443)	$92,034
Balance as at December 31, 2015	($45,950)	$13,785	($32,165)

	Accumulated Remeasurement Gain (Loss)	Deferred Tax	Net
Balance as at January 1, 2015	($250,713)	$75,214	($175,499)
Remeasurement loss	73,286	(21,986)	51,300
Balance as at December 31, 2015	($177,427)	$53,228	($124,199)

The average duration of the benefit obligation is 18 years and 16 years on December 31, 2016 and 2015, respectively. These numbers pertain to active employees.

15. Equity

Capital Stock

This account consists of:

	2016		2015	
	Shares	Amount	Shares	Amount
Authorized				
Ordinary shares of ₱1 par value				
Balance at beginning of year	3,000,000,000	₱3,000,000,000	1,500,000,000	₱1,500,000,000
Increase in authorized capital stock	–	–	1,500,000,000	1,500,000,000
Balance at end of year	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000
Issued and outstanding				
Balance at beginning of year	2,500,000,000	$53,646,778	1,500,000,000	$32,238,544
Additional issuances	–	–	1,000,000,000	21,408,234
Total issued and fully paid	2,500,000,000	$53,646,778	2,500,000,000	53,646,778
Treasury shares	(287,537)	(5,774)	(287,537)	(5,774)
Balance at end of year	2,499,712,463	$53,641,004	2,499,712,463	$53,641,004

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

	Subscriber	Issue/Offer Price	Registration/Issue Date	Number of Shares Issued
Initial public offering	Various	₱1.35	November 8, 2006	535,099,610
Stock dividends	Various	–	December 17, 2007	64,177,449
Stock rights offer (SRO)	Various	1.00	July 25, 2011	272,267,965
Stock dividends	Various	–	January 25, 2012	137,500,000
Private placement	Various	1.60	December 14, 2012	60,668,750
Private placement	Strongoak Inc.	1.31	May 5, 2014	430,286,226
SRO	Various	–	October 28, 2015	1,000,000,000
				2,500,000,000

On May 5, 2014, the Company's BOD approved the issuance of 430,286,226 shares to Strongoak Inc. in a private placement for a 28.69% share of the Company's total outstanding shares. The subscription price was ₱1.31 a share at a 33% premium on the 30-day weighted average price for the period. The issuance of shares resulted in an increase in share capital and additional paid-in capital amounting to $9.66 million and $2.95 million, respectively.

On February 17, 2015, the BOD approved the increase in the Company's authorized capital stock from ₱1.50 billion divided into 1.50 billion shares to ₱3.00 billion divided into 3.00 billion shares at ₱1.00 par value a share. The same resolution was approved by the stockholders in their meeting on March 31, 2015. The increase in capital stock was approved by the SEC on October 28, 2015.

In the same meeting, the BOD also approved the stock rights offering of up to 1.0 billion shares at ₱1.00 par value a share by way of pre-emptive rights offering to eligible existing common shareholders of the Company at the proportion of 1 rights offer for every one and ½ existing common shares held as of record date.

Strongoak Inc. acquired 952,479,638 shares of the Company at par value arising from the increase in authorized capital stock and stock rights offering by way of pre-emptive rights, such increase was approved by the SEC on October 28, 2015. This resulted in Strongoak Inc. owning a total of 1,382,765,864 shares, representing 55.32% of the total issued and outstanding shares of the Company.

As at December 31, 2016 and 2015, additional paid-in capital amounted to $6.66 million.

The total number of shareholders is 256 and 252 as at December 31, 2016 and 2015, respectively.

16. Revenue

This account consists of:

	2016	2015	2014
Sales of canned goods	$28,938,265	$32,434,173	$34,287,599
Sales of fishmeal	2,173,206	2,240,609	2,868,061
	31,111,471	34,674,782	37,155,660
Less sales returns	–	265,186	825,492
	$31,111,471	$34,409,596	$36,330,168

17. Cost of Goods Sold

This account consists of:

	Note	2016	2015	2014
Materials used		$25,304,886	$22,700,411	$29,170,880
Direct labor		2,236,410	1,997,165	2,348,301
Manufacturing overhead:				
Warehousing		1,113,311	1,031,855	984,891
Fishmeal		764,228	820,499	1,180,603
Rental	22	662,944	500,800	540,994
Fuel		632,782	593,251	1,154,403
Depreciation and amortization	9	312,617	301,968	283,431
Light and water		277,811	187,738	223,246
Others		588,872	1,339,697	1,567,243
Total manufacturing costs		31,893,861	29,473,384	37,453,992
Finished goods, beginning	6	3,913,443	7,715,605	4,997,365
Total cost of goods manufactured		35,807,304	37,188,989	42,451,357
Finished goods, ending	6	(3,818,280)	(3,913,443)	(7,715,605)
		$31,989,024	$33,275,546	$34,735,752

Other manufacturing overhead consists of indirect labor, repairs and maintenance, outside services and insurance among others.

18. Selling and Administrative Expenses

This account consists of:

	Note	2016	2015	2014
Salaries, wages and other benefits		$1,130,481	$935,813	$859,122
Outside services		345,328	856,803	491,888
Impairment loss on other noncurrent assets	10	314,320	240,964	39,279
Provision for inventory obsolescence	6	267,059	3,441,498	2,282,646
Transportation and travel		203,930	146,264	193,004
Representation and entertainment		153,659	122,103	196,538
Business development		89,505	59,019	51,922
Retirement benefit	14	87,143	71,322	145,974
Taxes and licenses		237,636	438,309	194,603
Security fees		77,134	68,282	–
Insurance		76,085	82,292	66,051
Depreciation and amortization	9	65,990	59,258	270,544
Utilities and communication		62,647	71,327	51,403
Rental	22	59,177	116,693	145,961
Fuel and oil		43,231	112,099	27,060
Provision for doubtful accounts	5	42,925	123,651	8,298,283
Buyer's claims		25,407	624,919	375,602
Materials and supplies		18,014	34,710	36,352
Impairment loss on property, plant and equipment	9	–	101,406	7,792,307
Repairs and maintenance		–	55,825	21,959
Others		167,489	275,139	304,588
		$3,467,160	$8,037,696	$21,845,086

19. Other Income (Charges)

This account consists of:

	Note	2016	2015	2014
Management fee	13	$400,000	$300,000	$300,000
Foreign exchange gain		108,584	220,463	93,819
Bank charges		(82,810)	(91,734)	(99,468)
Interest income from cash and cash equivalents	4	76,692	99,275	33,729
Interest income from accretion of refundable lease deposits	10	68,520	68,448	67,437
Gain on disposal of property, plant and equipment	9	3,589	–	899
Loss on disposal of investment	8	–	(599,487)	–
Reversal of allowance for impairment on other noncurrent assets	10	–	5,821,845	–

(Forward)

	Note	2016	2015	2014
Provision for impairment loss on fishing vessel	9	$–	($5,821,845)	$–
Reversal of allowance for inventory obsolescence		–	368,294	–
Commission		–	–	424,010
Rental income from WCFI and BGB		–	–	4,547
Dividend income		–	–	800,000
Others		114,209	(288,799)	–
		$688,784	$76,460	$1,624,973

The dividend income amounting to $0.80 million in 2014 was received from Spence. The cash dividends were declared on November 24, 2014.

Others pertain mainly to sale of scrap materials and duty rebates in 2016.

20. Employee Benefits

This account consists of:

	Note	2016	2015	2014
Short-term employee benefits		$3,143,395	$3,067,058	$3,405,838
Post-employee benefits	14	87,143	71,322	145,974
		$3,230,538	$3,138,380	$3,551,812

21. Loss Per Share

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

	2016	2015	2014
Loss for the year	($3,984,937)	($7,220,431)	($13,702,239)
Weighted average number of ordinary shares outstanding	2,499,712,463	1,677,794,655	1,353,533,033
	($0.00159)	($0.00430)	($0.01012)

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury shares.

As at December 31, 2016 and 2015 (and 2014), the Company has no dilutive potential share; hence, the basic loss per share are equal to the diluted loss per share.

22. Significant Agreements

Operating Lease Agreements

A number of operating lease agreements were entered into by the Company:

Plant. On January 25, 2013, a long-term lease contract was executed between the Company and AMHI. The term shall be for a period of five years from January 1, 2013 until December 31, 2017, renewable every five years thereafter, upon terms and conditions mutually agreeable to the parties. Based on the contract, the rental fee shall be $56,572, subject to an annual escalation of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. In addition, the Company shall pay an amount equivalent to 36 months rental of $1.63 million as security deposit.

Head Office. The Company leased its head office space from Dominion Property Holdings, Inc. with a monthly rental of $3,688 for a period of three years, commencing on August 16, 2016 to August 15, 2018 renewable by mutual agreement by both parties.

Refundable lease deposits amounted to $1.61 million and $1.63 million as at December 31, 2016 and 2015, respectively (see Note 10).

Rental expenses charged to operations in relation to the lease agreements are as follows:

	Note	2016	2015	2014
Cost of goods sold	17	$662,994	$500,800	$540,994
Selling and administrative expenses	18	59,177	116,693	145,961
		$722,171	$617,493	$686,955

As at December 31, 2016, the Company's minimum lease payments under noncancellable operating leases follows:

	2016	2015
Not later than one year	$597,097	$597,097
Later than one year but not later than five years	872,700	1,469,797
	$1,469,797	$2,066,894

23. 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. Part of the goal is to educate families about health and nutrition, so that they could sustain the progress children have made every school year. As of December 31, 2016, eight hundred ninety two (892) students benefited from this program and has helped reduced the rate of students dropping out and improved their academic performance.

24. Income Taxes

Current Tax

The Company's current income tax expense represents minimum corporate income tax (MCIT) amounting to $420 and $35,221 in 2016 and 2015 ($69,260 in 2014), respectively.

Deferred Tax

The components of the Company's deferred tax assets and deferred tax liability as at December 31, 2016 and 2015 are as follows:

	2016	2015
Deferred tax assets		
Allowance for impairment loss on:		
Property, plant and equipment	$4,208,964	$4,114,667
Inventories	417,244	760,572
Receivables	185,362	172,628
Other noncurrent assets	738,932	738,932
NOLCO	1,993,774	1,438,247
Rental payable	126,464	28,870
Retirement liability	43,752	104,542
Accrued expenses	17,250	–
MCIT	420	104,481
	7,732,162	7,462,939
Deferred tax liability		
Unrealized foreign exchange gain	17,748	1,808
	$7,714,414	$7,461,131

The details of the Company's NOLCO, which can be claimed as deduction from future taxable income, are as follows:

Inception Year	Amount	Expired/Applied	Balance	Expiry Year
2016	$4,876,913	$–	$4,876,913	2019
2015	3,916,364	–	3,916,364	2018
2014	877,793	–	877,793	2017
2013	2,339,387	(2,339,387)	–	2016
	$12,010,457	$2,339,387	$9,671,070	

The details of the Company's MCIT, which can be claimed as deduction from future income tax liability, are as follows:

Inception Year	Amount	Expired/Applied	Balance	Expiry Year
2016	$420	$–	$420	2019
2015	35,221	–	35,221	2018
2014	69,260	–	69,260	2017
2013	52,786	(52,786)	–	2016
	$157,687	($52,786)	$104,901	

The Company did not recognize the following deferred tax assets since the management believes that future taxable income will not be available to allow all or part of the deferred assets to be utilized:

	2016	2015
NOLCO	$907,547	$701,816
Excess of MCIT over RCIT	104,481	52,786
	$1,012,028	$754,602

The Company has assessed that with the new strategic plan being implemented to turn-around the business, the Company will generate enough taxable income to utilize the total deferred tax assets of $7,732,162 and $7,462,939 as at December 31, 2016 and 2015, respectively.

The reconciliation of income tax benefit computed at the statutory income tax rate and at effective income tax rate follows:

	2016	2015	2014
Income tax benefit computed at statutory tax rate	($1,284,934)	($2,326,667)	($5,865,570)
Derecognition of deferred tax assets	1,012,028	1,411,069	-
Income tax effect of expenses that are non-deductible:			
Interest expense	18,152	12,410	-
Impairment loss	-	418,381	11,784
Unallowable representation expense	-	-	25,770
Expenses exempt from tax	-	-	4,098
Excess depreciation expense	-	-	3,496
Income tax effect of income that are non-taxable:			
Interest income already subjected to final tax	(23,008)	(50,317)	(9,950)
Interest income from accretion of refundable lease deposit	(20,556)	-	-
Income exempt from taxation	-	-	(20,227)
Effect of foreign exchange gain	143	-	938
	($298,175)	($535,124)	($5,849,661)

25. Fair Value of Financial Assets and Liabilities

The table below presents the carrying amounts and fair value of the Company's financial assets and financial liabilities as at December 31, 2016 and 2015.

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	$4,186,918	$4,186,918	$14,829,053	$14,829,053
Trade and other receivables	3,695,787	3,695,787	2,555,226	2,555,226
Due from related parties	14,138,969	14,138,969	13,084,837	13,084,837
Refundable lease deposits	1,613,428	1,613,428	1,631,975	1,631,975
	$23,635,102	$23,635,102	$32,101,091	$32,101,091
Financial Liabilities				
Trade and other payables*	$3,816,935	$3,816,935	$3,022,430	$3,022,430
Loans payable	20,793,334	20,793,334	22,825,784	22,825,784
Due to related parties	1,001,333	1,001,333	1,000,000	1,000,000
	$25,611,602	$25,611,602	$26,848,214	$26,848,214

** Excluding statutory payable*

Due to the short-term maturities of cash and cash equivalents, trade and other receivables, due from related parties, and trade and other payables, their carrying amounts approximate their fair values. These financial assets and liabilities are classified under Level 3 of the fair value hierarchy groups of the financial statements.

The fair value of the loans payable and refundable lease deposits is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. There were no significant unobservable inputs identified and no relationship was established between the unobservable inputs and the fair value of the loans payable and refundable lease deposits. These financial assets and liabilities are classified under Level 3 of the fair value hierarchy groups of the financial statements.

The amounts due to related parties are measured at cost since there is no reliable market data to which the fair value can be obtained. Management assesses that their carrying amounts approximate their fair values. There were no significant unobservable inputs identified and no relationship was established between the unobservable inputs and the fair value of due to related parties. These financial assets and liabilities are classified under Level 3 of the fair value hierarchy groups of the financial statements.

The fair value hierarchy groups the financial assets and liabilities into Levels 1 to 3 based on the degree to which the fair value is observable.

There were no transfers among levels in 2016 and 2015.

26. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise mainly of cash and cash equivalents, trade and other receivables, due from related parties, refundable lease deposits, trade and other payables (excluding statutory payable), loans payable and due to related parties. The main purpose of these financial instruments is to finance the Company's operations.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Company's BOD and management review and approve the policies for managing each of the risks summarized below.

Credit Risk

Credit risk is the risk that the counterparty fails to fulfill its obligations to the Company. Counterparty such as banks and customer who pay on or before due date have minimum risk exposure since default in settling its obligations is remote. The Company deals only with reputable banks and customer to limit this risk.

The table below shows the gross maximum exposure to credit risk for the components of the Company's seperate statement of financial position before taking into consideration collateral and other credit enhancements:

	2016	2015
Cash in banks and cash equivalents	$4,186,918	$14,819,041
Trade and other receivables	3,695,787	2,555,226
Due from related parties	14,138,969	13,084,837
Refundable lease deposits	1,613,428	1,631,975
	$23,635,102	$32,091,079

As at December 31, 2016 and 2015, the aging analysis of the Company's financial assets is as follows:

	2016					
	Neither Past Due nor Impaired	Past Due Account but not Impaired: 1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks and cash equivalents	$4,184,121	$-	$-	$-	$-	$4,184,121
Trade and other receivables	3,602,710	146,243	-	-	564,706	4,313,659
Due from related parties	14,138,969	-	-	-	-	14,138,969
Refundable lease deposits	1,613,428	-	-	-	-	1,613,428
	$23,539,228	$146,243	$-	$-	$564,706	$24,250,177

	2015					
	Neither Past Due nor Impaired	Past Due Account but not Impaired			Impaired Financial Assets	Total
		1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days		
Cash in banks and cash equivalents	$14,819,041	$–	$–	$–	$–	$14,819,041
Trade and other receivables	1,998,545	495,700	51,200	9,780	575,424	3,130,649
Due from related parties	13,084,837	–	–	–	–	13,084,837
Refundable lease deposits	1,631,975	–	–	–	–	1,631,975
	$31,534,398	$495,700	$51,200	$9,780	$575,424	$32,666,502

As at December 31, 2016 and 2015, the amount of cash in banks and cash equivalents, trade and other receivables, due from related parties, refundable lease deposits are neither past due nor impaired and were classified as *"High Grade"*. The credit quality of such loans and receivables is managed by the Company using the internal credit quality ratings as follows:

High Grade. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

Standard Grade. Other financial assets not belonging to high grade financial assets are included in this category.

<u>Interest Rate Risk</u>

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 Company's interest rate risk relates to debt instruments such as bank and mortgage loans. The interest rates on these liabilities are disclosed in Note 12 to the separate financial statements.

The Company 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 Company.

Bank and mortgage loans amounting to $20.79 million and $22.83 million as at December 31, 2016 and 2015, respectively, agreed at interest rates ranging from approximately 4% to 11% for bank loans and 9.2% per annum for mortgage loans; expose the Company to fair value interest rate risk. The Company has no variable interest rate.

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 years ended December 31, 2016 and 2015 is an increase or a decrease of $103,721 and $118,315, respectively.

This is mainly attributable to the Company's exposure to interest rates on its fixed interest borrowings.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Company's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;

b. To meet commitments as they arise without recurring unnecessary costs; and

c. To be able to assess funding when needed at the least possible cost.

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal.

	2016			
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*	Nil	$3,816,935	$–	$3,816,935
Loans payable	2.50% – 9.59% p.a	20,978,372	47,924	21,026,296
Due to a related party	0.4% p.a	1,005,338	–	1,001,333
		$25,800,645	$47,924	$25,844,564

Excluding statutory payable

	2015			
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*		$3,023,907	$–	$3,023,907
Loans payable	3.95% - 9.05% p.a	21,058,046	1,870,897	22,928,943
Due to a related party	0.4% p.a	1,004,000	–	1,000,000
		$25,085,953	$1,870,897	$26,952,850

Excluding statutory payable

The Company monitors capital using debt-to-equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as at December 31, 2016 and 2015 follows:

	2016	2015
Debt	$25,825,892	$27,238,883
Equity	37,848,082	41,727,291
Debt-to-Equity Ratio	0.68:1	0.65:1

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is 32% as at December 31, 2016 and 2015.

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 Three Months Ended March 31, 2017

(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 **March 31, 2017**
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	**2,499,712,463 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 three months ended March 31, 2017 (with comparative figures as at December 31, 2016 and for the period ended March 31, 2016) 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 three months ended March 31, 2017 with comparative figures as at December 31, 2016 and for the period ended March 31, 2016, as appropriate.

The table below shows the comparisons of key operating results for the three months period ended March 31, 2017 versus the same period in 2016.

In USD'000	For the Three Months Ended March 31	
	2017	2016
Revenue – net	16,819	14,738
Gross Profit	1,908	2,351
Gross Profit Margin	*11%*	*16%*
Selling and Administrative Expenses	1,520	1,626
Other Income	76	353
Other Expenses	57	44
Finance Costs	199	242
Income Before Tax	208	791
Income Tax Expense	81	272
Income for the Period	127	519
Attributable to:		
Equity holders of the parent	90	514
Non-controlling interest	37	6
	127	519

Results of operations
Three months ended March 31, 2017 versus March 31, 2016

- The Group's consolidated net revenues of $ 16.8 million for the first quarter of 2017 were 15% higher than the revenues of $ 14.7 million for the first quarter of 2016. The revenue increase is driven by growth in most of the subsidiaries. ASFI's revenue increased by 20% as prices were matched to the general increase of global tuna prices, coupled with an increase in volume. Notable as well was the growth from Akaroa due to the continued growth of sales to its exports markets. These were however offset by a decrease in the sales for PT IAFI due to the continued struggle with fish sourcing in the region. In the first quarter of 2017, about 60% of total revenues were contributed by tuna and fishmeal products and the remaining 40% were contributed by salmon products similar to their share from last year.

- $ 1.9 million for the first quarter of 2017 were 19% lower than the gross profit of $ 2.4 million for the first quarter of 2016. Gross margin for the total group was lower at 11% compared to 16% of prior year. This is due to the prices of raw materials and the shutdown costs affecting the operations in Indonesia.
- PT IAFI's struggle to contribute revenues and operating profits is similar to the struggle of other tuna canning companies in Indonesia. Indonesian fishing regulations have restricted foreign commercial fishing in Indonesian waters, resulting in higher fish prices and significantly insufficient supply for tuna canneries across Indonesia. While management believes that unconventional sourcing strategies and cost saving initiatives may eventually reverse the financial performance of PT IAFI, it is struggling with fish sourcing and competitiveness in the meantime.
- Selling and Administrative expenses during the period declined by 6% compared to the same period last year primarily due to prudence in spending undertaken by current management.
- Finance costs during the period declined by 18% compared to the same period last year due to the repayment of high cost bank loans. Furthermore, efficient working capital management has also contributed to the decline in Finance costs during the period.

Financial Condition, Liquidity, and Capital Resources
March 31, 2017 vs. December 31, 2016

As part of its initiative to reduce high cost loans, ASFI used its cash to reduce liabilities by $ 1.3 million from $ 27.1 million as at December 31, 2016 to $ 25.8 million as at March 31, 2017. This effectively reduced the group's total assets by 2% or $ 1.2 million from $ 59.9 million as at December 31, 2016 to $ 58.7 million as at March 31, 2017.

The Group had a total liability to equity ratio of 0.76:1 and 0.80:1 as at March 31, 2017 and December 31, 2016, respectively.

Plan of Operation

The Group does not foresee any cash flow or liquidity problem over the next twelve (12) months. It is in compliance with its loan covenant pertaining to debt-to-equity ratio. It 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 of March 31, 2017, there were no other material events or uncertainties known to management that could have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- 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 Group's continuing operations; and
- Seasonal aspects that had a material effect on the financial condition or results of operations.

Explanations for other material changes in the financial statements

Statement of Financial Performance
Three months ended March 31, 2017 versus the same period in 2016.

21% increase in Cost of Goods Sold primarily due to higher year-on-year volume sold, fish prices, and fuel cost.

6% reduction in Selling and Administrative Expenses mainly due to streamlined operations, and organizational structure, as well as prudence in spending by management.

Statement of Financial Position
As at March 31, 2017 versus December 31, 2016

57% decrease in Cash is primarily due to the repayment of high cost bank loans.

27% increase in Trade and other receivables due to higher revenues for the first quarter of 2017 compared to the fourth quarter of 2016.

94% increase in Other current assets is primarily due to prepayments made for non-fish raw materials.
34% increase in Trade and other payables is due to purchases of raw materials during the period.

17% decrease in Short-term loans payable due to settlement of high cost loans.

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:

Liquidity and Solvency	**March 31, 2017**	**December 31, 2016**
Current ratio	0.87	0.87
Debt to equity ratio	0.76	0.80

	For the Three Months Ended March 31	
Profitability	**2017**	**2016**
Revenue growth rate	14.6%	-31.5%
Net profit margin	0.8%	3.5%
Return on average stockholders' equity	0.3%	1.3%

The following defines each ratio:

- Liquidity ratio (expressed in proportion) = current assets / current liabilities
- Debt to equity ratio (expressed in proportion) = total liabilities / total stockholders' equity
- Revenue growth rate (expressed in percentage) = (current year's revenue – previous year's revenue) / previous year's revenue
- Net profit margin (expressed in percentage) = net income attributable to equity holders of parent / net revenues
- Return on average stockholders' equity (expressed in percentage) = net income attributable to equity holders of the parent / average stockholders' equity

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
President and Chief Executive Officer

LISA ANGELA Y. DEJADINA
Senior Vice President for Group Operations

SUBSCRIBED AND SWORN to before me this 12 MAY 2017 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, NCR East	March 16,2020
Lisa Angela Y. Dejadina	Passport-P1427002A	Dec 30, 2016	DFA, NCR East	Dec 29, 2021

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Book No. I
Series of 2017

SAMMY DAVE ABELLAR SANTOS
Notary Public for the Cities of Pasig and San Juan, and Municipality of Pateros, Metro Manila
until December 31, 2018.
Commission No. 45(2017-2018)
Roll of Attorneys No. 63272
PTR No. 2600124/ 1.13.2017/ Pasig City
IBP No. 1057327/1.05.2017
MCLE NO. V-0012594/12.29.2015
Suite 1206, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

SAMMY DAVE A. SANTOS
PASIG
SAN JUAN
TAGUIG
PATEROS
PHILS.
ROLL NO. 63272

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(With Comparative Figures for 2016)

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	7	$3,161,676	$7,396,343
Trade and other receivables	8	8,563,601	6,724,908
Inventories	9	7,640,270	7,953,765
Other current assets	10	2,971,221	1,530,195
Total Current Assets		$22,336,768	$23,605,211
Noncurrent Assets			
Property, plant and equipment	11	17,026,050	17,007,323
Deferred tax assets	26	8,328,418	8,273,039
Goodwill	5	9,502,585	9,502,585
Other noncurrent assets	12	1,467,269	1,473,129
Total Noncurrent Assets		36,324,322	36,256,076
		$58,661,090	$59,861,287
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	$8,134,015	$6,070,258
Loans payable	14	17,337,850	20,830,183
Due to a related party	15	137,590	136,112
Income tax payable		193,956	91,571
Total Current Liabilities		25,803,411	27,128,124
Noncurrent Liabilities			
Loans payable - net of current portion	14	117,713	54,446
Net retirement benefit obligation	16	105,240	184,914
Deferred tax liabilities	26	288,999	289,201
Refundable lease deposits		91,512	92,395
Total Noncurrent Liabilities		603,464	620,956
Total Liabilities		26,406,875	27,749,080
Equity			
Capital stock	17	53,646,778	53,646,778
Additional paid-in capital		6,662,001	6,662,001
Other comprehensive income		959,906	948,999
Deficit		(26,578,773)	(26,669,068)
		34,689,912	34,588,710
Treasury shares	17	(5,774)	(5,774)
Equity attributable to equity holders of the Parent Company		34,684,138	34,582,936
Non-controlling interests		(2,429,923)	(2,470,729)
Total Equity		32,254,215	32,112,207
		$58,661,090	$59,861,287

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED MARCH 31, 2017

(With Comparative Figures for 2016)

	Note	March 31, 2017	March 31, 2016
NET SALES	18	$16,818,518	$14,667,583
COST OF GOODS SOLD	19	(14,910,455)	(12,316,990)
GROSS PROFIT		1,908,063	2,350,593
SELLING AND ADMINISTRATIVE EXPENSES	20	(1,520,242)	(1,625,801)
INTEREST EXPENSE		(198,599)	(241,884)
EQUITY IN NET EARNINGS (LOSSES)			
OTHER INCOME (CHARGES)	21	18,586	307,911
INCOME BEFORE INCOME TAX		207,808	790,819
INCOME TAX EXPENSE	26	81,170	271,516
NET INCOME		126,638	519,303
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		15,371	19,774
TOTAL COMPREHENSIVE INCOME		142,009	539,077
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		$90,295	$513,630
Noncontrolling interests		36,343	5,673
		$126,638	$519,303
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		$101,203	$529,643
Noncontrolling interests		40,806	9,434
		$142,009	$539,077
EARNINGS PER SHARE			
Basic and diluted earnings per share	23	$0.00004	$0.00021

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2017
(With Comparative Figures for 2016)

	Note	March 31, 2017	December 31, 2016	March 31, 2016	December 31, 2015
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
Capital Stock	17				
Balance at beginning of year		$53,646,778	$53,646,778	$53,646,778	$32,238,544
Additional subscription			–	–	21,408,234
Balance at end of year		53,646,778	53,646,778	53,646,778	53,646,778
Additional Paid-in Capital					
Balance at beginning of year		6,662,001	6,662,001	6,662,001	6,768,843
Addition			–	–	–
Stock issue cost			–	–	(106,842)
Balance at end of year		6,662,001	6,662,001	6,662,001	6,662,001
Other Comprehensive Income					
Cumulative Remeasurement on Retirement Obligation	16				
Balance at beginning of year		55,190	(48,352)	(48,352)	(123,446)
Remeasurement gain (loss) on retirement			103,542		75,094
Balance at end of year		55,190	55,190	(48,352)	(48,352)
Revaluation Reserves					
Balance at beginning of year		275	275	275	86,457
Effect of deconsolidation		-	–	–	(71,677)
Share in other comprehensive income(loss) of a joint venture		-	–	–	(14,505)
Balance at end of year		275	275	275	275
Cumulative Translation Adjustment					
Balance at beginning of year		893,534	1,014,581	998,568	354,045
Exchange differences on foreign currency translation		10,907	(121,047)	16,013	644,523
Balance at end of year		904,441	893,534	1,014,581	998,568
Total balance at end of year of other comprehensive income		959,906	948,999	966,504	950,491
Deficit					
Balance at beginning of year		(26,669,068)	(20,186,908)	(20,700,539)	(14,847,351)
Effect of deconsolidation			–	–	590,257
Net income (loss)		90,295	(6,482,160)	513,631	(6,443,445)
Balance at end of year		(26,578,773)	(26,669,068)	(20,186,908)	(20,700,539)
Treasury Shares	17	(5,774)	(5,774)	(5,774)	(5,774)
NON-CONTROLLING INTERESTS					
Balance at beginning of year		(2,470,729)	(2,479,545)	(2,488,979)	(951,802)
Total comprehensive income (loss) attributable to non-controlling interests		40,806	8,816	9,434	(1,537,177)
Balance at end of year		(2,429,923)	(2,470,729)	(2,479,545)	(2,488,979)
		$32,254,215	$32,112,207	$38,603,056	$38,063,978

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2017
(With Comparative Figures for 2016)

	Note	March 31, 2017	March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		$207,807	$790,819
Adjustments for:			
Depreciation and amortization		286,460	264,854
Interest expense	14	198,599	241,884
Unrealized foreign exchange loss (gain) – net		4,536	66,833
Retirement benefit	16	21,513	22,549
Interest income		(15,549)	(44,932)
Gain on disposal of property, plant and equipment	21	(647)	(1,380)
Equity in net losses (earnings)	12		
Operating income (loss) before working capital changes		702,719	1,340,627
Decrease (increase) in:			
Trade and other receivables		(1,812,046)	(2,912,257)
Inventories		313,495	(598,714)
Other current assets		(1,441,026)	(517,394)
Other noncurrent assets		5,266	135,705
Increase (decrease) in trade and other payables		2,062,402	871,517
Net cash generated from (used for) operations		(169,190)	(1,680,516)
Income tax paid		(34,366)	(325,471)
Interest received		15,549	44,932
Contribution to retirement fund	16	(98,215)	(21,202)
Net cash provided by (used in) operating activities		(286,222)	(1,982,257)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(314,819)	(65,876)
Proceeds from sale of property, plant and equipment		647	14,418
Net cash used in investing activities		(314,172)	(51,458)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of bank loans		7,880,435	6,197,584
Payments of:			
Bank loans		(11,280,039)	(9,894,208)
Interest		(198,599)	(241,884)
Decrease in due to a related party			
Net cash used in financing activities		(3,598,203)	(3,938,508)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(36,070)	(45,963)
NET INCRAESE (DECREASE) IN CASH AND CASH EQUIVALENTSS		(4,234,667)	(6,018,186)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,396,343	17,594,979
CASH AND CASH EQUIVALENTS AT END OF QUARTER		3,161,676	11,576,793

See accompanying Notes to Consolidated Financial Statements

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2017 AND DECEMBER 31, 2016 AND FOR THE QUARTER ENDED MARCH 31, 2017 AND 2016

1. **Corporate Information**

General Information

Alliance Select Foods International, Inc. (ASFII or the "Parent Company"), a public corporation under Section 17.2 of the Securities Regulation Code (SRC), was incorporated in the Philippines and registered with the 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.

Strongoak Inc. acquired 952,479,638 Parent Company common shares from the increase in authorized capital stock and stock rights offering, which were both approved by the SEC on October 28, 2015 (see Note 17). This resulted in Strongoak Inc. becoming the Parent Company of ASFII for owning a total of 1,382,765,864 common shares, representing 55.32% of the total issued and outstanding shares of the Parent Company (see Note 17).

Strongoak Inc., the immediate parent of ASFII, is a domestic company engaged in investment activities. The ultimate parent company is Seawood Resources, Inc., a domestic company also engaged in investment activities.

The Parent Company's registered office address, which is also the principal place of business, is Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City. The Parent Company has a plant located in Brgy. Tambler, General Santos City, Philippines.

Subsidiaries

The consolidated financial statements include the accounts of ASFII and the following subsidiaries (collectively referred herein as the "Group:

Name of Subsidiary	% of Ownership	Nature of Business	Principal Place of Business
Spence & Company Ltd. (Spence)	100	Salmon & other seafoods processing	USA
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	100	Salmon & other seafoods processing	Philippines
ASFI Thailand [b]	100	Sales office	Thailand
PT International Alliance Food Indonesia (PTIAFI)	99.98	Canned fish processing	Indonesia
Alliance MHI Properties, Inc. (AMHI)	98.89	Leasing	Philippines
Akaroa Salmon (NZ) Ltd. (Akaroa)	80	Salmon farming & processing	New Zealand
PT Van De Zee (PT VDZ) [a][b]	49	Fishing	Indonesia
Prime Foods New Zealand Limited (PFNZ)	-	Salmon & other seafoods processing	New Zealand

(a) Indirect ownership interest through PTIAFI.
(b) No operations in 2017 and 2016.

Spence. Spence is based in Brockton, USA and specializes in the production of smoked salmon and other seafood products.

PFNZ and BGB. BGB is engaged in manufacturing, canning, processing, packing, repacking, and trading on wholesale goods such as salmon and other processed seafoods. It was registered with the Philippine SEC on October 29, 2009 and has a plant facility in Brgy. Tambler, General Santos City.

PFNZ is a company registered and domiciled in New Zealand and is engaged in the processing, manufacturing and distributing smoked salmon and other seafoods under the Prime Smoke and Studholme brand for distribution in New Zealand and other countries.

On October 27, 2015, ASFII acquired 50,864,702 shares of BGB for $1.37 million from PFNZ. The acquisition resulted to the increase in Parent Company ownership interest in BGB from 68% to 100%.

On October 30, 2015, ASFII sold its equity interest in PFNZ to HC & JW Studholme No. 2 Family Trust (see Note 6).

In 2016, the Company converted advances of $2.57 million to capital stock of BGB.

ASFI Thailand. ASFI Thailand was established as a sales representative office. As at March 31, 2017 amd December 31, 2016, ASFI Thailand has no operations.

PTIAFI and PT VDZ. PTIAFI was established under the Indonesian Foreign Capital Investment Law and is primarily engaged in canned fish processing exclusively for international market. The plant is located at JL Raya Madidir Kelurahan Madidir Unet Ling. II Kecamatan Madidir, Bitung Indonesia.

PTIAFI owns 49% of PT Van de Zee (PT VDZ), a fishing company. PT VDZ's operation is integrated with the tuna processing activities of PTIAFI. As at December 31, 2016, PT VDZ ceased operations.

Republic of Indonesia requires at least 51% domestic ownership in local entities engaged in mineral resources. As a result, in 2014, PTIAFI sold 31% of its ownership in PT VDZ decreasing its share to 49%. Management still considers PT VDZ as its subsidiary because the Company retained financial and operating control over PT VDZ.

AMHI. AMHI was incorporated in the Philippines and registered with the SEC on June 18, 2010 and engaged in the business as a property holding company.

On December 23, 2015, ASFII converted advances of $0.29 million as partial payment of its subscription to 54,000,000 voting preferred shares of AMHI. The subscription resulted to the increase in Parent Company's effective voting interest in AMHI from 40% to 98.89% (see Note 4).

Akaroa. Akaroa, a company incorporated and domiciled in New Zealand, is engaged in sea cage salmon farming and operates two marine farms in Akaroa Harbor, South New Zealand. It also processes fresh and smoked salmon. Akaroa also holds 20% stake in Salmon Smolt NZ Ltd., an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa's farm.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with Philippine Financial Reporting Standards (PFRS), issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

The consolidated financial statements comprise the statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes thereto. Income and expenses, excluding the components of other comprehensive income, are recognized in the statements of comprehensive income. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognized in the statements of changes in equity.

Measurement Bases

The consolidated financial statements are presented in U.S. Dollar, the functional currency of the primary economic environment in which the Parent Company operates. All values are rounded to the nearest U.S. Dollar, except when otherwise stated.

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability.

Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27 to the consolidated financial statements.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2016:

- Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal* – The amendment adds specific guidance when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.

- Amendments to PFRS 10, IFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 - *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* – The amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in PFRS 3) to apply all of the business combinations accounting principles and disclosure in PFRS 3 and other PFRS, except for those principles that conflict with the guidance in PFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

- Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiative* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to PAS 16, *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendment to PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue* – The amendment clarifies that in determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. Thus, the assessment of whether there is a deep market in high quality corporate bonds is based on corporate bonds in that currency (not corporate bonds in a particular country), and in the absence of a deep market in high quality corporate bonds in that currency, government bond in the relevant currency should be used.

- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* – The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to the consolidated financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses*– The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

Effective for annual periods beginning on or after January 1, 2018 -

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

  For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

  For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

  For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

  The derecognition provisions are carried over almost unchanged from PAS 39

Effective for annual periods beginning on or after January 1, 2019 -

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

A subsidiary is an entity in which the Group has control. The Group controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Group controls an entity. The

Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of interest retained.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group, presented within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of PTIAFI, PT VDZ, Akaroa and AMHI.

Business Combination and Goodwill

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the business combination is achieved in stages, any previously held non-controlling interest is re-measured at the date of obtaining control and a gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Group receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one year from the acquisition date.

Goodwill, which arose from the acquisitions of Spence ($7.45 million) in 2011 and Akaroa ($2.05 million) in 2012, is initially measured at the acquisition date as the sum of the fair value of consideration transferred; the recognized amount of any non-controlling interest in the acquiree; and, if the business combination is achieved in stages, the fair value of existing equity interest in the acquiree less the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the bargain purchase gain is recognized directly in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the entity's cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Where goodwill has been allocated to a cash-generating unit or group of cash generating units and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation in determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Financial Assets and Liabilities

Financial assets and liabilities are accounted for as follows:

a. Recognition

Financial assets and liabilities are recognized in the consolidated statements of financial position when the Group becomes a party to the contractual provisions of a financial instrument. Financial instruments are initially measured at fair value which includes transaction costs directly attributable to the acquisition (e.g. fees, commissions, transfer taxes, etc.). However, transaction costs related to the acquisition of financial instruments classified as fair value through profit or loss (FVPL) are recognized immediately in profit or loss. The Group uses trade date accounting to account for financial instruments.

"Day 1" Difference. The best evidence of the fair value of a financial instrument at initial recognition is its transaction price unless the transaction price differs from its fair value. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Group determines fair value by using a valuation technique whose variables include data from observable markets. The difference between the transaction price and the fair value (a "day 1" difference) is recognized in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where the valuation model uses unobservable data, the difference between the transaction price and the model value is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

b. Classification

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's intention at acquisition or issuance date.

As at March 31, 2016 and December 31,2016, the Group does not have financial assets and liabilities classified at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction costs which are directly attributable to the acquisition of the financial instrument. The amortization is included in profit or loss.

The Group has classified its cash and cash equivalents, trade and other receivables, due from related parties and deposits as loans and receivables.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

Other financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through amortization process.

The Group's trade and other payables (excluding customer's deposit and statutory payable), loans payable and due to a related party are classified under this category.

c. Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The Group first assesses whether objective evidence of impairment exists individually for its financial assets that are individually significant, and individually or collectively for its financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. Impairment losses are recognized in full in profit or loss. Interest income continues to be recognized on the reduced carrying amount using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

If, in a subsequent year, 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 is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss, to the extent that the resulting carrying amount will not exceed the amortized cost determined had no impairment loss been recognized in prior years.

d. Derecognition

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

- the right to receive cash flows from the asset has expired; or

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets, but has transferred control over the asset.

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of the new liability, and the difference in the respective carrying amount is recognized in profit or loss.

e. Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the consolidated statements of financial position.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value (NRV). The costs of inventories are calculated using weighted average method. Costs comprise direct materials and when applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. NRV represents the estimated selling price less estimated costs of completion and costs necessary to make the sale.

When the NRV 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 profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as part of other income or charges in the consolidated statements of comprehensive income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period when the related revenue is recognized and the related allowance for impairment is reversed.

Other Assets

Other assets include prepayments, creditable withholding taxes (CWTs), value-added tax (VAT), biological assets, investments in associate and joint ventures, intangible assets and idle assets. Other assets that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are apportioned over the period covered by the payment and recognized in profit or loss when incurred.

CWTs. CWTs represent the amount withheld by the Group's customers in relation to its income. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source.

VAT. Revenue, expenses and assets are recognized net of the amount of VAT. The net amount of VAT recoverable from the taxation authority is included as part of current assets in the consolidated statements of financial position.

Biological Assets. The Group measures its biological assets on initial recognition and at the end of each reporting period at its fair value less costs to sell. The Group uses the national average market values issued by the New Zealand Inland Revenue Department as a proxy for fair value of a class of livestock, provided that such values are applied consistent to a class of livestock. Biological assets of the Group comprised solely of consumable female smolts. They are cultured during the developmental phase which lasts for an average period of 12-18 months.

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

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

Investments in Associates and Joint Ventures. An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% percent of the voting power of another entity.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

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

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

Upon loss of significant influence over an associate or of joint control over the joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the investment upon loss of significant influence or joint control and the fair value of the retained interest and proceeds from disposal is recognizedin profit or loss.

Idle Assets. Idle assets are those which are no longer used in the Group's operations. The Group's idle assets are already fully provided with allowance for impairment loss.

Property, Plant and Equipment

Property, plant and equipment except land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other directly attributable costs, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property, plant and equipment:

	Number of Years
Building	25
Leasehold improvements	5 (or lease term, whichever is shorter)
Machinery and equipment	15
Transportation equipment	5
Plant and office furniture, fixtures and equipment	5
Fishing vessels	40

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

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 purchased 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 expenditures, including expenditure on internally generated goodwill and brands, are 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 less its residual value.

Amortization is recognized in the consolidated statements of comprehensive income on a straight-line basis over the useful life of salmon farming consent and fishing license, 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 is 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
- 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 Nonfinancial Assets
The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Goodwill. The Group assesses goodwill for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates.

Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Customer's Deposit
Customer's deposit consists of amounts received by the Group from its customers as advance payments for the sale of goods. These are recorded at face amount in the consolidated statements of financial position and recognized as revenue in profit or loss when the goods for which the advances were made are delivered to the customers.

Capital Stock
Capital stock is measured at par value for all shares issued. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related additional paid-in capital or retained earnings. Proceeds or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Deficit
Deficit represents the cumulative balance of net loss, net of dividend declaration. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

Treasury Shares
Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Revenue Recognition
Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and returns. The Group has concluded that it is the principal in all of its revenue arrangements. Revenue is recognized as follows:

Sale of Goods. Revenue is recognized, net of sales returns and discounts, when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery to and acceptance of the goods by the buyer.

Rental Income. Revenue is recognized on a straight-line basis over the term of the lease.

Interest Income. Interest income is recognized in profit or loss using the effective interest method.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a 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.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are sold.

Selling and Administrative Expenses. Selling expenses constitute costs incurred to sell and market the goods and services. Administrative expenses constitute cost of administering the business. Both are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing cost commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. This requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Group as Lessor. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an income in profit or loss on a straight-line basis over the lease term.

Retirement Benefits

Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary.

The Group recognizes service costs comprising of current service costs, past service costs, gain or loss on curtailment and settlements and net interest expense on the retirement benefit liability in profit or loss.

The Group determines the net interest expense on retirement benefit liability by applying the discount rate to the net retirement benefit liability at the beginning of the year, taking into account any changes in the liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, which consist of actuarial gains and losses and the return on plan asset (excluding amount charged in net interest) are recognized immediately in other comprehensive income (OCI) and are not reclassified to profit or loss in subsequent periods.

The net retirement benefit liability recognized by the Group is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit liability.
Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Deferred tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

Foreign Currency-Denominated Transactions and Translation

Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Investments in associates and subsidiaries whose functional currency is other than US Dollar are translated to US Dollar using the closing exchange rate prevailing at the reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference Is recognized as a separate component of equity.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are Included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation on non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates at the dates of the transactions are used. Exchange differences, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Related Party Relationships and Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

Contingencies

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

Events after the Reporting Date

The Group identifies subsequent events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements, when material.

Loss per Share

The Group presents basic and diluted loss per share data for its common shares.

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year. There are no potential dilutive shares.

Operating Segments

For management purposes, the Group is divided into operating segments per products/service, (tuna, salmon, and rental) according to the nature of the products and services provided. The Group's identified operating segments are consistent with the segments reported to the BOD which is the Group's Chief Operating Decision Maker.

3. Significant Accounting Judgments and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when 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.

The Group believes that the following represent a summary of these significant estimates and judgments and the related impact and associated risks in the consolidated financial statements:

Assessing Going Concern. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Determining Functional Currency. Based on management's assessment, the functional currency of the entities in the Group has been determined to be the U.S. Dollar, except for certain subsidiaries whose functional currency is the New Zealand Dollar and Philippine Peso. The U.S. Dollar is the currency that mainly influences the operations of most of the entities within the Group.

Assessing Acquisition of a Business. The Parent Company acquired a subsidiary which owns real estate. At the time of acquisition, the Parent Company considers whether the acquisition represents an acquisition of a business or a group of assets. An entity accounts for an acquisition as a business combination if it acquires an integrated set of business processes in addition to its current business. The consideration is made to the extent that the significant business processes are acquired and the additional services to be provided by the subsidiary.

Management has assessed that the acquisition of AMHI in 2015 constitutes a business.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has determined that by virtue of its majority ownership of voting rights in its subsidiaries as at December 31, 2016 and 2015, the Parent Company has the ability to exercise control over these investees.

Determining Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

a. Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

b. The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c. 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 consolidated financial statements.

Accounting for Interest in a Joint Operation. The Group has, after considering the structure and form of the contractual arrangement, the terms agreed by the parties and the Group's rights and obligations classified its interest in a joint arrangement with FDCP, Inc. (FDCP) and Wild Catch Fisheries, Inc. (WCFI) as a joint venture under PFRS 11. As a consequence, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation only to the extent of the Group's interest in the joint venture.

Classifying Leases - Group as a Lessee. The Group has an operating lease agreement for its office site. The Group has determined that the risks and rewards of ownership related to the leased property are retained by the lessor. Accordingly, the agreement is accounted for as an operating lease.

Classifying Leases - Group as Lessor. The Group has entered into lease agreement on its parcel of land. The Group has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, these leases are accounted for as operating leases.

Estimating Impairment Losses on Financial Assets. The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, significant financial difficulties or bankruptcy, the length of the Group's relationship with the customer, the customer payment behavior, and known market factors. The Group identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Estimating NRV of Inventories. The NRV of inventories represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale. The Group determines the estimated selling based on the recent sale transaction of similar goods with adjustments to reflect any changes in economic conditions since the date of transactions occurred. The Group records provisions for the excess of cost over the 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 profit or loss and equity.

Estimating Useful Lives of Property, Plant and Equipment and Other Intangible Assets. The Group estimates the useful lives of property, plant and equipment and other intangible assets based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment are reviewed at each reporting date 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 assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances.

Assessing Impairment of Nonfinancial Assets and Goodwill. The Group assesses impairment on its nonfinancial assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

Goodwill is tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

Estimating Retirement Benefit Costs. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 16 to the consolidated financial statements and include, among others, discount rates and salary increase rates.

Recognizing Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

4. Business Combinations

On December 23, 2015, the Parent Company converted advances of $0.29 million (₱13.5 million) as partial payment of its subscription to 54,000,000 voting preferred shares of AMHI. The subscription resulted to the increase in the Parent Company's effective voting ownership interest in AMHI to 98.89%. Prior to December 23, 2015, the Parent Company had 40% ownership interest in AMHI. The fair values of the identified assets and liabilities of AMHI at the time of acquisition and the purchase price allocation are as follows:

	Amount
Cash in banks	$2,553
Due from related parties	170,279
Other current assets	85,568
Property and equipment	8,748,405
Deferred tax assets	59,415
Due to related parties	(453,137)
Refundable lease deposits	(1,877,828)
Loan payable	(323,326)
(forward)	

	Amount
Deferred tax liabilities	(32,875)
Net assets	6,379,054
Percentage share of net assets acquired	98.89%
Net assets acquired	6,308,884
Gain from acquisition	(3,471,040)
Gain on remeasurement of previously held interest	(2,356,202)
Total consideration	$481,642

Total consideration	$481,642
Less cash acquired	2,553
Acquisition of subsidiary, net of cash acquired	$479,089

Gains from acquisition and remeasurement of previously held interest resulted from the increase in fair value of the land held by AMHI. The fair value of previously held interest by the acquirer immediately before the acquisition date was $2.55 million.

Non-controlling interest is measured based on its proportionate share on the net assets of AMHI at acquisition date.

The revenue and the net income of AMHI from the date the Parent Company obtained control, which is December 23, 2015, to December 31, 2015 were no longer included in the consolidated financial statements because these were not considered significant. The assets and liabilities of AMHI as at December 31, 2015 were included in the 2015 consolidated financial statements.

5. Goodwill

Goodwill resulted from the acquisition by the Parent Company of the following subsidiaries:

Spence. The Parent Company acquired 100% ownership of Spence in 2011. The acquisition of Spence's salmon processing facilities in Brockton, USA 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. The goodwill arising from the acquisition amounted to $7.45 million.

Akaroa. The Parent Company acquired 80% ownership of Akaroa in 2012. Akaroa is engaged in the business of sea cage salmon farming and operates two marine farms in New Zealand. It also processes fresh and smoked salmon. Akaroa also holds 20% stake in Salmon Smolt NZ Ltd., an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa's farm. The acquisition enables the Group to stabilize its supply of salmon and eventually strengthen its market share in the salmon industry. The goodwill arising from the acquisition amounted to $2.05 million.

6. Disposal of Investments

PFNZ

On October 30, 2015, ASFII sold its 50% plus one share interest in PFNZ to HC & JW Studholme No. 2 Family Trust for $5,000. The sale resulted in a gain of $0.37 million in the 2015 consolidated statement of comprehensive income (see Note 21).

The carrying amounts of the assets and liabilities of PFNZ as at October 30, 2015, which have been excluded in the 2015 consolidated financial statements, are as follows:

	Amount
Cash and cash equivalents	$100,004
Trade and other receivables	230,815
Due from related parties	14,135
Inventories	629,681
Property and equipment	1,010,268
Total assets	1,984,903
Trade and other payables	169,457
Income tax payable	201,937
Notes payable	2,346,283
Total liabilities	2,717,677
Deficit	(732,774)
Non-controlling interests	(366,494)
Net liabilities sold	($366,280)

Gain on disposal of a subsidiary was computed as follows:

	Amount
Fair value of consideration received	$5,000
Carrying amount of net liabilities sold	(366,280)
Gain on disposal	$371,280

The 2015 consolidated statement of comprehensive income includes revenue of $3.26 million and net loss of $0.57 million of PFNZ for the ten months ended October 30, 2015 (revenue and net loss of $7.49 million and $0.74 million, respectively, for the year ended December 31, 2014).

7. Cash and Cash Equivalents

This account consists of:

	2017	2016
Cash on hand	**$3,187**	$4,621
Cash in banks	**3,158,489**	3,710,241
Cash equivalents	**–**	3,681,481
	$3,161,676	$7,396,343

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to cash placement with a bank for varying periods of up to three months depending on the immediate cash requirements of the Group.

Interest income included in the consolidated statements of comprehensive income is summarized below (see Note 21):

	Note	2017	2016
Cash and cash equivalents	21	$15,549	$44,932
		$15,549	$44,932

8. Trade and Other Receivables

This account consists of:

	Note	2017	2016
Trade		$7,951,741	$6,036,147
Claims receivables		1,713,360	1,630,864
Due from related parties	15	272,485	244,025
Receivable from PFNZ- current portion	12	161,000	177,500
Advances to employees		26,465	20,436
Others		459,450	615,407
		10,584,501	8,724,379
Allowance for impairment losses		2,020,900	1,999,471
		$8,563,601	$6,724,908

Trade receivables are generated from the sale of inventories and are generally collectible within 29 to 60 days.

Claims receivables include refunds from government agencies and claims from insurance, suppliers and other parties.

Movements in the allowance for impairment losses are as follows:

	Note	2017	2016
Balance at beginning of year		$1,999,471	$1,889,186
Provisions		-	79,049
Write-off		-	-
Currency translation adjustment		21,429	31,236
Balance at end of year		$2,020,900	$1,999,471

9. Inventories

This account consists of:

	Note	2017	2016
At cost:			
Finished goods	19	$409,487	$400,224
Parts and supplies		325,226	346,966
Work-in-process		317,965	266,681
		1,052,678	1,013,871

	2017	2016
At NRV:		
Raw and packaging materials	2,349,867	3,710,256
Finished goods	4,237,725	3,229,638
	6,587,592	6,939,894
	$7,640,270	$7,953,765

The costs of inventories measured at NRV are as follows:

	Note	2017	2016
Finished goods	19	$5,498,392	$5,087,643
Raw and packaging materials		3,167,939	4,359,079
Parts and supplies		-	32,706
		$8,666,331	$9,479,428

Movements in the allowance for impairment losses on inventories are as follows:

	Note	2017	2016
Balance at beginning of year		$2,539,534	$4,589,905
Provisions	20	-	794,010
Reversal/Write-off		(460,795)	(2,844,381)
Balance at end of year		$2,078,739	$2,539,534

Inventories charged to cost of goods sold amounted to $12 million in 2017 ($9.42 million in 2016) (see Note 19).

Reversal of allowance for impairment of inventories mainly pertains to inventories condemned and subsequently sold, which were provided with allowance.

10. Other Current Assets

This account consists of:

	2017	2016
Deposits	$1,573,383	394,603
Input VAT	586,626	$539,233
Prepayments:		
Importation	452,095	152,492
Taxes	207,456	172,433
Rent	60,443	24,583
Insurance	29,224	51,423
Others	61,994	195,428
	$2,971,221	$1,530,195

Deposits represent advance payments to suppliers of raw materials.

Other prepayments pertain to dues and subscriptions, membership fees and travel advances.

11. Property, Plant and Equipment

Akaroa majorly contributed the movement in property, plant and equipment with $185,249 aggregate additions for the first quarter of 2017.

The Group has mortgaged its property, plant and equipment for long-term loans. The carrying value of mortgaged property amounted to $68,284 as at March 31, 2017 ($70,082 as at December 31, 2016).

As discussed in Note 1, the Parent Company, BGB, PTIAFI and PT VDZ have been incurring losses. The Parent Company and these subsidiaries account for $7.10 million of the Group's property, plant and equipment. The Group reviewed the recoverable amounts of these assets based on value in use by projecting cash flow covering a period of five (5) years. Management determined the projected cash flows based on past performance, existing contracts and expectations on market development such as average price per full container load and revenue growth range. A determined WACC was used to discount the cash flows. Management has concluded that no impairment losses have to be recognized.

The Group did not provided for impairment loss in 2017 and 2016 ($8.55 million in 2015), on its property, plant and equipment. Allowance for impairment loss amounted to $0.61 million as at March 31, 2017 and December 31, 2016 ($14.22 million as at December 31, 2015).

In 2016, the carrying amount of fishing vessels amounting to $0.31 million was reclassified to "Other noncurrent assets" as these are no longer used in operations.

In 2015, the Parent Company recovered two of the fishing vessels it previously sold to WCFI because of losses sustained by WCFI. The receivable from the sale of three fishing vessels of $6.38 million in 2013 was provided with an allowance for impairment loss of $6.28 million in 2014. When the Parent Company recovered the two vessels at a carrying amount of $5.91 million, it reversed allowance for impairment (recovery) of $5.82 million in 2015 but recognized a provision for impairment loss on the fishing vessels at the same amount in the same year. Effectively, the Parent Company did not recognize any gain or loss from this transaction in the 2015 consolidated financial statements.

12. Other Noncurrent Assets

This account consists of:

	Note	2017	2016
Receivable from WCFI		$2,182,863	$2,182,863
Receivable from PFNZ- net of current portion		1,032,019	1,068,019
Investments in joint ventures		553,480	553,480
Other intangible assets		174,101	174,695
Investments in associates		92,252	92,252
Idle assets		314,320	314,320
Others		283,176	252,442
		4,632,211	4,638,071
Less allowance for impairment losses		3,164,942	3,164,942
		$1,467,269	$1,473,129

Receivable from WCFI

Receivable from WCFI includes receivable from the sale of three fishing vessels and advances for fish deposit. These were provided with allowance for impairment losses of $8.00 million in 2014 because of losses sustained by WCFI. WCFI ceased operations in the same year.

In 2013, the Parent Company sold three fishing vessels with an aggregate carrying amount of $6.30 million to WCFI for a total consideration of $6.38 million, resulting in a gain of $71,497. In 2015, the Parent Company reversed the receivable of $5.82 million from WCFI when the Parent Company recovered two of the vessels (see Note 11). Accordingly, the related allowance for impairment losses of $5.82 million was also reversed.

Receivable from PFNZ

As discussed in Note 1 and Note 6, the accounts of PFNZ were excluded from the consolidated financial statements in 2015 when ASFII sold its ownership interest. In the same year, BGB entered into a debt restructuring agreement with PFNZ, which resulted to the following:

a. Trade payable of $0.46 million to PFNZ was offset against the receivable of $2.77 million from PFNZ as at October 30, 2015;

b. The payment terms were modified from payable on demand to payable in monthly installments commencing in January 2016 and ending in September 2029;

c. The restructured receivable shall be secured by PFNZ's tangible and intellectual properties; and

d. Interest expense incurred and charged to operations amounted to $0.40 million in 2015.

Investment in Joint Ventures

Details are as follows:

	2017	2016
At cost:		
FDCP, Inc. (FDCP)	$240,964	$240,964
WCFI	39,279	39,279
	280,243	280,243
Accumulated equity in net earnings:		
Balance at beginning of year	$360,189	$360,189
Share in net losses for the year	–	–
Balance at end of year	$360,189	$360,189
Share in other comprehensive income:		
Balance at beginning of year	($86,952)	($86,952)
Share in net losses for the year	–	–
Balance at end of year	($86,952)	($86,952)
Total	553,480	553,480
Allowance for impairment loss:		
Balance at beginning of year	(553,480)	(553,480)
Provision	–	–
Balance at end of year	(553,480)	(553,480)
	$–	$–

FDCP. FDCP is engaged in manufacturing and wholesale of tin cans. The Group has 40% ownership interest in FDCP. FDCP ceased manufacturing operations effective September 2015. The Group provided for impairment loss of $0.24 million in 2015 on its investment in FDCP. FDCP has no available financial information as at and for the year ended December 31, 2016 and no additional share in net earnings (losses) was recognized by the Group in 2016.

In November 2016, SEC approved the issuance of additional 7,500,000 common shares at ₱1 par value a share. The Parent Company did not subscribe to the said additional issuance resulting to the decrease of the Parent Company's ownership from 40% to 25%. Based on management's assessment, the Group retains joint control in FDCP.

WCFI. WCFI is an entity primarily engaged in commercial fishing within and outside Philippine waters and in the high seas. The Group has 40% ownership interest in WFCI. WCFI ceased operation effective December 31, 2014. The Group provided for impairment loss of $39,279 in 2014 on its investment in WFCI.

The Group's unrecognized share in losses of WCFI as at December 31, 2014 amounted to $0.87 million.

Investments in an Associate

The Group has 16% ownership interest in Salmon Smolt New Zealand Limited (SSNZ) through Akaroa. SSNZ is engaged in the farming of salmon in South Island of New Zealand and was incorporated in 2008.

Details of the investments are as follows:

	2017	2016
Acquisition cost	**$27,319**	$27,319
Accumulated equity in profits:		
Balance at beginning of year	**64,933**	45,162
Equity in net income for the year	**–**	19,771
Balance at end of year	**64,933**	64,933
	$92,252	$92,252

Other Intangible Assets

Other intangible assets pertain to salmon farming consent and fishing license. Movements in this account are as follows:

	Note	2017	2016
Cost		**$269,066**	$269,066
Accumulated Amortization			
Balance at beginning of year		**94,371**	90,100
Amortization		**1,270**	6,980
Translation adjustment		**(676)**	(2,709)
Balance at end of year		**94,965**	94,371
		174,101	174,695
Allowance for Impairment			
Balance at beginning of year		**114,279**	114,279
Provisions		**–**	–
Balance at end of year		**114,279**	114,279
		$59,822	$60,416

Idle Assets

Idle assets pertain to fishing vessels reclassified to noncurrent assets as they are no longer used in the Group's operations. In 2016, provision for impairment loss amounting to $314,320 was recognized, based on management's estimate of the recoverable amount.

Others

Others include biological assets of the Group, which comprised solely of consumable female smolts. The biological assets amounted to $0.24 million and $0.25 million as at March 31, 2017 and December 31, 2016.

Allowance for Impairment Losses

This account consists of:

	Note	2017	2016
Receivable from WCFI		$2,182,863	$2,182,863
Investments in joint ventures		553,480	553,480
Idle assets		314,320	314,320
Other intangible assets		114,279	114,279
		$3,164,942	$3,164,942

Movements in this account are as follows:

	Note	2017	2016
Balance at beginning of year		$3,164,942	$2,850,622
Provisions		–	314,320
Reversal		–	–
Balance at end of year		$3,164,942	$3,164,942

13. **Trade and Other Payables**

This account consists of:

	Note	2017	2016
Trade payables:			
Third parties		$5,940,883	$3,598,283
Related party	15	260,957	260,957
Accrued expenses:			
Salaries, wages and other benefits		596,795	582,290
Professional fees		290,549	394,315
Freight		20,033	125,925
Interest		32,783	90,595
Others		670,907	679,165
Customer's deposit		182,313	195,398
Statutory payable		69,037	69,430
Others		69,758	73,900
		$8,134,015	$6,070,258

Trade payables are non-interest bearing and are generally settled within one year.

Other accrued expenses include accruals for business development expenses, security services, commission and customers' claims. Accrued expenses are usually settled in the following month.

Statutory payable includes amounts payable to government agencies such as SSS, Philhealth and Pag-IBIG and are normally settled in the following month.

14. **Loans Payable**

Details of the Group's loans payable are as follows:

Short-term Loans

	Currency	Nominal interest rate	2017	2016
Local banks	USD	2.50% - 4.80%	$8,995,584	$12,522,343
	PHP	4.00% - 5.80%	2,500,000	2,500,000
Foreign banks	USD	4.80% - 10.00%	56,305	–
Investment banks	PHP	4.80% - 5.00%	3,047,809	3,077,233
	USD	4.25% - 4.60%	2,700,000	2,700,000
			17,299,698	20,799,576
Add current portion of long-term loans			38,152	30,607
			$17,337,850	$20,830,183

Loans from local and foreign banks aggregating $11.50 million as at March 31, 2017 ($15.02 million as at December 31, 2016) represent availments of revolving facilities, export packing credit, export bills purchase, import letters of credit and trust receipts. Loans from investment banks are unsecured promissory notes used to finance the Group's working capital requirements.

The Parent Company is required to maintain the following financial ratios as covenants for a USD loan from a local bank of $2.30 million as at December 31, 2016:

- Current ratio equal or greater than 1.5 times
- Debt to equity ratio of equal or less than 3 times
- Total bank interest coverage ratio not less than 3

Long-term Loans - Net of Current Portion

	Currency	Nominal interest rate	2017	2016
Local banks	PHP	4.31% - 5.50%	$39,651	$11,772
	USD	4.31% - 5.35%	–	39,892
Foreign financing corporation	NZD	9.90%	116,214	33,389
			155,865	85,053
Less current portion			38,152	30,607
			117,713	$54,446

Loan Security. As at March 31, 2017, loans amounting to $39,651 are secured by a chattel mortgage on property, plant and equipment with carrying amount of $68,284 (see Note 11):

15. Related Party Transactions

The Group, in the normal course of business, has regular transactions with its related parties as summarized below:

		Amount of Transaction		Outstanding Balance	
Related Party	Note	**2017**	2016	**2017**	2016
Trade and other receivables					
Joint Venture					
FDCP			$306,398	**$240,518**	$240,518
Associate					
SSNZ			–	**$15,994**	$3,507
		$–	$306,398	**$256,512**	$244,025
Joint Venture					
FDCP		**$–**	$–	**$260,957**	$260,957
Due to a related party					
Subsidiary Stockholder					
Duncan Bates		**$–**	$–	**$137,588**	$136,112
Parent Stockholder					
Strongoak Inc.		**–**	–	**–**	–
		$–	$–	**$137,588**	$136,112

Nature and Terms of Payment

Working Capital Advances. The Parent Company and its subsidiaries make advances to and from its related parties for working capital requirements. The receivable from SSNZ and the payable to Duncan Bates are working capital advances that are payable on demand. Payable to Duncan Bates bears an interest of 7% per annum.

Other Noncurrent Assets. As discussed in Note 12, this receivable resulted from the sale of fishing vessels by the Parent Company.

Trade Receivable and Trade Payable. The Parent Company purchased some of its can requirements from FDCP. These trade accounts which resulted from these transactions are non-interest bearing and are normally settled within a year.

16. Net Retirement Benefit Obligation

The Group values its defined benefit obligation using the Projected Unit Credit Method. 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 Group has executed a Trust Agreement with a reputable bank to establishing the Group's Retirement Plan.

17. Equity

Capital Stock

This account consists of:

	2017		2016	
	Shares	**Amount**	Shares	Amount
Authorized				
Ordinary shares at ₱1 par value				
Balance at beginning of year	**3,000,000,000**	**₱3,000,000,000**	1,500,000,000	₱1,500,000,000
Increase	–	–	1,500,000,000	1,500,000,000
Balance at end of year	**3,000,000,000**	**₱3,000,000,000**	3,000,000,000	₱3,000,000,000
Issued and Outstanding				
Balance at beginning of year	**2,500,000,000**	**$53,646,778**	1,500,000,000	$32,238,544
Additional issuance	–	–	1,000,000,000	21,408,234
Total issued and fully paid	**2,500,000,000**	**53,646,778**	2,500,000,000	53,646,778
Treasury Stock	**(287,537)**	**(5,774)**	(287,537)	(5,774)
Balance at end of year	**2,499,712,463**	**$53,641,004**	2,499,712,463	$53,641,004

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

	Subscriber	Issue/Offer Price	Registration/Issue Date	Number of Shares Issued
Initial public offering	Various	₱1.35	November 8, 2006	535,099,610
Stock dividends	Various	–	December 17, 2007	64,177,449
Stock rights offer (SRO)	Various	1.00	July 25, 2011	272,267,965
Stock dividends	Various	–	January 25, 2012	137,500,000
Private placement	Various	1.60	December 14, 2012	60,668,750
Private placement	Strongoak Inc.	1.31	May 5, 2014	430,286,226
SRO	Various	1.00	October 28, 2015	1,000,000,000
				2,500,000,000

On May 5, 2014, the Parent Company's BOD 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 ₱1.31 a share at a 33% premium on the 30-day weighted average price for the period. The issuance of the shares resulted in an increase in share capital and additional paid-in capital amounting to $9,662,622 and $2,947,111, respectively.

On February 17, 2015, the BOD approved the increase in the Parent Company's authorized capital stock from ₱1.50 billion divided into 1.50 billion shares to ₱3.00 billion divided into 3.0 billion shares at ₱1 par value a share. The same resolution was approved by the stockholders on March 31, 2015. The increase in authorized capital stock was approved by the SEC on October 28, 2015.

In the same meeting, the BOD also approved the stock rights offering of up to 1.0 billion shares at ₱1 par value a share by way of pre-emptive rights offering to eligible existing common shareholders of the Parent Company at the proportion of 1 rights offer for every one and ½ existing common shares held as of the record date.

Strongoak Inc. acquired 952,479,638 shares of the Parent Company at par value arising from the increase in authorized capital stock and stock rights offering by way of pre-emptive rights, such increase was approved by the SEC on October 28, 2015. This resulted in Strongoak Inc. owning a total of 1,382,765,864 shares, representing 55.32% of the total issued and outstanding shares of the Parent Company.

As at March 31, 2017 and December 31, 2016, additional paid-in capital amounted to $6.66 million.

The total number of shareholders as at March 31, 2017 and December 31, 2016 is 256 (252 in 2015).

18. Net Sales

This account consists of:

	2017	2016
Sales	$16,824,142	$14,674,401
Less:		
Sales returns		992
Sales discounts	5,624	5,826
	$16,818,518	$14,667,583

19. Cost of Goods Sold

This account consists of:

	Note	2017	2016
Materials used		$12,423,696	$9,096,030
Direct labor		1,406,676	1,337,353
Manufacturing overhead:			
Depreciation and amortization		255,606	242,173
Fuel		210,986	115,632
Light and water		162,402	124,850
Rental		80,437	111,231
Others		790,664	965,923
Total manufacturing costs		15,330,467	11,993,192
Finished goods, beginning	9	5,487,867	6,415,166
Total cost of goods manufactured		20,818,334	18,408,358
Finished goods, ending	9	5,907,879	6,091,368
		$14,910,455	$12,316,990

Other manufacturing overhead consists of indirect labor, repairs and maintenance, outside services and insurance among others.

20. Selling and Administrative Expenses

This account consists of:

	2017	2016
Salaries, wages and other short-term benefits	$628,486	$725,778
Freight and handling	266,731	165,419
Outside services	209,927	206,187
Transportation and travel	62,327	95,101
Insurance	42,512	59,668
Taxes and licenses	37,903	38,161
Depreciation and amortization	29,584	21,271
Rental	29,519	14,398

	2017	2016
Representation and entertainment	28,139	37,469
Utilities and communication	23,273	24,735
Materials and supplies	23,069	18,808
Retirement benefit	21,513	22,549
Membership dues	20,142	19,216
Business development expense	18,457	18,391
Advertising and marketing	18,128	32,560
Repairs and maintenance	7,935	9,361
Commission	7,029	13,280
Other personnel expenses	6,408	29,697
Fuel and oil	5,594	11,337
Fringe benefit tax	1,098	1,327
Others	32,468	61,088
	$1,520,242	$1,625,801

21. Other Income (Charges)

This account consists of:

	2017	2016
Foreign exchange gain (loss)	$25,027	$128,136
Interest income	15,549	44,932
Gain on sale of PPE	647	1,380
Bank Charges	(51,508)	(27,836)
Others	28,871	161,299
	$18,586	$307,911

Others consist of duty benefit and miscellaneous items.

22. Employee Benefits

This account consists of:

	2017	2016
Short-term employee benefits	$2,090,011	$2,170,024
Post-employment benefits	21,513	22,549
	2,111,524	$2,192,573

23. **Earnings Per Share**

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

	2017	2016
Income for the year	$90,295	$513,630
Weighted average number of ordinary shares outstanding	2,499,712,463	2,499,712,463
	$0.00004	$0.00021

As at March 31, 2017 (and 2016), the Parent Company has no dilutive potential share; hence, the basic loss per share is equal to the diluted earnings per share.

24. **Significant Agreements**

Operating Lease Agreements
A number of operating lease agreements were entered into by the Group.

The Group as Lessee

Operating lease agreement with Dominion Property Holdings, Inc. The Parent Company leases its head office space from Dominion Property Holdings, Inc. with a monthly rental of $3,688 for a period of three years, commencing on August 16, 2016 to August 15, 2018 renewable by mutual agreement by both parties.

Operating lease agreement with Piadi Multipurpose Cooperative. BGB has a one-year lease agreement with Piadi Multipurpose Cooperative for the lease of the warehouse building expiring on August 31, 2016. The lease agreement provides the following:

a. The said lease is renewable at the sole option of the lessor provided that the lessee shall occupy the premises on a month-to-month basis.

b. Fixed monthly rent in the amount of $426 plus 12% VAT or a total of $477.

Operating lease agreement with New Zealand Guardian Trust Company Limited. Akaroa entered into a lease agreement with New Zealand Guardian Trust Company Limited for premises located at 6 Pope Street, with an annual rental payment of $43,291 for 15 years beginning June 1, 2012 until May 30, 2027. The agreement has four renewable dates being December 1, 2014, June 1, 2017, June 1, 2022 and December 1, 2024.

Operating lease agreement with a former shareholder. Spence leases its office and manufacturing space from an entity that is controlled by its former shareholder under an operating lease that expires May 31, 2020. Per the lease agreement, after five years the yearly rent amount is to be adjusted to fair market value. During 2016, Spence reached an agreement with the lessor on a new yearly rent amount of $91,000, payable each month in the amount of $7,583, plus an amount to cover its portion of taxes and operating costs. The agreed-upon rent amount was retroactively applied to rent paid starting in August of 2015, resulting in excess rent paid. The excess rent is due in one lump sum payment from the lessor. At December 31, 2016, $110,702 was included in other current assets as the amount due from the lessor.

Total rent expense charged under "Cost of goods sold" amounted to $0.08 million in 2017 ($0.11 million in 2016) (see Note 19).

Total rent expense charged under "Selling and administrative expenses" amounted to $.03 million and $0.01 million in 2017 and 2016, respectively (see Note 20).

The Group as Lessor

Operating lease agreement between AMHI and FDCP. AMHI has an existing lease agreement with FDCP covering a parcel of land. The lease agreement will expire in 2017 and renewable as may be agreed by both parties. The rental payments are subject to annual escalation of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. Rental receivable of AMHI is included in the "Due from related parties" under "Trade and other receivable.

25. Corporate Social Responsibility

For the past eight (8) years, the Group accommodated the feeding program of the Banisil High School in General Santos City. Guided by the principle of "Feeding the stomach, feeding the mind" students from ages 12 to 14 that were identified to be severely below the average Body Mass Index were fed daily throughout the year with meals that would give complete nutrition to complement their mental development. Part of the goal is to educate families about health and nutrition, so that they could sustain the progress children have made every school year.

26. Income Taxes

Components of income tax expense (benefit) charged to profit or loss is as follows:

	2017	2016
Current	**$81,170**	$271,516
	$81,170	$271,516

27. Fair Value of Financial Assets and Liabilities

The table below presents the carrying amounts and fair value of the Group's financial assets and financial liabilities as at March 31, 2017 and December 31, 2016.

	2017		2016	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**$3,161,676**	$3,161,676	$7,396,343	$17,594,979
Trade and other receivables	**8,291,117**	8,291,117	6,724,908	5,373,575
Receivable from PFNZ*	**1,032,019**	**1,032,019**	1,068,019	1,382,375
	$12,484,812	**$12,484,812**	$15,189,270	$24,350,929

**Under other noncurrent assets*

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Trade and other payables*	**$7,978,796**	**$7,978,796**	$5,805,430	$5,601,256
Loans payable	**17,455,563**	**17,455,563**	20,884,629	24,174,651
Due to a related party	**137,590**	**137,590**	136,112	134,657
Refundable lease deposit	**91,512**	**91,512**	92,395	184,201
	$25,663,461	**$25,663,461**	$26,918,566	$30,094,765

** Excluding statutory payable and customer deposits*

The difference between the carrying amount of trade and other payables disclosed in the consolidated statements of financial position and the amount disclosed in this note pertains to government payables that are not considered as financial liabilities.

Due to the short-term maturities of cash and cash equivalents, trade and other receivables, trade and other payables and due to a related party, their carrying amounts approximate their fair values.

The fair value of the receivable from PFNZ and loans payable is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. There were no significant unobservable inputs identified and no relationship was established between the unobservable inputs and the fair value of the loans payable and refundable lease deposits. These financial instruments are classified under Level 3 of the fair value hierarchy groups of the consolidated financial statements. The fair value of the refundable lease deposits is based on the amount that the Group could be required to repay immediately.

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2017 and 2016.

28. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise mainly of cash and cash equivalents, trade and other receivables, due from related parties, refundable lease deposits, trade and other payables (excluding statutory payable), loans payable and due to related parties. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Group's BOD and management review and approve the policies for managing each of the risks summarized below.

Credit Risk

Credit risk is the risk that the counterparty fails to fulfill its obligations to the Group. Counterparty such as banks and customer who pay on or before due date have minimum risk exposure since default in settling its obligations is remote. The Group deals only with reputable banks and customer to limit this risk.

The table below shows the gross maximum exposure to credit risk for the components of the Group's consolidated statements of financial position before taking into consideration collateral and other credit enhancements:

	2017	2016
Cash in banks and cash equivalents	$3,158,489	$7,391,722
Trade and other receivables	10,584,501	8,724,379
Receivable from PFNZ*	1,032,019	1,068,019
	$14,775,009	$17,184,120

***Under other noncurrent assets*

As at March 31, 2017 and December 31, 2016, the aging analysis of the Group's financial assets is as follows:

	2017					
		Past Due Account but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$3,158,489	$–	$–	$–	$–	$3,158,489
Cash equivalents	–	–	–	–	–	–
Trade and other receivables	10,584,501	–	–	–	2,020,900	8,563,601
Receivable from PFNZ*	1,032,019	–	–	–	–	1,032,019
	$14,775,009	$–	$–	$–	$2,020,900	$12,754,109

	2016					
		Past Due Account but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$3,710,241	$–	$–	$–	$–	$3,710,241
Cash equivalents	3,681,481	–	–	–	–	3,681,481
Trade and other receivables	8,724,379	–	–	–	1,999,471	6,724,908
Receivable from PFNZ*	1,068,019	–	–	–	–	1,068,019
	$17,184,120	$–	$–	$–	$1,999,471	$15,184,649

As at March 31, 2017 and December 31, 2016, the carrying amounts of financial assets that are neither past due nor impaired are rated as High Grade. The credit quality of the financial assets is managed by the Group using the internal credit quality ratings as follows:

High Grade. Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

Standard Grade. Other financial assets not belonging to high grade financial assets are included in this category.

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 14.

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

Liquidity Risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Group's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

a. To ensure that adequate funding is available at all times;

b. To meet commitments as they arise without recurring unnecessary costs; and

c. To be able to assess funding when needed at the least possible cost.

Foreign Currency Risk
The Group has transactional currency exposures arising from purchase and sale transactions denominated in currencies other than the reporting currency. The Group does not enter into forward contracts to hedge currency exposures.

As part of the Group's risk management policy, the Group maintains monitoring of the fluctuations in the foreign exchange rates, thus managing its foreign currency risk.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as at March 31, 2017 and December 31, 2016, follows:

	2017	2016
Debt	**$26,406,875**	$27,749,080
Equity	**34,684,138**	34,582,936
Debt-to-Equity Ratio	**$0.76:1**	$0.80:1

The Group is not subject to any externally imposed capital requirements except for the loan covenants disclosed in Note 14.

Debt is composed of trade and other payables, loans payable, due to a related party and income tax payable as discussed in Notes 13, 14, and 15 respectively, while equity includes share capital and reserves of the Group, less treasury shares. The computed ratios above are acceptable.

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 32% as at March 31, 2017 and December 31, 2016, respectively.

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