

SEC Number **CS200319138**

File Number

**ALLIANCE SELECT FOODS INTERNATIONAL, INC.
AND ITS SUBSIDIARIES**

(Company's Full Name)

**Suite 3104 A West Tower PSEC Exchange Rd.
Ortigas Business District, Pasig City**

(Company's Address)

632 7747-3798

(Telephone Number)

December 31

(Calendar Year Ending)
(month & day)

SEC FORM 17 A

(Form Type)

(Amendment Designation if applicable)

For the Fiscal Year December 31, 2020

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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, 2020
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. Suite 3104 A West Tower PSEC Exchange Rd. Ortigas Business District, Pasig City
Address of issuer's principal office

1605
Postal Code
8. 632 - 7747 - 3798
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

<u>Title of each Class</u>	Number of shares of common stock outstanding and <u>amount of debt outstanding</u>
Common shares, P0.50 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 Philippine 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 – BUSINESS AND GENERAL INFORMATION

Item 1 – BUSINESS

BACKGROUND

Alliance Select Foods International, Inc. (ASFII or the “Parent Company” or the “Company”) is a publicly listed corporation under Section 17.2 of the Securities Regulation Code (SRC). ASFII was registered with 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 from General Santos City, Mindanao, Philippines. On November 8, 2006, the Company’s shares were listed on the Philippine Stock Exchange through an initial public offering. In July 2010, the Company was renamed as “Alliance Select Foods International, Inc.”

The Parent Company’s key business activity is the processing, canning, and export of tuna. It exports its products to Europe, North and South America, Asia, Africa, and the Middle East.

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.

In September 2005, the Company acquired a 40% stake in FDCP, Inc., a can manufacturing company.

In May 2008, PT IAFI was established to acquire 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. On October 18, 2019, PT IAFI changed its core business operations to export trading, and sold its fixed assets in North Sulawesi.

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. 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 Prime Foods New Zealand (PFNZ) was later increased to 50% plus 1 share. PFNZ was engaged in the business of processing, manufacturing, and distributing smoked salmon and other seafood under the Prime Smoke and Studholme brand. 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 Big Glory Bay (“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. This resulted in BGB becoming a 100% subsidiary of the Company.

On June 18, 2010, Alliance MHI Properties, Inc. (AMHI), a property holding company, was established. The Parent Company owned a 40.00% stake in the affiliate, while MHI, a Filipino company, owned the remaining 60.00% stake. On November 11, 2015, the AMHI Board approved ASFII’s application for subscription of preferred shares arising from the increase in authorized capital stock of AMHI. AMHI’s application for increase in capital stock was approved by the Securities and Exchange Commission on December 23, 2015. ASFII now owns 98.89% of AMHI. AMHI’s registered address is at Purok Saydala, Barangay Tambler, General Santos City.

On August 10, 2011, the Parent Company acquired 100% of the issued share capital of Spence, located in Boston, Massachusetts, USA. Spence, which became a wholly owned subsidiary of the Parent Company, specializes in the production of smoked salmon and other seafood. On October 23, 2019, the Parent Company divested 100% of its equity investment Spence & Co. Ltd.

The Parent Company acquired an 80% stake in Akaroa in October 2012. With its principal office in 89 Treffers Road, Wigram, 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. Akaroa smokes and processes fresh 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 salmon or Chinook salmon. Akaroa holds a 20% stake in Salmon Smolts NZ Ltd., a modern hatchery with high quality and a consistent supply of smolts (juvenile salmon).

In March 2018, the SEC approved the Amendment of Article Seventh of the Company's Articles of Incorporation to reduce the par value of common shares of the Company from One Peso (P1.00) per share to Fifty Centavos (P0.50) per share, and to decrease the authorized capital stock of the Company from Three Billion Pesos (P3,000,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of One Peso (P1.00) each to One Billion Five Hundred Million Pesos (P1,500,000,000.00) divided into Three Billion (3,000,000,000) common shares with par value of Fifty Centavos (P0.50) each.

PRODUCTS

Tuna

The Group's Tuna Division, comprised of ASFII and PT IAFI, sells processed tuna. The market for tuna is comprised of the institutional and retail markets. The end users of the institutional cans include restaurants, hotels, and commissaries. The retail pack is sold to wholesalers, distributors, and food companies that have their own brands. Consumers normally purchase the retail can in supermarkets and grocery stores.

In 2018, ASFII and PT IAFI introduced the following new product offerings: pouched tuna products and frozen loins. ASFII also introduced a premium tuna line under the "Bay of Gold" brand to the local retail market.

Salmon

BGB processes various salmon species and manufactures them into smoked and raw products for retail and institutional consumers. These are frozen and vacuum packed, and sold in different forms and cuts. Products are sold in retail stores under Prime New Zealand, Gold Standard, and Superfish.

Akaroa serves king salmon both for its domestic and international clients. For international markets, Akaroa's products are air-flown and delivered to retailers, distributors or direct customers in Singapore, Japan, USA, Philippines and Hong Kong, among others.

Fishmeal

Fishmeal is the by-product of tuna and salmon processing operations. Fishmeal is sold as additives or primary ingredients for animal feeds.

Fish Oil

ASFII extracts crude fish oil from raw tuna heads, one of the best sources of high-quality fish oil, at the processing plant in General Santos City. This unrefined oil is primarily intended for animal feed, but can also be refined for human consumption. ASFII currently produces around 20,000 kg of crude fish oil per month, which is sold in the local market to agricultural businesses or food processors.

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, 2020, 2019 and 2018 are as follows:

Product	<i>December 31, 2020</i>	<i>December 31, 2019</i>	<i>December 31, 2018</i>
Tuna	83%	70%	69%
Fishmeal (Local)	3%	4%	2%
Salmon	14%	26%	29%
Total	100%	100%	100%

DISTRIBUTION METHODS, SALES AND MARKETING

Tuna

The Tuna Division of ASFII 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. ASFII diversified its product line, and introduced new product offerings, adding pouched tuna options and frozen tuna loins to its product line for the export market. ASFII also introduced premium canned tuna and salmon lines consisting of seven variants under the Bay of Gold brand for the local market. Bay of Gold is present in select supermarkets in the Philippines.

At present, canned tuna is sold in both domestic and export markets while frozen tuna loins and pouched tuna products are sold in the export market. Fishmeal, meanwhile, is sold mainly to the domestic market.

Salmon

BGB's products are sold in major supermarkets in the Philippines. The Company is also expanding its market reach in retail through food service clients.

Akaroa's products are sold mostly to institutional clients and high-end distributors in New Zealand and the Asia-Pacific Region. Akaroa also has an online and supermarket presence in New Zealand.

COMPETITION

Tuna

There are eight (8) major companies engaged in tuna canning in the Philippines. Six are located in General Santos City and one in Zamboanga. These are General Tuna Corporation, Philbest Canning Corporation, Ocean Canning Corporation, Celebes Canning Corporation, Seatrade Canning Corporation, and Permex Producer & Exporter Corporation.

Most Philippine canned tuna processors produce two (2) can sizes: the retail pack and the institutional pack can size.

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 processing is a competitive industry in which price, product quality, and service, play an important role in the customer's purchasing decision.

Salmon

In the Philippines, most competitors import smoked salmon to sell in retail outlets. BGB follows a unique business model where it imports premium-grade salmon and delicately processes it in its own smokehouse to sell a premium product from the Philippines. BGB also competes with other larger traders and small-time players to cater to institutional accounts

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. New Zealand King is listed in the New Zealand stock exchange.

FISH SOURCING

Tuna and Salmon

ASFII purchases its tuna from fish suppliers and large traders. Skipjack and Yellowfin tuna are the main raw fish inputs for processed tuna products.

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.

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 2018, world tuna catch in 2018 from this fishing area accounted for almost 67% of global tuna catch. The Western Pacific Ocean accounted for 54% of the total while the Eastern Pacific Ocean accounted for another 13% of the global tuna catch. The Pacific Ocean is followed by the Indian Ocean and accounts for 23% of the catch with the Atlantic Pacific accounting for the balance 11%.

Key Sourcing Area – Salmon

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

CUSTOMERS

The Tuna Division has a client base spread over 60 countries. Although our business is based on long-term relationships built with our customers, both ASFII and PT IAFI do not have any major existing multi-year sales contracts.

The salmon products of BGB are sold in the local market to supermarkets and food service clients. Akaroa sells its products domestically and has been growing its export customers to complement the increase in harvest size and diversify its customer base.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

Alliance MHI Properties, Inc. (AMHI)

AMHI owns the land in General Santos, Philippines, where the Group's processed tuna and smoked salmon operating facilities are located, and leases it to ASFII and BGB. The existing lease is until December 31, 2022.

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.

In addition to the required government permits and licenses such as the local government business and sanitary permits, and regulatory licenses like the Food and Drug Administration licenses (FDA) and Hazard Analysis Critical Control Point System (HACCP’s), the Group also adopts globally-acknowledged best practices in its canned tuna and smoked salmon operations. For its tuna operations, the Group has received, among others, certifications of conformity with the United States Food and Drug Administration (USFDA), International Food Standard (IFS), British Retail Consortium (BRC), Kosher (OU), Islamic Da’wah Council of the Philippines (IDCP Halal), Marine Stewardship Council (MSC), Business Social Compliance Initiative (BSCI), Initiative Clause Sociale (ICS) and Earth Island Institute-Dolphin Safe (EII).

For its smoked salmon and other smoked seafood operations, the Group has the requisite government permits and licenses such as FDA License to Operate as Manufacturer, Exporter, Distributor, and Importer, and Halal certifications from Mindanao Halal Authority (MINHA) recognized by the Bureau of Fisheries and Aquatic Resources)”BFAR”).

In addition, as of December 31, 2020, the Group also has registered trademarks: “Bay of Gold”, “Quicklift”, “Sea Harvest”, “Big Glory Bay”, “Gold Standard Salmon”, “Prime New Zealand”, “Wagyu of Salmon”, “Superfish”.

<p>Bay of Gold</p>	<p>Registration No. 42017011484</p>	
<p>Quicklift</p>	<p>Registration No. 42018011698</p>	

Sea Harvest	Registration No. 42004008474	SEA HARVEST
Big Glory Bay	Registration No. 42011004121	BIG GLORY BAY
Gold Standard Salmon	Registration No. 42014502559	<i>Gold Standard Salmon</i>
Prime New Zealand	Registration No. 42017011482	
Wagyu of Salmon	Registration No. 42016505298	
Super Fish	Registration No. 42019504525	

Most of ASFII and PT IAFI's clients have their own brand names. As industry practice, tuna processing can include labeling services for clients carrying their own brands. As for clients who do not 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.

ASFII 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.

BGB has received a certificate of recognition for the implementation of HACCP System from the BFAR.

ASFII and BGB are registered with the Food and Drug Administration (FDA). ASFII is registered as a Food Manufacturer and exporter until June 3, 2021; while BGB is registered as a food manufacturer and exporter of processed seafood products until May 25, 2021, and as a food distributor, importer, and wholesaler until September 12, 2021.

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. PT IAFI is HACCP certified to process Canned Tuna.

Akaroa holds certifications from both Titoki and Lucas Bays for specie farming, as well as New Zealand Food Safety Authority.

Environment-particular Governmental Laws and Approvals – Environmental & Safety Issues

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).

In 2020, Greenpeace Southeast Asia's Tuna Cannery Report ranked the Group's Philippine tuna facilities as No.1 rank (Green) with green score of 71.57 in the 2020 Cannery Ranking, leading among the six canneries located in General Santos City, Philippines and is also among the top 5 canneries in the region compared with Indonesia and Thailand. In 2018, the Group's Philippine and Indonesian tuna facilities was also ranked as no. 1 in the respective localities, following Sustainability, Sourcing, Traceability, Legality, Driving Change, Equity, and Transparency criteria. In 2019, ASFII received a green rating from Greenpeace.

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 August 13, 2024. BGB was also registered with the United States Food and Drug Administration (USFDA) on March 26, 2015.

Business-particular Governmental Laws and Approvals: Labor and Employment

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 AND CONTRACTORS

As of December 31, 2020, the Group has a total of 1,447 workers (125 regular employees and 1,322 contractors) from its head office in Pasig City to its tuna and smoked salmon facilities in General Santos City, Philippines.

MAJOR RISK FACTORS

Risks relating to tuna supply

To ensure continued profitability, the Group's 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.

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 its salmon from New Zealand, Chile, and Norway. Salmon farming industry occasionally gets hit by algal blooms that may impact the supply chain. To counter this risk, the Group ensures to import only from reputable and sustainable salmon farms.

Akaroa Salmon New Zealand Ltd. has its own salmon farms and sources all of its salmon raw materials from its farms.

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. Further, the Tuna Division is undertaking efficiency improvement initiatives, such as supply chain planning and optimization, and cost reduction 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 good price because it has established itself as a producer of high-quality smoked salmon.

Akaroa's excellent fish quality and handling means that it can command premium pricing. It has become a preferred vendor to a number of its clients.

Risks relating to quality assurance

Processed 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 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 landowners.

Risks relating to contractual arrangements

Due to the commodity nature of the tuna industry, buyers will go to the suppliers that provide the best value.

At present, the Company's contractual arrangement with its buyers is undertaken on a "per purchase order" basis with a fixed shipment period. ASFII undertakes to match its contractual obligations with the availability of raw materials as much as possible to minimize its exposure to risks related to contractual arrangements and market volatility.

Risks relating to the COVID-19 pandemic

Due to the global pandemic, ASFII's operations were affected by government guidelines on manpower reduction, social distancing, and travel restrictions among others. However, the Company was able to manage this risk by immediately deploying a Business Continuity Plan (BCP) that covers all aspects of its operations in its plant and offices. This BCP covers a revised manpower plan; foot traffic management; alternative work schedule; and health, sanitation and safety procedures for all employees and essential visitors.

The BCP is in place and the plant continues to operate without any COVID-19-related disruption up to now.

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 ₱0.5 million for the first year of lease agreement with a 5% lease fee increase per annum. Lease period is for five (5) years starting from January 1, 2018.

The Parent Company also leases a warehouse from AMHI, also located at the AMHI compound. It pays monthly fees of ₱0.1 million with a 5% lease fee increase per annum. Lease period for the warehouse is for five (5) years starting from January 1, 2018.

The Parent Company leases its office spaces located at Suite 3104 in the Philippine Stock Exchange Centre West Tower, Pasig City from Greenhills Properties, Inc. for a gross monthly rate of ₱0.2 million for the first year. The term of the lease is a period of five (5) years, commencing on August 2018, renewable upon mutual agreement of the parties.

PT IAFI

PT IAFI used to own land and facilities in the town of Bitung, North Sulawesi in Indonesia. PT IAFI sold its land and buildings to PT Multi Nabati Sulawesi on November 6, 2019.

BGB

BGB's facilities are also located in the same compound where ASFII's tuna processing plants are located in General Santos City, Mindanao, Philippines. BGB is leasing the land with an area of 985.88 sqm from AMHI. The rental cost is P0.02 million per month and the lease agreement is for five (5) years starting from January 1, 2018.

AKAROA

Akaroa's factory is situated at 89 Treffers Road, Wigram, Christchurch, New Zealand. Annual rental payment is NZD 0.3 million.

AMHI

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

Item 3 – LEGAL PROCEEDINGS

The pending and material legal proceedings involving the Company as of December 31, 2020 are as follows:

- 1. *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 former Directors Messrs. George E. SyCip, 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.

Subsequently, George SyCip filed a Petition for Certiorari before the Court of Appeals, alleging that the inhibition was improper. The Court of Appeals granted said petition. Upon appeal to the Supreme Court, the Supreme Court affirmed the ruling of the Court of Appeals in its Resolution, dated September 19, 2018 (S.C. G.R. No. 239426), which ruling became final and executory.

Case was remanded back to Pasig RTC 159 for trial pursuant to the Order of the Supreme Court, directing RTC 159 to proceed with the hearing of the case.

- 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-EIPD) 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-EIPD 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, Raymond K.H. See, Marie Grace T. Vera-Cruz, Antonio C. Pacis, Erwin M. Elechicon and Barbara Anne C. Migallos, Commercial Case No. 15-234***

On August 5, 2015, Harvest All Investment Limited, 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 then Directors Messrs. George E. SyCip, Jonathan Y. Dee, Marie Grace T. Vera-Cruz, and Erwin M. Elechicon; and current Directors Raymond K.H. See, and Antonio C. Pacis; and Corporate Secretary 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 sustaining the position of the Company that Harvest All 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 Supreme Court to set aside the ruling of the Court of Appeals 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 Supreme Court questioning the ruling of the Court of Appeals 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 Supreme Court. On March 15, 2017, the Supreme Court 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, as well as the other Defendants filed their respective motions for reconsiderations.

The Supreme Court denied the motions for reconsideration with finality and the case was remanded back to the Regional Trial Court of Pasig City, branch 159, under Judge Lingan. Thereafter, the Company filed a Motion for

Factual Determination of Mootness, arguing that the cause of action of Plaintiffs is already moot and academic. Defendant Migallos likewise filed a Motion to Dismiss arguing also that the case is already moot and academic.

Plaintiffs however, filed a Motion for Inhibition against Judge Lingan (RTC 159), which said Judge granted. Defendant SyCip filed a Petition for Certiorari and Mandamus with Application for the Issuance of TRO and/or Writ of Preliminary Injunction before the Court of Appeals against Judge Lingan for inhibiting from the case (CA-G.R. SP No. 158324).

Pursuant to the inhibition of Judge Lingan (RTC 159), the case was eventually re-raffled to RTC 265 on April 4, 2019.

The case was referred to mediation on October 18, 2019. The parties underwent mediation until January 2020, but parties failed to enter into a settlement. Pre-Trial Conference was set on March 4, 2020.

On the day of the Pre-Trial Conference, before hearing started, the parties received an Omnibus Order, dated February 20, 2020, issued by RTC 265 **dismissing the case** due to forum shopping and being moot and academic.

On July 17, 2020, Harvest All et al. filed a Petition for Review before the Court of Appeals to assail the dismissal of the case, where the case is still pending.

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

- I. Annual Stockholders Meeting (for 2020)
- a. Date: 7 October 2020 (Wednesday)
Time: 2:30 PM
via remote communication via Zoom webinar platform

- b. Election of Officers:

Regular Directors:

- | | | |
|---------------------------|---|--------------------------------|
| 1. Antonio C. Pacis | – | 1,681,590,791 cumulative votes |
| 2. Gabriel A. Dee | – | 1,672,971,813 cumulative votes |
| 3. Raymond K.H. See | – | 1,681,622,560 cumulative votes |
| 4. Joseph Peter Y. Roxas | – | 2,010,920,829 cumulative votes |
| 5. Rena M. Rico – Pamfilo | – | 1,681,561,745 cumulative votes |

Independent Directors:

- | | | |
|-------------------|---|--------------------------------|
| 1. Dobbin A. Tan | – | 1,681,572,637 cumulative votes |
| 2. Domingo C. Go. | – | 1,681,557,207 cumulative votes |

- c. Matters Voted Upon:

Item	Yes	No	Abstain	Objection
1. Reading and approval of the Minutes of the 2019 Annual General Meeting of Stockholders held on 26 June 2019	1,728,634,827 (69.15%)	0	331,364,351 (13.26%)	
2. Approval of the Annual Report and the Audited Financial Statements for the Year ended December 31, 2019.	1,728,634,827 (69.15%)	331,364,351 (13.26%)	0	
3. Ratification and Approval of Acts of the Board of Directors and Executive Officers for the Corporate year 2019-2020	1,728,634,827 (66.15%)	331,364,351 (13.26%)	0	
4. Appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2019	1,728,634,827 (69.15%)	331,364,351 (13.26%)	0	

**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:

	2020		2019		2018	
	High	Low	High	Low	High	Low
Q1	0.68	0.45	1.02	0.95	0.66	0.63
Q2	0.61	0.50	0.86	0.72	0.62	0.55
Q3	0.68	0.55	0.78	0.68	0.59	0.57
Q4	0.75	0.62	0.68	0.51	1.10	1.04

On December 29, 2020, the last trading day for the year, the closing price for FOOD was ₱0.66 per share.

The number of shareholders of record as of December 31, 2020 owning at least one board lot is 204 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, 2020 is 31.87%.

Top 20 shareholders as of December 31, 2020 were:

Name	No. of shares	% ownership
1. PCD Nominee Corporation (Filipino)	2,021,122,981	80.84%
2. Harvest All Investment Limited	177,261,165	7.09%
3. Victory Fund Limited	138,474,015	5.54%
4. PCD Nominee Corporation (Foreign)	84,889,167	3.40%
5. Albert Hin Kay Hong	39,017,537	1.56%
6. Bondeast Private Limited	13,023,411	0.52%
7. Kawsek JR., Peter	4,538,646	0.18%
8. Zamora, Martin Antonio G.	3,975,370	0.16%
9. Cordova, Michael V.	3,805,000	0.15%
10. S. Chandra Das	2,604,760	0.10%
11. Oriental Tin Can & Metal Sheet MFG	2,210,385	0.09%
12. FDCP Inc.	1,894,045	0.08%
13. Cheng, Berck Yao	1,200,000	0.05%
14. Tri-Marine International (Pte) Ltd.	1,170,472	0.05%
15. Damalerio Fishing Corp.	920,656	0.04%

16. DFC Tuna Venture Corporation	617,248	0.02%
17. Phil. Fisheries Development Authority	346,207	0.01%
18. Amadeo Fishing Corp.	294,874	0.01%
19. Alliance Tuna International Inc.	257,464	0.01%
20. GENPACCO, Inc.	172,973	0.01%

As of December 31, 2020, foreign ownership of the company's common stock equity stands at 18.22% or 455,334,202 - common shares. Locally owned common stock stands at 81.78% or 2,044,378,261 common shares. Currently, there is no foreign ownership limitation applicable to FOOD.

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, 2020, 2019 and 2018 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then 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 2020 COMPARED TO CY 2019

I. FINANCIAL HIGHLIGHTS

<i>Amount in US \$'000</i>	Years Ended December 31		
	2020	2019	% Change
Revenue	\$62,706	\$84,883	-26%
Gross profit	2,928	8,177	-64%
Gross margin	5%	10%	
Selling & Administrative Expenses	10,123	8,564	18%
Finance Cost	1,253	2,035	-38%
Loss for the year	(10,100)	(5,132)	-97%
Non-controlling interest	135	(47)	-387%
Loss attributable to equity holders of the parent	(10,235)	(5,085)	101%
Net Profit – Margin	-16%	-6%	
EBITDA	(6,076)	(360)	
<i>EBITDA</i> margin	-10%	-0%	
Return on equity (ROE)	-39%	-15%	
Earnings - per share	-0.004	-0.002	
Book value per share	0.0094	0.0134	

I. OPERATING PERFORMANCE

The Group's consolidated revenues of \$62.7 million in 2020 were 26% lower than the revenues of \$84.9 million in 2019. In 2020, tuna-related products contributed about 86% of total revenues, while the remaining 14% were contributed by salmon-related products. Drop in revenue was driven by lower fish costs offered in other regions, which resulted to lower sales prices. In the last quarter of 2020, the significant spike in freight rates drove the deferment of shipments to 2021. The 2019 revenues still included the sales from the operations of Spence prior to its disposal in October 2019.

The Group's gross profit decreased by 5% in 2020 due to lower sales prices, delays in shipments which resulted to additional costs, increase in labor rates and overhead costs, and additional depreciation from the new fishmeal plant and equipment.

Over the past years, the Group has successfully implemented measures to reduce selling and administrative expenses and has consistently managed costs to partially cushion the impact of the decreasing gross profits.

Improvement in the operating cash flows allowed the Group to pay a significant amount of loans, thus reducing the finance cost by 38% from \$2.0 million in 2019 to \$1.3 million in 2020.

The Group suffered a net loss of \$10.1 million and \$5.1 million in 2020 and 2019, respectively. In 2020, the Group incurred shutdown costs related to the disposal of Spence in 2019, and expenses supporting the local government units for COVID 19 response.

III. FINANCIAL CONDITION

Balance Sheet Highlight	Years Ended December 31		
	2020	2019	% Change
<i>Amount in US\$'000</i>			
Cash & cash equivalent	\$2,550	\$1,871	36%
Receivables	5,444	12,114	-55%
Inventories	9,059	12,659	-28%
Other current assets	2,233	10,141	-78%
Total Current Assets	\$19,286	\$36,785	-48%
Property & equipment	16,723	16,275	3%
Total Assets	\$49,185	\$67,808	-27%
Trade and other payables	\$7,223	\$6,183	17%
Bank loans	12,119	22,344	-46%
Total Current Liabilities	19,498	28,709	-32%
Total Liabilities	27,830	36,508	-24%
Total Stockholders' Equity	21,355	31,300	-32%
Total Liabilities & SE	\$49,185	\$67,808	-27%

There was no impairment of goodwill recognized during the year.

Amounts as of December 31	2020	2019
Current Ratio	0.99	1.28
Debt-to-equity Ratio	1.30	1.17

IV.SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

<i>Amount in US\$'000</i>	Years Ended December 31	
	2020	2019
Operating cash flows before working capital changes	(\$3,999)	\$1,019
Net cash flows from operating activities	13,186	(7,495)
Net cash flows from investing activities	(1,264)	9,597
Net cash flows from financing activities	(11,283)	(7,307)

Net cash used in investing activities included the following:

<i>Amount in US\$'000</i>	Years Ended December 31	
	2020	2019
Additions to property, plant and equipment	(\$1,498)	(\$2,854)
Proceeds from sale of property, plant and equipment	235	2,226
Proceeds from sale of investment in a subsidiary	–	10,225

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

<i>Amount in US\$'000</i>	Years Ended December 31	
	2020	2019
Net payment of bank loans	(\$9,809)	(\$7,026)
Payment of interest	(1,055)	(2,001)
Due to related parties	–	1,908

The Group does not foresee any cash flow or liquidity problem over the next twelve (12) months.

As of December 31, 2020, 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.

Key performance indicator	Years ended December 31	
	2020	2019
Revenue growth rate	-26%	-13%
Net profit margin	-16%	-6%
Current ratio	0.99	1.28
Debt to equity ratio	1.30	1.17
Return on average stockholders' equity	-39%	-15%

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 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*

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 October 7, 2020, the stockholders ratified the re-appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2020.

Audit Related Fees

The following table sets out the aggregate fee billed for professional services rendered by Reyes, Tacandong & Co. for CY 2020 and PYs 2019 and 2018.

Audit and Audit-Related Fees	2020	2019	2018
Regular Audit	₱1,506,400	₱1,370,000	₱1,345,000
Other Fees	150,640	238,100	134,500
Total Audit and Audit-Related Fees	₱1,657,040	₱1,608,100	₱1,479,500

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	80	2014
Gabriel A. Dee	Filipino	Vice Chairman	56	2018
Raymond K.H. See	Filipino	Director, President & CEO	53	2014
Rena M. Rico-Pamfilo	Filipino	Director	45	2020
Joseph Peter Y. Roxas	Filipino	Director	59	2016
Domingo C. Go	Filipino	Independent Director	60	2020
Dobbin A. Tan	Filipino	Independent Director	57	2016

ANTONIO C. PACIS - 80, 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 of Paluwagan NG Bayan Savings Bank, Armstrong Pacific Co., Inc., Technology Investment Co., Inc. and Central Colleges of the Philippines. He used to serve on the Board of Directors of BDO Unibank for ten years.

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.

GABRIEL A. DEE - 56, Filipino citizen; Vice-Chairman

Mr. Dee obtained his law degree from the University of the Philippines College of Law in 1988 and his MBA Units at Ateneo De Manila Graduate School of Business from 1990-1992.

He is the Managing Partner of Picazo Buyco Tan Fider & Santos Law Offices from 2006 to date. He is a Director and Corporate Secretary of various listed and unlisted corporations, including several financial institutions. He is also a resource person for various seminars on IPO's, Listings and Estate Planning.

Mr. Dee has been practicing law since 1989. He is a professor of law teaching Corporation Law at the Lyceum College of Law and UP College of Law.

RAYMOND K. H. SEE - 53, 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 and CEO of the Company on December 8, 2014.

RENA M. RICO-PAMFILO - 45, Filipino citizen; Director

Atty. Rena M. Rico-Pamfilo is a member of the Integrated Bar of the Philippines and is qualified to practice law in the Philippines and in the State of New York, U.S.A. Atty. Rico-Pamfilo graduated from the Ateneo de Manila University with a Bachelor's degree in Management, Major in Legal Management. She obtained her Juris Doctor degree from the Ateneo de Manila School of Law, where she graduated with second honors, and her Master of Laws degree from the National University of Singapore.

At present, Atty. Rico-Pamfilo is the Chief Legal Counsel of Seawood Resources, Inc, and a faculty member at the Ateneo de Manila University School of Law.

Atty. Rico-Pamfilo was a Senior Associate at Romulo Mabanta Buenaventura Sayoc & delos Angeles from January 2007 to 2011. She was also the Assistant Counsel and Assistant Registrar at the Singapore International Arbitration Center from January 2005 to December 2006. She was an Adjunct Assistant Professor, Faculty of Law at the National University of Singapore from January 2006 to December 2006. She worked as Court Attorney IV in the Office of Associate Justice Reynato S. Puno of the Supreme Court of the Philippines from November 2002 to March 2003, and was a Junior Associate at Sycip Salazar Hernandez & Gatmaitan from November 2000 to August 2002.

JOSEPH PETER Y. ROXAS - 59, 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 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 - 57, 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 the 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.

DOMINGO C. GO – 60, Filipino Citizen, Independent Director

Mr. Go graduated from the Ateneo de Manila University with a Bachelor of Science degree in Management (Honors Program), and special studies during a one-year exchange scholarship program in International Christian University in Mitaka, Tokyo, Japan. He obtained his Master's degree in Business Administration from the University of the Philippines - Diliman.

Mr. Go is presently a Director of the Financial Executives Institute of the Philippines, Inc. (FINEX) since January 2020, and is also a Director of the FINEX Academy, Inc. from January 2020 up to the present. Mr. Go is also a trustee of the Philippine Federation of Japan Alumni, Inc. from July 2015 to the present.

Mr. Go served as a consultant of Pricewaterhouse Coopers Consulting Services Philippines Co. Ltd. from May 2018 to April 2019. He was also the First Vice President/Head of the Equity Investments Department of the Metropolitan Bank & Trust Company (Metrobank) from 1995 until his mandatory retirement in 2016. He also held the positions in the Merchant Banking Division, and the Account Management Group of Metrobank, and held concurrent positions in investee companies of the Metrobank Group.

Executive/Principal Officers

Officer	Nationality	Position	Age	Year Position was Assumed
Raymond K.H. See	Filipino	President & CEO	53	2014
Lisa Angela Y. Dejadina	Filipino	SVP – Operational Excellence and Business Development	38	2014
Barbara Anne C. Migallos	Filipino	Corporate Secretary	66	2015
Leah T. Porteza	Filipino	Treasurer	42	2020
Ma. Kristina P. Ambrocio	Filipino	Assistant Corporate Secretary and Chief Compliance Officer	42	2015
Ma. Cristina C. Villaruz	Filipino	Assistant Treasurer	48	2019

EXECUTIVE OFFICERS

RAYMOND K.H. SEE – 53, 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 – 38, 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 – 66, 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.

LEAH T. PORTEZA – 42, Filipino citizen, Treasurer

Ms. Porteza is a Certified Public Accountant who earned her Bachelor of Science in Accountancy from Pamantasan ng Lungsod ng Maynila. She has more than 20 years of accounting experience in the Philippines and the United States. Her experience includes general and tax accounting, financial planning, budgeting, forecasting, reporting and analysis, and Sarbanes-Oxley audit. She held multiple finance positions under banking, manufacturing, oil and energy industries.

Prior to joining the Company, she held the Finance General Manager position of Vena Energy where she oversees 45 entities for Solar, Wind and Hydro platforms.

MA. KRISTINA P. AMBROCIO - 42, Filipino citizen; Assistant Corporate Secretary and Chief 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.

MA. CRISTINA C. VILLARUZ – 48, Filipino citizen, Assistant Treasurer

Ms. Villaruz is a graduate of the University of the Philippines in the Visayas, with a Major in Accounting. She is also a Certified Public Accountant.

Ms. Villaruz has held multiple finance positions in the food, fishing and aquaculture industries. Prior to joining the Company, she headed Alsons Aquaculture Corporations' Budget, Financial Analysis and Cost Control Department.

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

- o 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.

The pending and material legal proceedings involving the Company's Directors and Officers, as of December 31, 2020 are as follows:

- 1. *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 former Directors Messrs. George E. SyCip, 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.

Subsequently, George SyCip filed a Petition for Certiorari before the Court of Appeals, alleging that the inhibition was improper. The Court of Appeals granted said petition. Upon appeal to the Supreme Court, the Supreme Court affirmed the ruling of the Court of Appeals in its Resolution, dated September 19, 2018 (S.C. G.R. No. 239426), which ruling became final and executory.

Case was remanded back to Pasig RTC 159 for trial pursuant to the Order of the Supreme Court, directing RTC 159 to proceed with the hearing of the case.

2. ***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 former directors, Mr. George E. SyCip, 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 on 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]).

Meanwhile, in the main case pending with the Pasig RTC, proceedings have been suspended by the Pasig RTC on the ground that there are issues related to the instant case that are pending before the higher courts.

3. ***People of the Philippines vs. Jonathan Y. Dee, Marie Grace T. Vera Cruz, George E. SyCip, Antonio C. Pacis and Raymond K.H. See, Criminal Case Nos. M-PSG-18-02275-CR and M-PSG-18-02276-CR***

On February 24, 2015, Ms. Hedy S.C. Yap-Chua filed a Complaint-Affidavit with the Department of Justice (“DOJ”) against incumbent Directors Raymond K.H. See and Antonio C. Pacis, and former directors Ms. Marie Grace T. Vera Cruz, Mr. Jonathan Y. Dee and George E. SyCip (“Respondents”) 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, which includes the signing of Ms. Yap-Chua’s representatives to sign non-disclosure agreements, 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 Respondents, 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.

In a Review Resolution dated March 20, 2018, the DOJ resolved the complaint finding probable cause against the Respondents ruling that the procedure prevented the inspection of the books. Respondents Vera Cruz, Pacis, See and SyCip filed their Motions for Reconsideration. While Respondent Dee filed a Petition for Review before the Secretary of Justice of the DOJ.

Acting on the Motions for Reconsiderations filed before the DOJ, the DOJ issued Resolution dated April 12, 2019 granting the motions for reconsiderations of Respondents See and Pacis dismissing the complaint against them. This eventually led to the **dismissal of the cases** against Respondents See and Pacis before MTC Pasig in a Consolidated Order dated June 25, 2019.

In March 2020, the MTC issued an Order **dismissing the case** against Respondents Jonathan Dee, George SyCip and Grace Vera Cruz on the ground of lack of jurisdiction resulting to the amendments introduced by the Revised Corporation Code of the Philippines which became effective in February 2019.

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, Erwin M. Elechicon and Barbara Anne C. Migallos, Commercial Cas No. 15-234*

On August 5, 2015, Harvest All Investment Limited, 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 then Directors Messrs. George E. SyCip, Jonathan Y. Dee, Marie Grace T. Vera-Cruz, and Erwin Elechicon; and current Directors Raymond K.H. See, and Antonio C. Pacis; and Corporate Secretary 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 sustaining the position of the Company that Harvest All 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 Supreme Court to set aside the ruling of the Court of Appeals 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 Supreme Court questioning the ruling of the Court of Appeals 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 Supreme Court. On March 15, 2017, the Supreme Court 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, as well as the other Defendants filed their respective motions for reconsiderations.

The Supreme Court denied the motions for reconsideration with finality and the case was remanded back to the Regional Trial Court of Pasig City, branch 159, under Judge Lingan. Thereafter, the Company filed a Motion for Factual Determination of Mootness, arguing that the cause of action of Plaintiffs is already moot and academic. Defendant Migallos likewise filed a Motion to Dismiss arguing also that the case is already moot and academic.

Plaintiffs however, filed a Motion for Inhibition against Judge Lingan (RTC 159), which said Judge granted. Defendant SyCip filed a Petition for Certiorari and Mandamus with Application for the Issuance of TRO and/or Writ of Preliminary Injunction before the Court of Appeals against Judge Lingan for inhibiting from the case (CA-G.R. SP No. 158324).

Pursuant to the inhibition of Judge Lingan (RTC 159), the case was eventually re-raffled to RTC 265 on April 4, 2019.

The case was referred to mediation on October 18, 2019. The parties underwent mediation until January 2020, but parties failed to enter into a settlement. Pre-Trial Conference was set on March 4, 2020.

On the day of the Pre-Trial Conference, before hearing started, the parties received an Omnibus Order, dated February 20, 2020, issued by RTC 265 **dismissing the case** due to forum shopping and being moot and academic.

On July 17, 2020, Harvest All at al. filed a Petition for Review before the Court of Appeals to assail the dismissal of the case, where the case is still pending.

5. *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, Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Yap Chua (“Complainants”) are minority shareholders of Alliance Select Foods International, Inc. (“Company”) who allege that the respondents, then Directors and Officers Jonathan Y. Dee, Alvin Y. Dee, Joanna Y. Dee-Laurel, George E. SyCip, Teresita S. Ladanga, Grace S. Dogillo, Arak Ratborihan, Marie Grace T. Vera Cruz, and current Directors Raymond K.H. See, and Antonio C. Pacis, improperly used the Complainants’ investments 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 the Company. The Complainants further asserted that their proportionate rights as shareholders were diminished, such as their entitlement to representation in the Board of Directors of the Company.

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.

Meanwhile, Jonathan Dee, Alvin Dee, Joanna Dee-Laurel, and Tess Ladanga (“Perjury Complainants”) filed a complaint for perjury against Yap-Chua, which was consolidated with the above case.

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 Petitions for Partial Review with the DOJ.

The DOJ issued a Joint Resolution dated March 31, 2017 denying both petitions for partial review, affirming the dismissal of the complaints.

On Motion for Reconsideration, the DOJ promulgated its March 27, 2018 Resolution **dismissing the charges** of Syndicated Estafa and Falsification of Public Documents against Raymond K.H. See, Marie Grace T. Vera Cruz and Antonio C. Pacis. On the other hand, while likewise dismissing the charge of Syndicated Estafa and Falsification of Public Documents against the rest of the respondents, the DOJ found probable cause for Estafa against Jonathan Y. Dee, Alvin Y. Dee, Joanna Y. Dee-Laurel, George E. SyCip, Teresita S. Ladanga, Grace S. Dogillo, and Arak Ratborihan.

Jonathan Dee, Alvin Dee, Joanna Dee-Laurel, and Teresita Ladanga filed a joint Motion for Partial Reconsideration, while George SyCip filed his separate Motion for Partial Reconsideration before the DOJ, which are pending before the DOJ.

Complainants Hedy et al. filed a Petition for Certiorari before the Court of Appeals alleging that there is grave abuse of discretion on the part of the DOJ in finding probable cause only to a lower charge of simple estafa instead of syndicated estafa and/or dismissing the charge against Raymond See, Grace Vera Cruz and Antonio Pacis, pending before the Court of Appeals (CA-G.R. SP No. 156008). After the parties have filed their Answers, and Replies and other subsequent pleadings, the Court of Appeals has issued a Resolution dated September 24, 2019 submitting the petition for decision.

Meanwhile, informations were filed with the Regional Trial Court of Makati for simple estafa, against former Directors and Officers Jonathan Dee, Alvin Dee, Joanna Dee-Laurel, George SyCip, Teresita Ladanga, Grace Dogillo, Arak Ratborihan, and John and Jane Does, which is pending trial.

Item 11 – EXECUTIVE COMPENSATION

Information on the aggregate compensation paid or accrued during the last five 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 P’000	Bonuses/Other Income Amounts in P’000
CEO and the four most highly compensated officers named above	2016	₱ 14,885	₱ 235
	2017	₱ 14,865	₱ 215
	2018	₱ 15,051	₱ 2,407
	2019	₱ 16,482	₱ 1,669
	2020	₱ 17,266	₱ 313
Aggregate compensation paid to all officers and directors as a group unnamed	2016	₱ 23,360	₱ 578
	2017	₱ 19,417	₱ 679
	2018	₱ 21,953	₱ 3,951
	2019	₱ 23,181	₱ 2,476
	2020	₱ 22,639	₱ 1,034

The following are the Parent Company’s top five (5) compensated executive officers:

Raymond K.H. See	President and CEO
Ma. Kristina P. Ambrocio	General Counsel, Asst. Corporate Secretary and Compliance Officer
Lisa Angela Y. Dejadina	Senior Vice President for Operations
Ma Berniefel B. Sarmiento	Supply Chain Optimization Manager
Ma. Cristina C. Villaruz	Group Comptroller

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 Parent 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 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 December 31, 2020:

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) 37 th Fl., Tower One, Enterprise Center, Paseo de Roxas corner Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino)	Filipino	2,021,609,224	80.87%
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	7.09%
	Total			2,198,870,389	87.96%

Security ownership of Directors, Officers and Management as of December 31, 2020:

Security Ownership of Directors

Title of Class	Name of Beneficial Owner	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	Citizenship	% of Capital Stock
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	Gabriel A. Dee	1,000	0	Filipino	0.00%
Common	Rena M. Rico-Pamflo	1,000	0	Filipino	0.00%
Common	Dobbin A. Tan	10,000	0	Filipino	0.00%
Common	Domingo C. Go	1,000	0	Filipino	0.00%
	TOTAL	118,400	2,151,521		0.08%

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	Citizenship	% of Capital Stock
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%
-	Leah T. Porteza	0	0	Filipino	0.00%
-	Ma. Kristina P. Ambrocio	0	0	Filipino	0.00%
-	Ma. Cristina C. Villaruz	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

Note 13 of the Notes to Consolidated Financial Statements as of 31 December 2020 on the Group's related party transactions are incorporated by reference. The Group's related party transactions, as reported therein, are under terms that are not less than favorable than those arranged with third parties, and are conducted on an arm's length basis.

Part IV – CORPORATE GOVERNANCE

Item 14 – CORPORATE GOVERNANCE

In compliance with SEC Regulations, the Company filed its 2018 Integrated Annual Corporate Governance Report (IACGR) with SEC on May 30, 2019. The Company likewise posted the report on its website on even date. The Company filed its I-ACGR for 2019 on September 1, 2020 and posted the same on the Company’s website on even date.

The Company stays faithful to the recommended 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.

On June 1, 2017, in compliance with SEC Memorandum Circular No. 8 Series of 2017, Alliance Select Foods International, Inc. (FOOD) submitted with the SEC its 2017 Corporate Governance Manual. The same was adopted by the Board of Directors of FOOD in a special meeting held on May 30, 2017.

The attendance of the Board members during Board of Directors meetings held in CY 2020 was as follows:

	June 10	Aug 07	Aug 13	Sept 11	Oct 7 (Org Mtg)	Nov 10	Dec 14	Attendance
Antonio C. Pacis	P	P	P	P	P	P	A	86%
Gabriel A. Dee	P	P	P	P	P	P	P	100%
Raymond K.H. See	P	P	P	P	P	P	P	100%
Marie Grace T. Vera Cruz***	P	P	P	P	N/A	N/A	N/A	
Rena M. Rico-Pamfilo	N/A	N/A	N/A	N/A	P	P	P	100%
Joseph Peter Y. Roxas	P	P	P	P	P	P	P	100%
Dobbin A. Tan	P	P	P	P	P	P	P	100%
Erwin Elechicon**	P	N/A	N/A	N/A	N/A	N/A	N/A	
Domingo C. Go**	N/A	N/A	N/A	P	P	P	P	100%

P = Present

A = Absent

N = Not a Director

* There were seven (7) meetings held during the year 2020.

** Mr. Elechicon passed away in June 19, 2020. Mr. Domingo C. Go was appointed as Independent Director as replacement of Mr. Elechicon.

***Ms. Vera-Cruz stepped down as Director on Oct 7, 2020.

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.

Corporate Governance 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.

Its responsibilities also 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.

Other committees of the Company include the Board Risk Oversight Committee and Related Party Transactions Committee.

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
March 16, 2020	Response to the SEC Notice issued on 12 March 2020 regarding the COVID19 Pandemic: Alliance Select Foods International, Inc.'s Preventive and Business Continuity Measures Against COVID19 Pandemic
June 8, 2020	Notice of Postponement of the Annual Stockholders' Meeting following the COVID19 Outbreak
June 11, 2020	Board of Directors approved the 2019 Performance and Audited Financial Statements
June 11, 2020	Setting of the Date of the Annual Stockholders' Meeting
July 22, 2020	Demise of our Independent Director, Mr. Erwin Elechicon
August 10, 2020	Press Release: Alliance Select First Quarter NIBT Up by 14% Amid Pandemic Disruptions
August 10, 2020	Announcement of the Date of the Annual Stockholders' Meeting
August 17, 2020	Press Release: Greenpeace Ranked Alliance Select as #1 in the Philippines for Sustainability in 2020
September 14, 2020	Election of Mr. Domingo C. Go as new Independent Director to the Board of Directors
October 8, 2020	Results of 2019 Annual Stockholders' Meeting of FOOD
October 8, 2020	Results of the 2019 Organizational Meeting of the Board of Directors
October 8, 2020	Press Release: Alliance Select Holds 2020 Stockholders' Meeting
November 16, 2020	Press Release: Alliance Select Posts USD52 Million Net Revenues for the Third Quarter
December 3, 2020	Resignation of Ms. Nimpa H. Reyes as Chief Audit Executive of the Corporation

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.

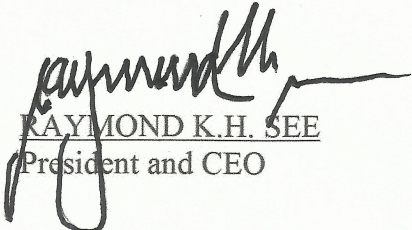
n2 If required pursuant to Part III, paragraph B(3) of this Annex C.

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.


By:



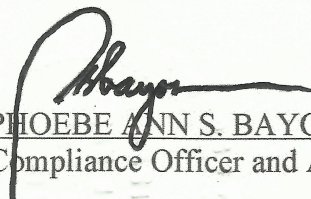
RAYMOND K.H. SEE
President and CEO



LISA ANGENIA Y. DEJADINA
Senior Vice President of Group Operations



MARIA CAROLYN C. ANGELES
Head of Finance



PHOEBE ANN S. BAYONA
Compliance Officer and Assistant Corporate Secretary

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

SUBSCRIBED AND SWORN to before me, in Pasig City, on May 12, 2021, the affiants exhibiting to me their government issued identifications as follows:

NAME	Government issued ID	
Raymond K.H. See	Passport No. P2678380B	Valid until July 29, 2029
Lisa Angela Y. Dejadina	Passport No. P1427002A	Valid until December 29, 2021
Maria Carolyn C. Angeles	PRC License No. 88563	Valid until June 26, 2023
Phoebe Ann S. Bayona	Passport No. P6123254B	Valid until January 19, 2031

WITNESS MY HAND AND SEAL, this May 12, 2021, at Pasig City.

Doc No. : 81 ;
Page No. : 18 ;
Book No. : II ;
Series of 2021.



Notary Public

(Signature)
ATTY. GINO MARCO P. BAUTISTA
Notary Public for Pasig, San Juan, and Pateros
Commission No. 106 (2020-2021)
Until December 31, 2021
3104 A, West Tower, Phil. Stock Exchange Centre,
Exchange Road, Ortigas Center, Pasig City
PTR No. 7334739/2-11-2021/Pasig City
IBP No. 157046/2-11-2021/Quezon City
Roll of Attorneys No. 58507
MCLE Compliance No. VI-0025935; 4-29-2019

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

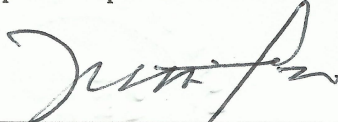
The Management of **ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at and for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

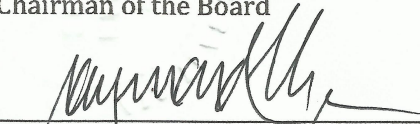
The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2020 and 2019, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



ANTONIO C. PACIS
Chairman of the Board



RAYMOND K.H. SEE
President and Chief Executive Officer



MARIA CAROLYN C. ANGELES
Finance Head

Signed this 12th day of April 2021



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

SUBSCRIBED AND SWORN to before me, in Pasig City, on April 12, 2021, the affiants exhibiting to me their government issued identifications as follows:

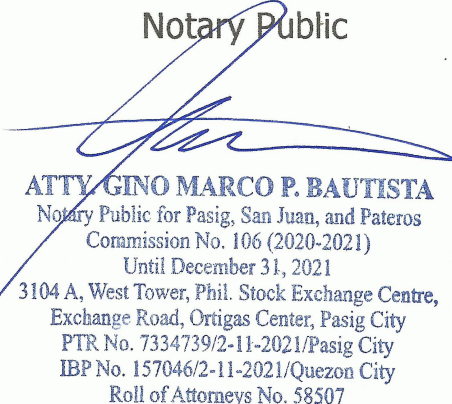
NAME	Government issued ID	
Antonio C. Pacis	Passport No. P4501467B	Valid until January 22, 2030
Raymond K.H. See	Passport No. P2678380B	Valid until July 29, 2029
Maria Carolyn C. Angeles	Driver's License No. C09-10-003908	Valid until June 26, 2023

WITNESS MY HAND AND SEAL, this April 12, 2021, at Pasig City.

Doc No. : 67 :
Page No.: 15 :
Book No.: II :
Series of 2021.



Notary Public


ATTY. GINO MARCO P. BAUTISTA
Notary Public for Pasig, San Juan, and Pateros
Commission No. 106 (2020-2021)
Until December 31, 2021
3104 A, West Tower, Phil. Stock Exchange Centre,
Exchange Road, Ortigas Center, Pasig City
PTR No. 7334739/2-11-2021/Pasig City
IBP No. 157046/2-11-2021/Quezon City
Roll of Attorneys No. 58507
MCLE Compliance No. VI-0025935; 4-29-2019

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 3 1 9 1 3 8

COMPANY NAMEA L L I A N C E S E L E C T F O O D S I N T E R N A T I O N A L ,
I N C . A N D S U B S I D I A R I E S (A S u b s i d i a r y
o f S T R O N G O A K I N C .)**PRINCIPAL OFFICE** (No./Street/Barangay/City/Town/Province)S u i t e 3 1 0 4 A , W e s t T o w e r , P h i l i p p i n e
S t o c k E x c h a n g e C e n t r e , E x c h a n g e R o a d
, O r t i g a s A v e n u e , P a s i g C i t y

Form Type

A C F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

info@allianceselectfoods.com

Company's Telephone Number/s

(02) 7-747-3798

Mobile Number

09176205726

No. of Stockholders

240

Annual Meeting (Month / Day)

June 15

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Raymond K.H. See

Email Address

info@allianceselectfoods.com

Telephone Number/s

(02) 7-747-3798

Mobile Number

-

CONTACT PERSON'S ADDRESS

Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, 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 AUDITORS' REPORT

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Suite 3104A, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Avenue, Pasig City

Opinion

We have audited the accompanying 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, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020, 2019 and 2018, 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 *Auditors' 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.

Emphasis of Matter - Novel Coronavirus (COVID-19) Pandemic

We draw attention to Note 1 to the consolidated financial statements, which describes the significant effect of COVID-19 pandemic and the government mandated lockdown on the Group's business operations. The Group, however, believes that it can continue as a going concern under these prevailing conditions with the initiatives it adopted including targeting key accounts, cash management measures, managing costs and improving operational efficiencies.

Our opinion is not modified with regards to this matter.



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 year. 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 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 \$9.06 million represent 18% of the total consolidated assets as at December 31, 2020. Our audit procedures included an assessment of the Group's measurement of the inventories' NRV and identification of damaged and obsolete items. We also focused on the adequacy of the Group's disclosures in accordance with PAS 2, *Inventories*. The Group's disclosures on inventories are included in Notes 2, 3 and 7 to the consolidated financial statements.

Valuation of Property, Plant and Equipment

Property, plant and equipment, except land, are measured at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The Group is required to review the recoverable amount of its property, plant and equipment whenever there is an indication of impairment. Determination of the recoverable amount involves significant estimates and assumptions. Total carrying amount of the Group's property, plant and equipment amounted to \$16.72 million representing 34% of the total consolidated assets as at December 31, 2020. Our audit procedures included, among others, review of management's impairment assessment, 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, that is, 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, *Impairment of Assets*. The Group's disclosures on valuation of property, plant and equipment are included in Notes 2, 3 and 9 to the consolidated financial 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, 2020, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' 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.

Auditors' 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 auditors' 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, these 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 consolidated 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Wilson P. Teo.

REYES TACANDONG & Co.



WILSON P. TEO

Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 92765-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-014-2020

Valid until January 1, 2023

PTR No. 8534283

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	5	\$2,549,861	\$1,871,461
Trade and other receivables	6	5,443,846	12,113,532
Inventories	7	9,059,229	12,659,074
Other current assets	8	2,233,404	10,141,102
Total Current Assets		19,286,340	36,785,169
Noncurrent Assets			
Property, plant and equipment	9	16,722,712	16,275,207
Right-of-use (ROU) assets	22	3,790,118	4,023,998
Goodwill	4	2,050,639	2,050,639
Deferred tax assets	24	6,479,448	7,888,015
Other noncurrent assets	10	855,980	784,984
Total Noncurrent Assets		29,898,897	31,022,843
		\$49,185,237	\$67,808,012
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	\$7,223,239	\$6,182,702
Loans payable	12	12,119,200	22,343,674
Current portion of lease liabilities	22	155,545	159,766
Income tax payable		-	23,170
Total Current Liabilities		19,497,984	28,709,312
Noncurrent Liabilities			
Loans payable - net of current portion	12	2,009,881	1,594,343
Due to related parties	13	2,178,748	2,000,000
Lease liabilities - net of current portion	22	3,770,972	3,899,914
Net retirement benefits obligation	14	351,288	287,475
Deferred tax liabilities	24	20,910	17,208
Total Noncurrent Liabilities		8,331,799	7,798,940
Total Liabilities		27,829,783	36,508,252
Equity			
Capital stock	15	26,823,389	26,823,389
Additional paid-in capital (APIC)		1,486,546	1,486,546
Retained earnings (deficit)		(6,032,572)	4,202,949
Other comprehensive income		1,164,132	1,028,315
		23,441,495	33,541,199
Treasury stock	15	(5,774)	(5,774)
Equity attributable to equity holders of the Parent			
Company		23,435,721	33,535,425
Non-controlling interests		(2,080,267)	(2,235,665)
Total Equity		21,355,454	31,299,760
		\$49,185,237	\$67,808,012

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2020	2019	2018
NET REVENUE	16	\$62,706,131	\$84,882,803	\$97,133,736
COST OF GOODS SOLD	17	(59,778,016)	(76,705,419)	(84,793,734)
GROSS PROFIT		2,928,115	8,177,384	12,340,002
SELLING AND ADMINISTRATIVE EXPENSES	18	(10,122,735)	(8,563,943)	(7,341,396)
INTEREST EXPENSE	12, 13, 22	(1,253,181)	(2,035,297)	(1,504,254)
OTHER CHARGES - Net	19	(210,824)	(1,132,215)	(546)
INCOME (LOSS) BEFORE INCOME TAX		(8,658,625)	(3,554,071)	3,493,806
INCOME TAX EXPENSE	24	1,441,495	1,577,802	890,657
NET INCOME (LOSS)		(10,100,120)	(5,131,873)	2,603,149
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		144,203	68,108	(5,028)
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurement gain on retirement benefits, net of tax	14	11,611	-	32,086
		155,814	68,108	27,058
TOTAL COMPREHENSIVE INCOME (LOSS)		(\$9,944,306)	(\$5,063,765)	\$2,630,207
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		(\$10,235,521)	(\$5,084,520)	\$2,524,265
Non-controlling interests		135,401	(47,353)	78,884
		(\$10,100,120)	(\$5,131,873)	\$2,603,149
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		(\$10,099,704)	(\$5,093,041)	\$2,579,289
Non-controlling interests		155,398	29,276	50,918
		(\$9,944,306)	(\$5,063,765)	\$2,630,207
INCOME (LOSS) PER SHARE				
Basic and diluted income (loss) per share	21	(\$0.0041)	(\$0.0020)	\$0.0010

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

		Years Ended December 31		
	Note	2020	2019	2018
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock				
	15			
Balance at beginning of year		\$26,823,389	\$26,823,389	\$53,646,778
Effect of equity restructuring		–	–	(26,823,389)
Balance at end of year		26,823,389	26,823,389	26,823,389
APIC				
Balance at beginning of year		1,486,546	1,486,546	6,662,001
Effect of equity restructuring	15	–	–	26,823,389
Application of APIC against deficit	15	–	–	(31,998,844)
Balance at end of year		1,486,546	1,486,546	1,486,546
Retained Earnings (Deficit)				
Balance at beginning of year		4,202,949	9,291,312	(25,231,797)
Effect of adoption of PFRS 16, net of tax effect		–	(3,843)	–
Balance at beginning of year, as restated		4,202,949	9,287,469	(25,231,797)
Net income (loss)		(10,235,521)	(5,084,520)	2,524,265
Application of APIC against deficit	15	–	–	31,998,844
Balance at end of year		(6,032,572)	4,202,949	9,291,312
Other Comprehensive Income				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
	14			
<i>Cumulative Remeasurement Gains on Retirement Benefits Obligation</i>				
Balance at beginning of year		87,276	87,276	55,190
Remeasurement gain		11,611	–	32,086
Balance at end of year		98,887	87,276	87,276
<i>Revaluation Reserves</i>				
Balance at beginning and end of year		275	275	275
<i>Item that will be reclassified subsequently to profit or loss</i>				
<i>Cumulative Translation Adjustment</i>				
Balance at beginning of year		940,764	872,656	877,684
Exchange differences on foreign currency translation		124,206	68,108	(5,028)
Balance at end of year		1,064,970	940,764	872,656
Total balance at end of year of other comprehensive income		1,164,132	1,028,315	960,207
Treasury Stock	15	(5,774)	(5,774)	(5,774)
NON-CONTROLLING INTERESTS				
Balance at beginning of year		(2,235,665)	(2,264,941)	(2,315,859)
Total comprehensive income attributable to non-controlling interests		155,398	29,276	50,918
Balance at end of year		(2,080,267)	(2,235,665)	(2,264,941)
		\$21,355,454	\$31,299,760	\$36,290,739

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(\$8,658,625)	(\$3,554,071)	\$3,493,806
Adjustments for:				
Provisions for impairment losses	18	2,498,776	949,078	289,488
Depreciation and amortization	9	1,329,238	1,158,583	1,074,993
Interest expense	12, 13, 22	1,253,181	2,035,297	1,504,254
Reversal of allowance for impairment losses	6, 7	(362,796)	(673,181)	(804,482)
Gain on disposal/retirement of property, plant and equipment	9	(234,664)	(1,072,550)	(1,338)
Unrealized foreign exchange loss (gain) - net		196,441	(269,603)	(348,675)
Equity in net loss (income) of an associate	10	(85,944)	4,853	(3,461)
Retirement benefits expense	14	66,482	93,001	52,595
Interest income	19	(950)	(75,099)	(65,426)
Loss on disposal of a subsidiary	4	-	2,422,707	-
Operating income (loss) before working capital changes		(3,998,861)	1,019,015	5,191,754
Decrease (increase) in:				
Trade and other receivables		5,622,580	(5,845,692)	(2,514,362)
Inventories		2,513,234	339,582	804,103
Other current assets		7,942,539	(2,040,006)	(2,542,467)
Other noncurrent assets		10,354	699,529	(75,100)
Increase (decrease) in trade and other payables		1,121,435	(1,447,288)	(358,824)
Net cash generated from (used for) operations		13,211,281	(7,274,860)	505,104
Income tax paid		(25,887)	(295,374)	(349,013)
Interest received		950	75,099	65,426
Net cash flows from operating activities		13,186,344	(7,495,135)	221,517
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	9	(1,498,459)	(2,853,672)	(421,342)
Proceeds from sale of:				
Property, plant and equipment		234,664	2,226,080	24,387
Investment in a subsidiary	4	-	10,224,940	-
Net cash flows from investing activities		(1,263,795)	9,597,348	(396,955)

(Forward)

		Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:	28			
Loans payable		(\$38,648,486)	(\$67,769,210)	(\$41,805,631)
Interest		(1,054,669)	(2,000,843)	(1,771,551)
Lease liabilities		(419,731)	(188,704)	–
Due to related parties		–	(91,530)	(2,050,980)
Proceeds from availment of loans	28	28,839,550	60,742,942	48,426,236
Advances from related parties	28	–	2,000,000	–
Net cash flows from financing activities		(11,283,336)	(7,307,345)	2,798,074
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		39,187	64,261	(37,782)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		678,400	(5,140,871)	2,584,854
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		1,871,461	7,012,332	4,427,478
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	5	\$2,549,861	\$1,871,461	\$7,012,332
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	5			
Cash on hand		\$12,905	\$14,484	\$6,706
Cash in banks		2,536,956	1,856,977	7,000,668
Cash equivalents		–	–	4,958
		\$2,549,861	\$1,871,461	\$7,012,332
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Recognition of:	22			
ROU assets		\$–	\$4,157,391	\$–
Lease liabilities		–	4,148,900	–
Application of APIC against deficit as a result of equity restructuring	15	–	–	31,998,844

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. The shares of stock of the Parent Company are listed in the Philippine Stock Exchange (PSE) since November 8, 2006.

Strongoak Inc. (Strongoak), the immediate parent of ASFII, owns 55.32% of ASFII. Strongoak is a domestic company engaged in investment activities.

Subsidiaries

The consolidated financial statements include the accounts of ASFII and the following subsidiaries (collectively referred herein as the “Group”) as at December 31, 2020, 2019 and 2018:

Name of Subsidiary	% of Ownership			Nature of Business	Principal Place of Business
	2020	2019	2018		
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	100	100	100	Salmon and other seafoods processing	Philippines
PT International Alliance Food Indonesia (PT IAFI)*	99.98	99.98	99.98	Export trading	Indonesia
Alliance MHI Properties, Inc. (AMHI)	98.89	98.89	98.89	Leasing	Philippines
Akaroa Salmon (NZ) Ltd. (Akaroa)	80	80	80	Salmon farming and processing	New Zealand
PT Van De Zee (PT VDZ)	49	49	49	Fishing	Indonesia
Spence & Company Ltd. (Spence)**	–	–	100	Salmon and other seafoods processing	United States of America (USA)
ASFI Thailand***	–	–	100	Sales office	Thailand

*In 2019, PT IAFI changed its nature of business from canned fish processing

**Divested in 2019

***Closed in 2019

BGB. BGB has plant facilities that are located in Barrio Tambler, General Santos City.

PT IAFI and PT VDZ. PT IAFI was established under the Indonesian Foreign Capital Investment Law. In October 2019, the plant and machinery of PT IAFI were sold to an Indonesian entity.

PT IAFI owns 49% of PT VDZ, a fishing company. PT VDZ ceased operations in 2016.

Akaroa. Akaroa holds 25% stake in Salmon Smolt NZ Ltd. (SSNZ), an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa’s farm.

Status of Operations

In 2020, the country experienced the coronavirus (COVID-19) pandemic crisis resulting to a slowdown in the Philippine economy because of mandated lockdowns all over the country. The Group has incurred a net loss of \$10.1 million in 2020. In response to this condition, the Group implemented initiatives, which include adopting new distribution channels, targeting key accounts, implementing cash management measures including sourcing and identifying alternatives to improve supply chain and working capital funding, negotiating trading terms with critical suppliers for continuity of supplies and improving efficiencies across all areas of operations.

The COVID-19 pandemic is still prevailing and it is not practicable to estimate its potential impact after the reporting date. Management, however, has assessed that the actions that it has taken are sufficient to mitigate the impact of the COVID-19 pandemic. Accordingly, the consolidated financial statements were prepared on a going concern basis.

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2021, and were reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting and Reporting Policies

The significant accounting policies used in the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The consolidated financial statements have been prepared on a going concern basis and in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes all applicable PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and adopted by the SEC.

The consolidated financial statements comprise the consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated 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 consolidated statements of changes in equity.

Bases of Measurement

The consolidated financial statements are presented in United States (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 except for the retirement benefits obligation and lease liabilities, which are measured at present value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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 observable market 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 25 to the consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards:

Effective January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides an improved definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets’ must include, at a minimum, ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.
- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Effective June 1, 2020 -

- Amendments to PFRS 16, *Leases – COVID-19 Related Rent Concessions* – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

The adoption of the foregoing amended PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2020 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

The adoption of the foregoing 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 necessary.

Basis of Consolidation

Subsidiaries. Subsidiaries are entities in which the Parent Company has control. The Parent Company 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 Parent Company controls an entity. The Parent Company reassesses 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 Parent Company 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 statement 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 Parent Company 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 Parent Company 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. Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company, presented within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of PT IAFI, PT VDZ, Akarua 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 Parent Company 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 Parent Company 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 Parent Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Parent Company 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 Parent Company 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 acquisition of Akaroa 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 the 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

Recognition and Measurement

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable market data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference 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.

Classification

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group’s business model and its contractual cash flow characteristics.

As at December 31, 2020 and 2019, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Classification of Financial Instruments between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Group's cash and cash equivalents, trade and other receivables and other noncurrent receivables presented under "Other noncurrent assets" are classified under this category.

Cash equivalents pertain to cash placements with a bank for varying periods of up to three months depending on the immediate cash requirements of the Group.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process. Financial liabilities at amortized cost are included under current liabilities if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent liabilities.

As at December 31, 2020 and 2019, the Group's trade and other payables (excluding statutory payable and customers' deposits), loans payable, lease liabilities and due to related parties are classified under this category.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit losses (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables (excluding receivable from Prime Foods NZ Limited [PFNZ]), the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortized costs (including receivable from PFNZ), the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial 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 financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

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

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is 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, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and NRV. Cost incurred in bringing each product to its present location and condition is accounted as follows:

Raw Materials and Packaging Supplies. Cost is determined using weighted average method. NRV is the current replacement cost.

Finished Goods and Work in Process. 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 statement 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 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.

Advances to Suppliers. Advances to suppliers are recognized whenever the Group pays in advance for its purchase of goods. These advances are measured at transaction price less any impairment in value.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT except receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statement of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are measured at face amount less any impairment in value. These are apportioned over the period covered by the payment and recognized in profit or loss when incurred.

Investments in an Associate 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.

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 an associate and joint ventures are initially carried in the consolidated statement of financial position at cost. Subsequent to initial recognition, investments in an associate and joint ventures are measured in the consolidated financial statements using the equity method.

Under the equity method, the investments in an associate or a joint venture are initially recognized at cost. The carrying amount of the investments 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 investments and is neither amortized nor individually tested for impairment.

Upon loss of significant influence over the 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.

Biological Assets. The Group measures its biological assets on initial recognition and at the end of each reporting period at fair value less costs to sell. 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 14-16 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 statement of comprehensive income for the period when they arise.

Idle Assets. Idle assets are those which are no longer used in the Group's operations. These are measured at cost less accumulated depreciation and any impairment loss. 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, amortization 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:

<u>Asset Type</u>	<u>Number of Years</u>
Building	15 - 25
Leasehold improvements	5 (or lease term, whichever is shorter)
Machinery and equipment	15
Transportation equipment	5
Office and plant furniture, fixtures and equipment	5

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 (CIP) represents properties under construction and is stated at cost, including cost of construction and other direct costs. CIP 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 statement 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 Asset with Indefinite Useful Life. Intangible asset 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 has 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.

Macrocystic consent pertains to resource consent granted by New Zealand government in relation to salmon farming activities.

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 the Group's 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 and Other Intangible Assets with Indefinite Useful Lives. The Group assesses goodwill and other intangible assets with indefinite useful lives for impairment annually. Impairment is determined for goodwill and other intangible assets with indefinite useful lives by assessing the recoverable amount of the cash-generating units, to which the goodwill and other intangible assets with indefinite useful lives relate.

Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to these intangible assets cannot be reversed in future periods.

Customers' Deposits

Customers' deposits consist of amounts received by the Group from its customers as advance payments for the sale of goods. These are recorded at face amount under "Trade and other payables" account in the consolidated statement 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.

Equity

Capital Stock and APIC. 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 APIC or retained earnings. Excess of proceeds or fair value of consideration received over par value is recognized as APIC.

Retained Earnings (Deficit). Retained earnings (deficit) represent the cumulative balance of the Group's results of operations. Retained earnings (deficit) may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

Other Comprehensive Income (Loss). Other comprehensive income (loss) pertains to cumulative remeasurement gains (losses) on retirement benefits obligation, revaluation reserves and cumulative translation adjustments.

Treasury Stock. Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement 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 APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Revenue Recognition

The Group generates revenue primarily from the sale of goods. Other revenue sources include rental, interest and other income.

Revenue from Contracts with Customers. Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is

created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized.

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.

Revenue from other sources is recognized as follows:

Rental Income. Revenue is recognized on a straight-line basis over the term of the lease.

Interest Income. Interest is recognized as it accrues on a time proportion basis using the effective interest method.

Other Income. Income from other sources is recognized when earned during the year.

Contract Balances

Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays a consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

As at December 31, 2020 and 2019, the Group does not have outstanding contract assets.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The Group considers its customers' deposits as contract liabilities (see Note 11).

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. Otherwise, these are treated as expense.

Contract Fulfillment Asset. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group first considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Group applies the following

criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

As at December 31, 2020 and 2019, the Group does not have contract fulfillment assets.

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 costs of administering the business. These are charged to profit or loss in the period when these are incurred.

Interest Expense. Interest is recognized as it accrues on a time proportion basis using the effective interest method.

Other Charges. Expenses from other sources are expensed as incurred.

Leases

The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Group also assesses whether a contract contains a lease for each potential separate lease component.

At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Group measures ROU assets at cost. The cost comprises:

- i. the amount of the initial measurement of lease liabilities;
- ii. any lease payments made at or before the commencement date less any lease incentives received;
- iii. any initial direct costs; and

- iv. an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets ranging from four to 28 years.

Lease Liabilities. At commencement date, the Group measures a lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liabilities comprise the following:

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable by the lessee under residual value guarantees; and
- iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

For income tax reporting purposes, payments and receipts under lease agreements are treated as deductible expense and taxable income in accordance with the terms of the lease agreements.

Retirement Benefits

Retirement benefits 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 Group recognizes service costs comprising of current service costs and net interest expense on the retirement benefits liability in profit or loss.

The Group determines the net interest expense on retirement benefits liability by applying the discount rate to the net retirement benefits 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 benefits 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 and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trusted bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement benefits 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 benefits 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 liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authority. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted as at financial 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 unused NOLCO and excess 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 taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws in effect by the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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 U.S. Dollar are translated to U.S. 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 recognized 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 U.S. 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 recognized 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 derecognized, but they are not reclassified to profit or loss.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Related Party Relationships and Transactions

Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. 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. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

Related party transactions are considered material and/or significant if (i) these transactions amount to 10% or higher of the Group's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Group's total assets. Details of transactions entered into by the Group with related parties are reviewed by the BOD in accordance with the Group's related party transactions policies.

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties, 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 Period

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.

Income (Loss) per Share

The Group presents basic and diluted income (loss) per share data for its common shares.

Basic income (loss) per share is calculated by dividing the net income (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 product/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 27.

3. Significant Judgments, Accounting Estimates and Assumptions

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 an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The judgments, 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 judgments, estimates and assumptions and the related impact and associated risks in the consolidated financial statements:

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. The functional currency of certain subsidiaries 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.

Determining Control Over Subsidiaries. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Management has determined that by virtue of its majority ownership of voting rights or by the power to cast the majority of votes through its representatives in the BOD of its subsidiaries as at December 31, 2020 and 2019, 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.

Classifying Financial Assets and Liabilities. The Group has determined that it shall classify its financial assets at amortized cost on the basis of the following conditions met:

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

Moreover, the Group has determined that it shall classify its financial liabilities at amortized cost using the effective interest method.

Assessing Impact of COVID-19 Pandemic. Judgment was exercised in considering the impact of the COVID-19 pandemic on the Group's operation based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. The business initiatives that the Group has adopted (see Note 1), are deemed sufficient to mitigate the impact of the COVID-19 pandemic.

Assessing ECL. The Group's trade and other receivables are subject to the ECL model. While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the assessed impairment loss is not material.

Trade and Other Receivables (excluding Receivable from PFNZ). The Group applies the simplified approach in measuring ECL on trade and other receivables, which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are initially based on the Group's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables including the impact of the COVID-19 pandemic. The Group has identified macroeconomic factors (i.e., gross domestic product growth rates, foreign exchange rates, inflation rate, etc.) that are relevant and accordingly adjust the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The Group's provision for ECL on trade and other receivables is disclosed in Note 6.

Receivable from PFNZ and Other Financial Assets at Amortized Cost. The Group applies the general approach in measuring ECL, which uses a 12-month or lifetime ECL. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates financial health of the counterparty and the capacity and willingness to pay, among others.

Based on information available at the time, management has assessed that the Group has security and valid claims over PFNZ's assets for the full recovery of the receivable. Accordingly, no ECL was recognized on receivable from PFNZ in 2019 and 2018.

In 2020, the Group intended to pursue its claims against PFNZ but after a careful study and advice from the legal counsel, considering certain developments and comparing the potential award as against the cost, management opted against further pursuing the case.

For the Group, the significant costs and the low probability of obtaining commensurate return on the claim made would not justify the pursuit of the claim. Accordingly, the Group recognized a provision for impairment loss on trade receivables from PFNZ amounting to \$1.1 million in 2020 (see Note 6).

The carrying amounts of the Group's cash and cash equivalents, trade and other receivables, and other noncurrent receivables are disclosed in Notes 5, 6 and 10.

Classifying Lease Commitments - Group as a Lessee. The Group has entered into lease agreements for its office space and manufacturing area. For the Group's non-cancellable lease, the Group recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate. The Group availed exemption for the short-term leases with terms of 12 months or less. Accordingly, lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

The carrying amounts of ROU assets and lease liabilities are disclosed in Note 22.

Assessing the Extension Options of Lease Commitments. The Group's property leases on office and plant contain extension options exercisable by the Group prior to the end of the contract period to maximize operational flexibility in terms of managing contracts. Extension options are not reflected in measuring lease liabilities in cases when these options are not reasonably certain to be exercised or when the terms and conditions of the renewed contract are uncertain and subject to change considering the economic circumstances under which the Group operates. A reassessment will be made when there is a significant event or significant change in circumstances within its control. In 2020, there were no reassessments made.

Estimating the ROU Assets and Lease Liabilities. The Group's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Group considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings, and the term of each lease commitment. The Group determined that the implicit rate in the lease agreement is not readily available and that the interest rate on its borrowings presents the appropriate financing cost in leasing the underlying assets. The incremental borrowing rate used in the lease is the rate that would cause the present value of the lease payments and unguaranteed residual to equal the sum of the fair value of the underlying assets and initial direct costs incurred.

The carrying amounts of ROU assets and lease liabilities are disclosed in Note 22.

Estimating the 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 when the 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.

The carrying amount of inventories carried at lower of cost and NRV is disclosed in Note 7.

Estimating the Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group estimates the useful lives of property, plant and equipment and 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 these assets 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 intangible assets as at December 31, 2020 and 2019.

The carrying amounts of property, plant and equipment (except land) and intangible assets, net of accumulated depreciation, amortization and impairment losses are disclosed in Notes 9 and 10.

Assessing the Impairment of Nonfinancial Assets and Goodwill. The Group assesses impairment on its nonfinancial assets (excluding goodwill and macrocystic consent) 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 and macrocystic consent are tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

Management has assessed that the amount of allowance for impairment of the Group's nonfinancial assets is sufficient. The carrying amounts of these nonfinancial assets are disclosed in Notes 8, 9 and 10.

Estimating the Retirement Benefits Cost. 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 consolidated financial statements and include, among others, discount rates and salary increase rates.

Information in retirement benefits obligation are disclosed in Note 14.

Recognizing the 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 did not recognize deferred tax assets amounting to \$3.53 million and \$1.99 million as at December 31, 2020 and 2019, respectively, since the Group believes that it is not probable that sufficient taxable profit will be available to allow all or part of the MCIT and NOLCO to be utilized within the period allowed by the tax regulations.

The information on deferred tax assets is disclosed in Note 24.

Evaluating the Provisions and Contingencies. The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

Provisions recognized are disclosed in Note 18. Pursuant to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, certain information expected to seriously prejudice the position of an entity, subject of the provision need not be disclosed.

4. **Goodwill and Disposal of an Investment**

Goodwill

Goodwill resulted from the acquisition by the Parent Company of the following subsidiaries:

Akaroa. The Parent Company acquired 80% ownership of Akaroa in 2012. The acquisition enables the Group to stabilize its supply of salmon.

Spence. The Parent Company acquired 100% ownership of Spence in 2011. The acquisition of Spence's salmon processing facilities in the USA allows the Group to diversify its product line.

The acquisition of Akaroa and Spence resulted in goodwill aggregating \$9.50 million. The carrying amount of goodwill decreased to \$2.05 million as at December 31, 2020 and 2019 because of the disposal of the Parent Company's investments in Spence in 2019.

Based on the Group's annual impairment assessment using a discounted cash flow model covering a five-year period, the Group has assessed that goodwill is not impaired as at December 31, 2020 and 2019. In 2020 and 2019, the principal assumptions made in determining the recoverable amount (value in use) are discount rate of 8% and growth rates ranging from 5% to 29%.

Management determined the five-year projected cash flows based on past performance, existing contracts and expectations on market development such as average price, revenue growth range and expected costs to generate such revenue. The discount and growth rates used were based on the Group's pre-tax weighted average cost of capital (WACC) and pre-tax cash flow long-term growth rate, taking into consideration the sector performance and general market and economic conditions.

Disposal of a Subsidiary

On October 23, 2019, the Parent Company approved the disposal of Spence to a third party resulting to a loss (see Note 19).

The carrying amounts of the assets and liabilities of Spence as at October 23, 2019, which have been excluded in the 2019 consolidated financial statements, are as follows:

	Carrying Amount
Total assets	\$6,669,328
Total liabilities	(1,473,627)
Net assets sold	\$5,195,701

The revenue and net income of Spence included in the consolidated statements of comprehensive income amounted to \$14.55 million and \$60,683, respectively, for the period ended October 30, 2019, revenue and net loss of \$19.65 million and \$135,465, respectively, in 2018, and revenue and net income of \$20.27 million and \$235,576, respectively, in 2017.

5. Cash and Cash Equivalents

This account consists of cash on hand and in banks and cash equivalents.

Cash in banks earn interest at the prevailing bank deposit rates.

Interest income from cash in banks and cash equivalents amounted to \$950, \$75,099 and \$65,426 in 2020, 2019 and 2018, respectively (see Note 19).

6. Trade and Other Receivables

This account consists of:

	Note	2020	2019
Trade receivable from:			
Third parties		\$5,149,544	\$10,378,379
Related parties	13	234,185	234,185
Receivable from PFNZ		1,063,665	1,063,665
Claims receivables		960,732	997,517
Advances to officers and employees		2,711	14,840
Others		1,118,367	1,463,198
		8,529,204	14,151,784
Allowance for impairment losses		(3,085,358)	(2,038,252)
		\$5,443,846	\$12,113,532

Trade receivables are generated from the sale of inventories which are noninterest-bearing, unsecured and are generally collectible within 30 to 60 days.

In 2015, BGB entered into a debt restructuring agreement with PFNZ, a former subsidiary, which provides among others:

- a. Payment of the receivable in monthly installments commencing in January 2016 up to September 2029; and
- b. Securing the receivable with PFNZ's tangible and intellectual properties.

No collection was received in 2019. Consequently, the receivable was reclassified to current. Interest income amounted to \$41,266 in 2018.

In 2020, the Group intended to pursue its claims against PFNZ but after a careful study and advice from their legal counsel, considering certain developments and comparing the potential award as against the cost, management opted against further pursuing the case.

For the Group, the significant costs and the low probability of obtaining commensurate return on the claim made would not justify the pursuit of the claim. Accordingly, the Group recognized a provision for impairment loss on trade receivables from PFNZ amounting to \$1.1 million.

Claims receivables include claims for refunds from government agencies and claims from insurance, suppliers and other parties.

Movements in the allowance for impairment losses are as follows:

	Note	2020	2019
Balance at beginning of year		\$2,038,252	\$2,046,950
Reversal		(63,629)	(20,427)
Provisions	18	1,110,735	11,729
Balance at end of year		\$3,085,358	\$2,038,252

Trade receivables amounting to \$1.4 million and \$6.5 million are used to secure short-term loans from local banks as at December 31, 2020 and 2019, respectively (see Note 12).

7. Inventories

This account consists of:

	Note	2020	2019
At cost:			
Packaging supplies		\$261,448	\$231,535
Finished goods	17	2,647,572	5,878,003
Raw materials		5,057,132	3,680,096
		7,966,152	9,789,634
At NRV -			
Finished goods		1,038,584	2,869,440
Raw and packaging materials		54,493	–
		1,093,077	2,869,440
		\$9,059,229	\$12,659,074

The costs of inventories measured at NRV are as follows:

	Note	2020	2019
Finished goods	17	\$2,867,057	\$3,818,304
Raw and packaging materials		340,961	79,466
		\$3,208,018	\$3,897,770

Movements in the allowance for impairment losses on inventories are as follows:

	Note	2020	2019
Balance at beginning of year		\$1,028,330	\$759,148
Provision	18	1,385,778	921,936
Reversal		(299,167)	(652,754)
Balance at end of year		\$2,114,941	\$1,028,330

Reversal of allowance for impairment of inventories mainly pertains to inventories condemned and subsequently sold, which were provided with allowance.

Inventories charged to cost of goods sold amounted to \$44.92 million, \$60.03 million and \$68.67 million in 2020, 2019 and 2018, respectively (see Note 17).

Inventories amounting to \$9.6 million are used to secure short-term loans from local banks as at December 31, 2019 (see Note 12).

8. Other Current Assets

This account consists of:

	2020	2019
Advances to suppliers	\$962,478	\$9,094,833
Input VAT	977,797	667,357
Prepayments:		
Taxes	122,085	–
Rent	97,879	3,124
Insurance	37,946	27,903
Others	126,855	437,258
	2,325,040	10,230,475
Allowance for impairment losses	(91,636)	(89,373)
	\$2,233,404	\$10,141,102

Advances to suppliers pertain to advance payments for the purchase of raw materials.

Others pertain to payment for subscription and other fees.

Movements of allowance for impairment losses are as follows:

	Note	2020	2019
Balance at beginning of year		\$89,373	\$73,960
Provision	18	2,263	15,413
Balance at end of year		\$91,636	\$89,373

9. **Property, Plant and Equipment**

Movements in this account are as follows:

	December 31, 2020							
	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and Equipment	Construction- in-Progress	Total
Cost								
Balances at beginning of year	\$8,410,153	\$2,849,262	\$9,652,088	\$389,068	\$367,740	\$181,442	\$1,889,542	\$23,739,295
Additions	-	38,555	1,145,272	40,703	14,131	26,365	233,433	1,498,459
Disposal/retirement	-	(140)	(1,878,953)	-	(208)	-	-	(1,879,301)
Reclassification	-	1,598,501	273,050	-	-	-	(1,871,551)	-
Translation adjustment	313,664	386,433	145,701	76,351	15	(145,373)	(251,424)	525,367
Balances at end of year	8,723,817	4,872,611	9,337,158	506,122	381,678	62,434	-	23,883,820
Accumulated Depreciation and Amortization								
Balances at beginning of year	-	1,381,742	5,199,084	277,519	239,516	87,695	-	7,185,556
Depreciation and amortization	-	236,199	787,297	24,732	37,801	4,735	-	1,090,764
Disposals/retirement	-	(6)	(40,586)	-	(99)	-	-	(40,691)
Translation adjustment	-	27,959	(1,173,245)	559	22,085	(59,504)	-	(1,182,146)
Balances at end of year	-	1,645,894	4,772,550	302,810	299,303	32,926	-	7,053,483
Allowance for Impairment Losses								
Balances at beginning of year	-	-	273,399	-	5,133	-	-	278,532
Disposals/retirement	-	-	(165,774)	-	(5,133)	-	-	(170,907)
Balances at end of year	-	-	107,625	-	-	-	-	107,625
Carrying Amounts	\$8,723,817	\$3,226,717	\$4,456,983	\$203,312	\$82,375	\$29,508	\$-	\$16,722,712

	December 31, 2019							
	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and Equipment	Construction-in-Progress	Total
Cost								
Balances at beginning of year	\$9,467,256	\$4,708,686	\$9,297,596	\$502,571	\$488,094	\$340,736	\$806,693	\$25,611,632
Additions	–	140,549	1,393,571	31,686	59,165	88,536	1,140,165	2,853,672
Disposals/retirement	(1,113,589)	(2,061,982)	(1,050,069)	(145,776)	(179,802)	(249,380)	–	(4,800,598)
Reclassification	–	57,316	–	–	–	–	(57,316)	–
Translation adjustment	56,486	4,693	10,990	587	283	1,550	–	74,589
Balances at end of year	8,410,153	2,849,262	9,652,088	389,068	367,740	181,442	1,889,542	23,739,295
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	1,916,924	5,508,208	343,176	332,970	325,840	–	8,427,118
Depreciation and amortization	–	174,836	774,176	34,488	31,940	5,081	–	1,020,521
Disposals/retirement	–	(716,027)	(1,032,681)	(109,423)	(125,648)	(243,357)	–	(2,227,136)
Translation adjustment	–	6,009	(50,619)	9,278	254	131	–	(34,947)
Balances at end of year	–	1,381,742	5,199,084	277,519	239,516	87,695	–	7,185,556
Allowance for Impairment Losses								
Balances at beginning of year	–	1,418,389	274,942	–	5,133	–	–	1,698,464
Disposals/retirement	–	(1,418,389)	(1,543)	–	–	–	–	(1,419,932)
Balances at end of year	–	–	273,399	–	5,133	–	–	278,532
Carrying Amounts	\$8,410,153	\$1,467,520	\$4,179,605	\$111,549	\$123,091	\$93,747	\$1,889,542	\$16,275,207

In 2020, the construction of the Group's fishmeal plant facility was completed.

The Group's transportation equipment with net carrying value of \$8,163 and \$17,411 as at December 31, 2020 and 2019, respectively, are used as collateral to secure a chattel mortgage (see Note 12).

The depreciation and amortization charged to operations are as follows:

	Note	2020	2019	2018
Property, plant and equipment		\$1,090,764	\$1,020,521	\$1,070,159
ROU assets	22	233,880	133,393	–
Other intangible assets	10	4,594	4,669	4,834
		\$1,329,238	\$1,158,583	\$1,074,993
Charged to:				
Cost of goods sold	17	\$1,021,465	\$817,814	\$928,685
Selling and administrative expenses	18	307,773	340,769	146,308
		\$1,329,238	\$1,158,583	\$1,074,993

The Group recognized a gain on disposal/retirement of property, plant and equipment amounting to \$234,664, \$1.07 million and \$1,338 in 2020, 2019 and 2018, respectively (see Note 19).

The cost of fully depreciated property, plant and equipment still used in Group's operations amounted to \$1.64 million and \$1.01 million as at December 31, 2020 and 2019, respectively.

10. Other Noncurrent Assets

This account consists of:

	2020	2019
Receivable from Wild Catch Fisheries, Inc. (WCFI)	\$2,183,281	\$2,183,281
Biological assets	575,202	583,435
Investments in joint ventures	553,480	553,480
Idle assets	314,320	314,320
Investment in an associate	202,885	116,941
Other intangible assets	156,671	158,756
Others	35,083	39,713
	4,020,922	3,949,926
Allowance for impairment losses	(3,164,942)	(3,164,942)
	\$855,980	\$784,984

Receivable from WCFI

Receivable from WCFI includes the receivable from the sale of a fishing vessel and advances for fish deposit. WCFI has ceased operations since 2014. These were fully provided with allowance for impairment losses.

Investments in Joint Ventures

Details of investments in joint ventures as at December 31, 2020 and 2019 are as follows:

	Amount
At cost:	
FDCP	\$240,964
WCFI	39,279
Accumulated equity in net earnings	360,189
Share in other comprehensive income	(86,952)
	553,480
Allowance for impairment losses	(553,480)
	\$-

FDCP. FDCP is engaged in manufacturing and wholesale of tin cans. FDCP ceased manufacturing operations in September 2015. The Group has 39% ownership interest 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 WCFI.

Idle Assets

Idle assets pertain to fishing vessels that are no longer used in the Company's operations.

As at December 31, 2020 and 2019, idle assets were fully provided with an allowance. Total allowance for impairment losses for fishing vessels, including allowance for impairment losses previously recognized before reclassification to idle assets, amounted to \$13.9 million.

Investment in an Associate

The Group has an effective 20% ownership interest in SSNZ. SSNZ is engaged in the farming of salmon in South Island of New Zealand and was incorporated in 2008.

Details of the investment are as follows:

	Note	2020	2019
Acquisition cost		\$27,319	\$27,319
Accumulated equity in profits:			
Balance at beginning of year		89,622	94,475
Equity in net income (loss)	19	85,944	(4,853)
Balance at end of year		175,566	89,622
		\$202,885	\$116,941

The results of operations of SSNZ amounted to a net income of \$429,721 in 2020 and net losses of \$555,959 and \$36,526 in 2019 and 2018, respectively.

Other Intangible Assets

Other intangible assets pertain to macrocystic and salmon farming consents in New Zealand and a fishing license. Movements in this account are as follows:

	Note	2020	2019
Cost		\$269,066	\$269,066
Accumulated Amortization			
Balance at beginning of year		110,310	105,761
Amortization	9	4,594	4,669
Translation adjustment		(2,509)	(120)
Balance at end of year		112,395	110,310
		156,671	158,756
Allowance for impairment losses		(114,279)	(114,279)
		\$42,392	\$44,477

The carrying amount of intangible asset with indefinite useful life, which pertains to macrocystic consent, amounted to \$21,582 and \$20,220 at December 31, 2020 and 2019, respectively.

The total carrying amount of intangible assets with definite useful lives, which pertain to salmon farming consent and fishing license, amounted to \$20,810 and \$24,257 as at December 31, 2020 and 2019, respectively.

11. Trade and Other Payables

This account consists of:

	Note	2020	2019
Trade payables:			
Third parties		\$4,593,403	\$3,907,168
Related parties	13	260,957	603,655
Accrued expenses:			
Professional fees		699,745	861,495
Customs, brokerage and demurrage		352,287	–
Warehousing		233,074	148,774
Salaries, wages and other benefits		103,338	56,117
Interest		28,860	109,758
Others		799,316	228,876
Statutory payable		108,844	123,567
Customers' deposits		42,997	120,549
Others		418	22,743
		\$7,223,239	\$6,182,702

Trade payables are noninterest-bearing and are generally settled within 30 days.

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.

Customers' deposits pertain to advances from customers for the purchase of goods. These are recognized as revenue upon delivery of goods to customers.

12. Loans Payable

Details of the Group's loans payable are as follows:

Short-term Loans

	Currency	Nominal interest rate	2020	2019
Local banks	USD	3.0% - 9.59%	\$11,985,420	\$22,317,370
Add current portion of long-term loans			133,780	26,304
			\$12,119,200	\$22,343,674

Loans from local banks represent availments of revolving facilities, export packing credit, export bills purchase, import letters of credit and trust receipts, with terms ranging from three to six months.

Loan Security. Short-term loans from local banks are secured by the Group's trade receivables, inventories and transportation equipment as follows:

	Note	2020	2019
Trade receivables	6	\$1,431,864	\$6,476,411
Transportation equipment	9	1,642	–
Inventories	7	–	9,579,281
		\$1,433,506	\$16,055,692

Loans from investment banks are unsecured promissory notes used to finance the Group's working capital requirements, with a renewable 90-day term.

Long-term Loans

	2020	2019
Local banks	\$1,507,701	\$1,533,607
Foreign financing institution	635,960	87,040
	2,143,661	1,620,647
Less current portion	133,780	26,304
	\$2,009,881	\$1,594,343

Loans from local banks, which are denominated in Peso, bear annual interest rates ranging from 3.83% to 9.25%. Loans from foreign financing institution, which are denominated in New Zealand Dollars, bear an annual interest of 6.95%.

Loan Security. The long-term loans are secured by transportation equipment with carrying amount of \$6,521 and \$17,411 as at December 31, 2020 and 2019, respectively (see Note 9).

A foreign financing institution has facility agreement with Akaroa, being the Parent Company and a stockholder as guarantors. It has a registered security over the assets of Akaroa.

Schedule of Principal Payments. Principal payments to be paid within the next financial year and within two to five years amounted to \$12.7 million and \$1.5 million, respectively.

Interest Expense

Interest expense on loans payable amounted to \$885,477, \$1.90 million and \$1.40 million in 2020, 2019 and 2018, respectively.

13. 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		Outstanding Balance	
		2020	2019	2020	2019
Trade and other receivables	6				
Joint Venture		\$-	(\$480)	\$234,185	\$234,185
Associate		-	(10,571)	-	-
				\$234,185	\$234,185
Other noncurrent assets	10				
Joint Venture		\$-	\$418	\$2,183,281	\$2,183,281
Allowance for impairment		-	-	(2,182,863)	(2,182,863)
				\$418	\$418
Trade and other payables	11				
Payable to a Joint Venture		(\$172,898)	(\$10,466)	\$260,957	\$433,855
Immediate Parent		(169,800)	79,862	-	169,800
				\$260,957	\$603,655
Due to related parties					
Immediate Parent		\$178,748	\$2,000,000	\$2,178,748	\$2,000,000
Subsidiary's Stockholder		-	(91,530)	-	-
				\$2,178,748	\$2,000,000

Nature and Terms of Payment

Trade and Other Receivables. Receivable from joint venture pertains to working capital advances that are due on demand. These are settled in cash. Receivable from an associate pertains to receivable from tin cans returned.

Trade and Other Payables. Payable to Joint Venture (FDCP) pertains to unpaid tin can requirements. Payable to Immediate Parent pertains to various operating expenses. The outstanding balances are unsecured, noninterest-bearing and have no repayment terms. These are settled in cash.

Akaroa, another subsidiary, purchases smolts from SSNZ. These are settled upon billing.

Due to Related Parties. Payable to Immediate Parent pertains to borrowed funds amounting to \$2.0 million, which bears 6.31% annual interest and payable on a lump sum basis in cash on 2022. Effective November 2020, the interest rate was reduced to 4.57%. Movement in 2020 pertains to the foreign currency adjustment. In 2018, the Company fully paid the cash advances bearing 6.5% annual interest availed in 2017 for working capital requirements. Due to a subsidiary's stockholder, which bears 7.15% annual interest, pertains to working capital advances and are payable on demand.

The ultimate parent company is Seawood Resources, Inc., a domestic company engaged in investment activities.

Intercompany transactions eliminated in consolidation pertain to due to/from related parties and rental. Total due to/from related parties eliminated as at December 31, 2020 and 2019 amounted to \$15.07 million and \$16.12 million, respectively. Total rental receivable and payable eliminated as at December 31, 2020 and 2019 amounted to \$108,626 and \$134,791, respectively.

Related interest expense aggregated \$88,294, \$39,092 and \$86,733 in 2020, 2019 and 2018, respectively.

The remuneration of the key management personnel of the Group is composed of short-term and retirement benefits. Short-term employee benefits amounted to \$477,162, \$496,178 and \$492,042 in 2020, 2019 and 2018, respectively. Retirement benefits amounted to \$33,446, \$36,744 and \$35,356 in 2020, 2019 and 2018, respectively.

14. Retirement Benefits Obligation

The Group values its defined benefit obligation using the projected unit credit method. The benefit shall be payable to retirees who are at least 60 years old and with at least five years of credited service to the Group.

The Group has executed a Trust Agreement with a reputable local bank to establish the Group's retirement plan. The latest actuarial valuation was as at December 31, 2020. The Group did not obtain an actuarial valuation as at December 31, 2019 because the Group believes that the difference between the retirement liability as determined by an actuarial valuation and retirement liability recorded is not significant.

Retirement benefits costs are as follows (see Note 20):

	2020	2019	2018
Current service cost	\$44,389	\$82,822	\$43,326
Net interest expense	22,093	10,179	9,269
	\$66,482	\$93,001	\$52,595

The amounts included in the consolidated statements of financial position arising from the Group's obligations in respect of its retirement benefits obligation are as follows:

	2020	2019
Present value of defined benefit obligation	\$394,900	\$327,657
Fair value of plan assets	(43,612)	(40,182)
	\$351,288	\$287,475

Movements in the present value of defined benefit obligation are as follows:

	2020	2019
Balance at beginning of year	\$327,657	\$262,808
Current service cost	44,389	82,822
Interest cost	25,242	12,182
Unrealized foreign exchange gain - translation adjustment	16,103	(30,155)
Remeasurement gains:		
Changes in financial assumptions	104,535	-
Experience adjustments	(123,026)	-
	\$394,900	\$327,657

Movements in the fair value of plan assets are as follows:

	2020	2019
Balance at beginning of year	\$40,182	\$39,674
Interest income	3,148	2,003
Translation adjustment	2,185	(1,495)
Remeasurement loss	(1,903)	-
	\$43,612	\$40,182

The analysis of the fair value of plan assets at the reporting dates is as follows:

	2020	2019
Cash and cash equivalents	\$165	\$152
Other assets	43,447	40,030
Debt instruments	62	57
Fees payables	(4)	(4)
Withholding taxes payable	(58)	(53)
	\$43,612	\$40,182

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2020	2019
Discount rate	7.70%	4.64%
Expected rate of salary increases	6.00%	6.00%

The sensitivity analyses on the retirement benefits obligation (RBO) as at December 31, 2020 and 2019 below have been determined based on possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2020		2019	
	Change in Assumption	Increase (Decrease) on RBO	Change in Assumption	Increase (Decrease) on RBO
Expected salary growth rate	1.00%	\$24,135	1.00%	\$20,025
Discount rate	1.00%	(20,182)	1.00%	(16,745)
Improvement in employee turnover	10.00%	2,906	10.00%	2,411

The average duration of the benefit obligation on December 31, 2020 and 2019 is 19 years.

The cumulative remeasurement gains on retirement benefits obligation recognized in equity as at December 31 follows:

	2020	2019	2018
Balance at beginning of year	\$87,276	\$87,276	\$55,190
Remeasurement gain	11,611	–	32,086
Balance at end of year	\$98,887	\$87,276	\$87,276

15. Equity

Capital Stock

Details of the Parent Company's capital stock as at December 31, 2020 and 2019 are as follows:

	2020		2019		2018	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized						
Ordinary shares at ₱0.50 par value a share						
Balance at beginning of year	3,000,000,000	₱1,500,000,000	3,000,000,000	₱1,500,000,000	3,000,000,000	₱3,000,000,000
Effect of equity restructuring	–	–	–	–	–	(1,500,000,000)
	3,000,000,000	₱1,500,000,000	3,000,000,000	₱1,500,000,000	3,000,000,000	₱1,500,000,000
Issued and Outstanding						
Balance at beginning of year	2,500,000,000	\$26,823,389	2,500,000,000	\$26,823,389	2,500,000,000	\$53,646,778
Effect of equity restructuring	–	–	–	–	–	(26,823,389)
	2,500,000,000	26,823,389	2,500,000,000	26,823,389	2,500,000,000	26,823,389
Treasury shares at cost	(287,537)	(5,774)	(287,537)	(5,774)	(287,537)	(5,774)
Balance at end of year	2,499,712,463	\$26,817,615	2,499,712,463	\$26,817,615	2,499,712,463	\$26,817,615
Issued and Outstanding						
Balance at beginning of year	2,500,000,000	₱1,385,698,647	2,500,000,000	₱1,385,698,647	2,500,000,000	₱2,771,397,294
Effect of equity restructuring	–	–	–	–	–	(1,385,698,647)
	2,500,000,000	1,385,698,647	2,500,000,000	1,385,698,647	2,500,000,000	1,385,698,647
Treasury shares at cost	(287,537)	(143,769)	(287,537)	(143,769)	(287,537)	(143,769)
Balance at end of year	2,499,712,463	₱1,385,554,878	2,499,712,463	₱1,385,554,878	2,499,712,463	₱1,385,554,878

The Parent Company's track record of registration of securities is as follows:

	Issue/Offer Price	Registration/Issue Date	Number of Shares Issued
Initial public offering	₱1.35	November 8, 2006	535,099,610
Stock dividends	–	December 17, 2007	64,177,449
Stock rights offer (SRO)	1.00	July 25, 2011	272,267,965
Stock dividends	–	January 25, 2012	137,500,000
Private placement	1.60	December 14, 2012	60,668,750
Private placement	1.31	May 5, 2014	430,286,226
SRO	1.00	October 28, 2015	1,000,000,000
			2,500,000,000

On March 23, 2018, the SEC approved the Parent Company's application for equity restructuring. Accordingly, the resulting APIC of \$26.82 million from the equity restructuring and APIC of \$6.66 million as at December 31, 2016, were used to fully wipe out the Parent Company's deficit amounting to \$32.00 million as at December 31, 2017.

The total number of shareholders of the Parent Company as at December 31, 2020 and 2019 is 240 and 238, respectively.

The Group's non-controlling interests represent 0.02%, 20% and 1.11% ownership of PT IAFI & PT VDZ, Akaroa and AMHI, respectively. Non-controlling interests amounted to \$2.08 million and \$2.24 million as at December 31, 2020 and 2019, respectively.

The summarized financial information of subsidiary with significant non-controlling interest as at and for the years ended December 31, 2020, 2019 and 2018 follows:

	2020	2019	2018
Total assets	\$10,227,696	\$7,266,881	\$2,779,457
Total liabilities	17,859,992	5,589,477	977,042
Equity (deficit)	(7,632,296)	1,677,404	1,802,415
Net income (loss)	445,336	(218,546)	447,956

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, 2020 and 2019 follows:

	2020	2019
Debt	\$27,829,783	\$36,508,252
Equity	21,355,454	31,299,760
Debt-to-Equity Ratio	\$1.30:1	\$1.17:1

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 about 32% as at December 31, 2020 and 2019.

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.

16. Net Revenue

Revenue is disaggregated to the following major product lines:

	2020	2019	2018
Net sales of:			
Canned tuna	\$51,756,003	\$59,902,745	\$60,980,633
Salmon	8,676,394	22,637,987	27,946,771
Others	2,273,734	2,342,071	8,206,332
	\$62,706,131	\$84,882,803	\$97,133,736

Others pertain mainly to sale of whole fish and by-products.

Revenue generated by the foreign subsidiaries comprises 10%, 24% and 27% of the total revenue of the Group in 2020, 2019 and 2018, respectively.

Sales of goods are recognized as revenue at the point of delivery.

17. Cost of Goods Sold

This account consists of:

	Note	2020	2019	2018
Raw materials used		\$40,739,002	\$62,679,025	\$70,306,206
Direct labor	20	6,176,152	8,717,521	8,197,621
Manufacturing overhead:				
Warehousing		2,029,501	1,928,449	1,921,466
Fuel, light and water		1,518,523	1,416,267	1,303,706
Labor	20	1,077,822	920,427	967,342
Depreciation and amortization	9	1,021,465	817,814	928,685
Rent	22	80,721	334,613	359,147
Others		2,953,152	2,537,795	2,445,842
Total manufacturing costs		55,596,338	79,351,911	86,430,015
Finished goods, beginning	7	9,696,307	7,049,815	5,413,534
Total cost of goods manufactured		65,292,645	86,401,726	91,843,549
Finished goods, ending	7	(5,514,629)	(9,696,307)	(7,049,815)
		\$59,778,016	\$76,705,419	\$84,793,734

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	2020	2019	2018
Provisions for impairment losses		\$2,498,776	\$949,078	\$289,488
Salaries, wages and other benefits	20	1,686,419	2,598,831	2,750,012
Outside services		1,412,765	936,660	850,285
Customs, brokerage and demurrage		1,201,786	347,717	12,384
Freight and transportation		784,645	927,000	1,282,641
Advertising, marketing and commission		566,299	766,931	694,634
Taxes and licenses		436,188	559,981	461,812
Depreciation and amortization	9	307,773	340,769	146,308
Rent and utilities		262,673	350,196	170,029
Insurance		180,512	254,708	193,097
Materials and supplies		43,318	89,814	115,620
Others		741,581	442,258	375,086
		\$10,122,735	\$8,563,943	\$7,341,396

Provisions for impairment losses pertains to trade and other receivables, inventories, other current assets and property, plant and equipment, respectively (see Notes 6, 7, 8 and 9).

19. Other Income (Charges)

This account consists of:

	Note	2020	2019	2018
Gain on disposal/retirement of property, plant and equipment	9	\$234,664	\$1,072,550	\$1,338
Bank charges		(190,516)	(304,925)	(235,567)
Foreign exchange gain (loss)		(172,555)	323,919	320,202
Equity in net income (loss) of an associate	10	85,944	(4,853)	3,461
Interest income	5	950	75,099	65,426
Loss on disposal of a subsidiary	4	–	(2,422,707)	–
Others		(169,311)	128,702	(155,406)
		(\$210,824)	(\$1,132,215)	(\$546)

Others pertain to shutdown costs, sale of scrap materials and duty rebates.

20. Employee Benefits

This account consists of:

	Note	2020	2019	2018
Short-term employee benefits		\$8,873,911	\$12,143,778	\$11,862,380
Retirement benefits	14	66,482	93,001	52,595
		\$8,940,393	\$12,236,779	\$11,914,975
Charged to:				
Cost of goods sold	17	\$7,253,974	\$9,637,948	\$9,164,963
Selling and administrative expenses	18	1,686,419	2,598,831	2,750,012
		\$8,940,393	\$12,236,779	\$11,914,975

21. Income (Loss) Per Share

The calculation of the basic and diluted income (loss) per share is based on the following data:

	2020	2019	2018
Net income (loss) attributable to Parent Company	(\$10,235,521)	(\$5,084,520)	\$2,524,265
Weighted average number of ordinary shares outstanding	2,499,712,463	2,499,712,463	2,499,712,463
	(\$0.0041)	(\$0.0020)	\$0.0010

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, 2020, 2019 and 2018, the Parent Company has no dilutive potential share.

22. Significant Agreements

Short-term Leases

The Group entered into operating leases with third parties for its forklifts, container van, warehouse and vehicles. The contracts have a term ranging from six months to one year with varying monthly rent. The leases are renewable upon mutual agreement between parties.

Rent expense is distributed as follows:

	Note	2020	2019	2018
Cost of goods sold	17	\$80,721	\$334,613	\$359,147
Selling and administrative expenses		209,168	129,689	79,524
		\$289,889	\$464,302	\$438,671

Long-term Leases

On August 13, 2018, the Parent Company reported its change of office address. ASFII entered into a new lease agreement for its head office space with a new third party lessor on July 16, 2018, effective until July 15, 2023 and renewable upon mutual agreement of the parties. The monthly rental for the first two (2) years of \$4,171 is subject to an annual escalation of 5%.

On October 14, 2019, Akaroa entered into a lease agreement with a third party for certain premises located at 69 Treffers Road, Wigram, Christchurch, New Zealand with an annual rental of \$301,500 for 20 years with the rights of renewal for two of four years each.

The balance of movements in ROU assets follow:

	Note	2020	2019
Balance at beginning of year		\$4,023,998	\$405,837
Additions		–	3,751,554
Amortization	9	(233,880)	(133,393)
Balance at end of year		\$3,790,118	\$4,023,998

The balance of and movements in lease liabilities follow:

	Note	2020	2019
Balance at beginning of year	2	\$4,059,680	\$397,346
Additions		–	3,751,554
Rental payments		(419,731)	(188,704)
Interest		279,410	93,227
Effect of foreign exchange loss		7,158	6,257
Balance at end of year		3,926,517	4,059,680
Less current portion		155,545	159,766
Noncurrent portion		\$3,770,972	\$3,899,914

The incremental borrowing rate applied to the lease liabilities ranges from 3.00% to 9.54%. ROU assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The difference between the lease liabilities and ROU assets at initial recognition was adjusted to the opening retained earnings.

The amounts recognized in profit or loss are as follows:

	Note	2020	2019
Rental		\$289,889	\$464,302
Amortization	9	233,880	133,393
Interest		279,410	93,227
		\$803,179	\$690,922

The future minimum lease payments and present value as at December 31, 2020 are as follows:

	Minimum Lease Payments	Present Value
Not later than one year	\$439,812	\$155,545
Later than one year but not more than five years	7,882,165	3,770,972
	\$8,321,977	\$3,926,517

23. Corporate Social Responsibility

The Parent Company has implemented a corporate social responsibility program to focus on the local workers' community welfare, as well as to promote a clean and healthy environment together with energy conservation. In 2019, the Parent Company partnered with the Mindanao State University (General Santos City campus) to launch the Bay of Gold scholarship, which aims to provide financial assistance to Marine Biology students of this campus.

In light of the pandemic, the Parent Company provided relief to the pupils and families in Changco Elementary School, General Santos City and donated tuna products to local government units in Region XII.

24. Income Taxes

Components of income tax expense charged to profit or loss are as follows:

	2020	2019	2018
Current	\$34,387	\$156,085	\$350,987
Deferred	1,407,108	1,421,717	539,670
	\$1,441,495	\$1,577,802	\$890,657

Deferred Tax

The components of the Group's deferred tax assets and deferred tax liabilities are as follows:

	2020	2019
Deferred tax assets:		
Allowance for impairment losses on:		
Trade and other receivables and other noncurrent assets	\$5,688,307	\$7,159,431
Inventories	613,295	308,499
Property, plant and equipment	30,422	30,422
Retirement benefits obligation	81,942	87,548
Unrealized foreign exchange loss	52,616	39,035
Excess of depreciation and interest over rental payments	12,866	5,302
MCIT	-	257,778
	\$6,479,448	\$7,888,015
Deferred tax liabilities:		
Remeasurement gain on retirement benefits obligation	\$17,895	\$12,919
Accrued rent	3,015	4,289
	\$20,910	\$17,208

Details of other deductible temporary differences for which no deferred tax assets were recognized are as follows:

	2020	2019
NOLCO	\$2,108,950	\$327,172
Allowance on impairment on trade and other receivables and other noncurrent assets	1,088,148	1,496,608
MCIT	329,579	154,246
Excess of depreciation and interest over rental payments	-	8,950
	\$3,526,677	\$1,986,976

The details of the Group's NOLCO, which can be claimed as deduction from taxable income, are as follows:

Inception Year	Amount	Applied	Expired	Balance	Expiry Year
2020	\$6,240,422	\$-	\$-	\$6,240,422	2025
2019	304,015	-	-	304,015	2022
2018	485,396	-	-	485,396	2021
2017	303,379	-	(303,379)	-	2020
	\$7,333,212	\$-	(\$303,379)	\$7,029,833	

As mandated by Section 4 of Republic Act (RA) No. 11494 or the "Bayanihan to Recover as One Act" and as implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

The details of the Group's MCIT, which can be claimed as deduction from income tax payable are as follows:

Inception Year	Amount	Expired	Balance	Expiry Year
2020	\$18,101	\$-	\$18,101	2023
2019	145,368	-	145,368	2022
2018	166,110	-	166,110	2021
2017	100,687	(100,687)	-	2020
	\$430,266	(\$100,687)	\$329,579	

The reconciliation of income tax expense (benefit) computed at the statutory income tax rate and at effective income tax rates follows:

	2020	2019	2018
Income tax expense (benefit) computed at statutory tax rate	(\$2,597,588)	(\$1,066,221)	\$1,048,142
Changes in unrecognized deferred tax assets	1,539,701	829,971	(1,097,035)
Tax effects of:			
Expired NOLCO	91,014	1,527,639	385,599
Expenses exempt from taxation	51,539	4,080	6,232
Income exempt from taxation	(494)	(1,794)	(1,622)
Interest expense	193	681	591
Effect of tax rate differences	2,256,443	278,294	493,302
Expired MCIT	100,687	5,152	55,448
	\$1,441,495	\$1,577,802	\$890,657

The Parent Company and BGB were subjected to MCIT aggregating \$16,484, \$144,109 and \$172,109 in 2020, 2019 and 2018, respectively.

On March 26, 2021, RA No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act" (the "Act") was signed into law by the President of the Philippines. Under the Act, domestic corporations will be subject to 25% or 20% regular corporate income tax depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years, effective from July 1, 2020 to June 30, 2023.

However, the income tax rate used in preparing the consolidated financial statements as at and for the year ended December 31, 2020 is 30% and 2% for RCIT and MCIT, respectively.

The impact of the act had this been approved before December 31, 2020 is summarize as follows:

	Audited Balances (Based on Old Income Tax Rates)	Pro-forma Balances (Based on Revised Income Tax Rates)	Financial Impact Increase (Decrease)
Prepaid income tax	\$122,085	\$130,704	\$8,619
Deferred tax asset	6,479,448	5,140,753	(1,338,695)
Retained earnings	(6,032,572)	(4,676,501)	1,356,071
Income tax expense - current	34,387	43,006	8,619
Income tax expense - deferred	1,407,108	69,041	(1,338,067)
Net loss	(10,100,120)	(11,436,725)	(1,336,605)

25. 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, 2020 and 2019.

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	\$2,549,861	\$2,549,861	\$1,871,461	\$1,871,461
Trade and other receivables	5,443,846	5,443,846	12,113,532	12,113,532
	\$7,993,707	\$7,993,707	\$13,984,993	\$13,984,993

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
At amortized cost:				
Trade and other payables*	\$7,071,398	\$7,071,398	\$5,938,586	\$5,938,586
Loans payable	14,129,081	14,129,081	23,938,017	23,938,017
Lease liabilities	3,926,517	3,926,517	4,059,680	4,059,680
Due to related parties	2,178,748	2,178,748	2,000,000	2,000,000
	\$27,305,744	\$27,305,744	\$35,936,283	\$35,936,283

*Excluding customers' deposits and statutory payable

The following methods and assumptions are used to estimate the fair value of the Group's financial assets and liabilities:

Cash and Cash Equivalents, Trade and Other Receivables (excluding Receivable from PFNZ), Trade and Other Payables (excluding Statutory Payable and Customers' Deposits) and Due to Related Parties. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments. These financial assets and liabilities are classified under Level 3 of the fair value hierarchy groups of the consolidated financial statements.

Receivable from PFNZ, Lease Liabilities and Loans Payable. The fair values of these financial instruments are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. The fair values of these financial instruments are estimated using significant and unobservable inputs (Level 3 hierarchy).

Generally, an increase or decrease in the incremental after-tax cash flows will result in an increase or decrease in the fair value of these financial asset and liabilities. An increase or decrease in discount rate will result in a decrease or increase in the fair value of these financial asset and liabilities.

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 2020 and 2019.

26. Financial Risk Management Objectives and Policies

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables, receivable from PFNZ, trade and other payables (excluding statutory payable and customers' deposit), loans payable and due to related parties. The main purpose of these financial instruments is to finance the Group's operations.

The Group is exposed to credit risk, market risk and liquidity risk. 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 a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The table below shows the gross maximum exposure of the Group to credit risk before taking into consideration collateral and other credit enhancements:

	2020	2019
Cash and cash equivalents	\$2,549,861	\$1,871,461
Trade and other receivables	5,443,846	12,113,532
	\$7,993,707	\$13,984,993

Risk Management. Credit risk is managed on a group basis. The Group deals only with reputable banks and customers to limit this risk. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by management.

As at December 31, 2020 and 2019, the amount of cash and cash equivalents is neither past due nor impaired and has classified as "High Grade", while trade and other receivables were classified as "Standard 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.

Substandard Grade. Substandard grade financial assets are those which are considered worthless. These are accounts which have the probability of impairment based on historical trend.

Impairment. For trade and other receivables (excluding receivable from PFNZ), an impairment analysis is performed at each reporting date using a lifetime expected loss allowance to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and

coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

For receivable from PFNZ and other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

Based on information available at the time, in 2019 and 2018 management has assessed that the Group has security and valid claims over PFNZ's assets for the full recovery of the receivable. Accordingly, no ECL was recognized on receivable from PFNZ in 2019 and 2018.

In 2020, the Group intended to pursue its claims against PFNZ but after a careful study and advice from the legal counsel, considering certain developments and comparing the potential award as against the cost, management opted against further pursuing the case.

For the Group, the significant costs and the low probability of obtaining commensurate return on the claim would not justify the pursuit of the claim. Accordingly, the Group recognized a provision for impairment loss on trade receivables from PFNZ amounting to \$1.1 million in 2020.

As at December 31, 2020 and 2019, the aging analysis of the Group's financial assets is as follows:

	2020					
	Neither Past Due nor Impaired	Past Due Accounts but not Impaired			Impaired Financial Assets	Total
		1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days		
Cash in banks	\$2,536,956	\$-	\$-	\$-	\$-	\$2,536,956
Trade and other receivables	4,444,978	100,552	222,419	675,897	3,085,358	8,529,204
	\$6,981,934	\$100,552	\$222,419	\$675,897	\$3,085,358	\$11,066,160

	2019					
	Neither Past Due nor Impaired	Past Due Accounts but not Impaired			Impaired Financial Assets	Total
		1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days		
Cash in banks	\$1,856,977	\$-	\$-	\$-	\$-	\$1,856,977
Trade and other receivables	7,831,644	476,272	32,938	3,772,678	2,038,252	14,151,784
	\$9,688,621	\$476,272	\$32,938	\$3,772,678	\$2,038,252	\$16,008,761

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and debt and equity investments.

The sensitivity analyses in the following sections relate to the position as at December 31, 2020 and 2019.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant items in the statement of comprehensive income is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2020 and 2019.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at December 31, 2020 for the effects of the assumed changes of the underlying risk.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

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:

	2020		2019	
	Philippine Peso	U.S. Dollar Equivalent	Philippine Peso	U.S. Dollar Equivalent
Cash and cash equivalents	₱40,744,730	\$848,442	₱24,033,809	\$473,414
Trade and other receivables	16,550,551	344,638	8,445,243	166,353
Trade and other payables	92,718,198	1,930,704	108,429,630	2,135,829
Lease liabilities	2,729,819	56,844	7,694,856	151,572
Loans payable	369,825	7,701	852,577	16,838

	2020		2019	
	New Zealand Dollar	U.S. Dollar Equivalent	New Zealand Dollar	U.S. Dollar Equivalent
Cash and cash equivalents	\$28,920	\$20,750	\$80,954	\$54,563
Trade and other receivables	591,576	424,456	1,096,560	739,081
Trade and other payables	673,405	483,168	1,124,317	757,790
Loans payable	840,105	602,775	1,024,145	690,274
Lease liabilities	5,446,840	3,908,108	5,798,380	3,908,108
Due to a related party	318,723	228,684	346,150	233,305

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 6% change in 2020 and 2019, respectively, in foreign currency rates.

Foreign Currency Sensitivity Analysis. 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 against the relevant currency. For a 6% 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 4% and 6% change in the U.S. Dollar, with all the variables held constant, in 2020 and 2019, respectively:

	Effect on Income for the Year	
	2020	2019
Cash and cash equivalents	\$34,768	\$21,119
Trade and other receivables	30,764	36,217
Trade and other payables	(96,555)	(115,745)
Loans payable	(24,419)	(28,284)
Lease liabilities	(158,598)	(162,387)
Due to a related party	(9,147)	(9,332)
	(\$223,187)	(\$258,412)

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 12.

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 \$18.25 million and \$23.94 million as at December 31, 2020 and 2019, respectively, agreed at interest rates ranging from approximately 3.25% to 5.40% for bank loans and 6.50% to 9.59% per annum for long-term loans; expose the Group to fair value interest rate risk.

The Group has no floating interest rate. The Group is not exposed to cash flow interest rate risk.

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.

2020				
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*	–	\$7,071,398	\$–	\$7,071,398
Loans payable	3.00% - 9.59%	12,119,200	2,009,881	14,129,081
Lease liabilities	9.54%	155,545	3,770,972	3,926,517
Due to related parties	4.57% - 6.31%	–	2,178,748	2,178,748
Future interest	3.00% - 9.59%	556,947	4,428,091	4,985,038
		\$19,903,090	\$12,387,692	\$32,290,782

**Excluding statutory payable and customers' deposits*

2019				
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*	–	\$5,938,586	\$–	\$5,938,586
Loans payable	4.50% - 9.59%	22,343,674	1,594,343	23,938,017
Lease liabilities	9.54%	159,766	3,899,914	4,059,680
Due to related parties	6.31%	–	2,000,000	2,000,000
Future interest	4.50% - 9.59%	274,796	4,732,838	5,007,634
		\$28,716,822	\$12,227,095	\$40,943,917

**Excluding statutory payable and customers' deposit*

27. 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 2020, 2019 and 2018 which is consistent with how the Group's management internally monitors and analyzes financial information.

Revenue from by-products and other products is attributable to tuna and salmon operating segments.

Financial information about reportable segments are as follows:

	December 31, 2020			
	Tuna	Salmon	Rental	Total
Segment revenue	\$54,029,737	\$8,676,394	\$140,685	\$62,846,816
Inter-segment revenue	-	-	(140,685)	(140,685)
Net revenue	\$54,029,737	\$8,676,394	\$-	\$62,706,131
Segment results				
Loss before income tax	(\$7,416,896)	(\$1,196,655)	(\$45,074)	(\$8,658,625)
Provision for income tax	1,345,478	94,705	1,312	1,441,495
Net loss	(\$8,762,374)	(\$1,291,360)	(\$46,386)	(\$10,100,120)
Total assets	\$40,009,880	\$5,970,781	\$3,204,576	\$49,185,237
Total liabilities	(\$18,848,842)	(\$6,339,829)	(\$2,641,112)	(\$27,829,783)
Net cash flows from:				
Operating activities	\$12,798,971	\$568,102	(\$180,729)	\$13,186,344
Investing activities	(1,263,795)	-	-	(1,263,795)
Financing activities	(12,192,525)	731,158	178,031	(11,283,336)
Other information:				
Depreciation and amortization	\$629,344	\$699,894	\$-	\$1,329,238
	December 31, 2019			
	Tuna	Salmon	Rental	Total
Segment revenue	\$62,240,501	\$22,733,372	\$134,791	\$85,108,664
Inter-segment revenue	-	(91,070)	(134,791)	(225,861)
Net revenue	\$62,240,501	\$22,642,302	\$-	\$84,882,803
Segment results				
Loss before income tax	(\$3,003,765)	(\$469,804)	(\$80,502)	(\$3,554,071)
Provision for income tax	1,421,243	155,424	1,135	1,577,802
Net loss	(\$4,425,008)	(\$625,228)	(\$81,637)	(\$5,131,873)
Total assets	\$52,603,463	\$12,160,789	\$3,043,760	\$67,808,012
Total liabilities	(\$22,738,855)	(\$11,294,319)	(\$2,475,078)	(\$36,508,252)
Net cash flows from:				
Operating activities	(\$6,272,095)	(\$1,060,291)	(\$162,746)	(\$7,495,132)
Investing activities	9,623,248	(25,900)	-	9,597,348
Financing activities	(8,558,629)	1,090,409	160,875	(7,307,345)
Other information:				
Depreciation and amortization	\$671,075	\$487,508	\$-	\$1,158,583
Other noncash income - net	(264,884)	(42,935)	-	(307,819)

Geographical information about reportable segments follows:

December 31, 2020					
	Philippines	Indonesia	USA	New Zealand	Total
Segment sales	\$56,262,917	\$-	\$-	\$6,583,899	\$62,846,816
Inter-segment revenue	(140,685)	-	-	-	(140,685)
Total net sales	\$56,122,232	\$-	\$-	\$6,583,899	\$62,706,131
Segment noncurrent assets*	\$10,994,194	\$-	\$-	\$2,608,994	\$13,603,188
Inter-segment noncurrent assets	3,799,938	-	-	175,566	3,975,504
Total noncurrent assets	\$14,794,132	\$-	\$-	\$2,784,560	\$17,578,692

*Includes property, plant and equipment and other noncurrent assets.

December 31, 2019					
	Philippines	Indonesia	USA	New Zealand	Total
Segment sales	\$64,970,403	\$313,364	\$14,550,192	\$5,274,705	\$85,108,664
Inter-segment revenue	(134,791)	-	-	(91,070)	(225,861)
Total net sales	\$64,835,612	\$313,364	\$14,550,192	\$5,183,635	\$84,882,803
Segment noncurrent assets*	\$10,688,751	\$-	\$273,719	\$2,481,379	\$13,443,849
Inter-segment noncurrent assets	3,613,148	-	-	-	3,613,148
Total noncurrent assets	\$14,301,899	\$-	\$273,719	\$2,481,379	\$17,056,997

*Includes property, plant and equipment and other noncurrent assets.

The Group has no revenues from transactions with a single external customer accounting for 10% or more of its revenues from external customers.

28. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including cash and noncash changes:

	Financing Cash Flows					2020
	2019	Availments	Expense	Payments	Foreign exchange loss	
Loans payable	\$23,938,017	\$28,839,550	\$-	(\$38,648,486)	\$-	\$14,129,081
Due to related parties	2,000,000	-	-	-	178,748	2,178,748
Lease liabilities	4,059,680	-	279,410	(419,731)	7,158	3,926,517
Interest payable	109,758	-	973,771	(1,054,669)	-	28,860
	\$30,107,455	28,839,550	\$1,253,181	(\$40,122,886)	\$185,906	\$20,263,206

	Financing Cash Flows						2019
	2018	Availments	Expense	Payments	Application of Prepaid Rent	Foreign exchange loss	
Loans payable	\$30,964,285	\$60,742,942	\$-	(\$67,769,210)	\$-	\$-	\$23,938,017
Due to related parties	91,530	2,000,000	-	(91,530)	-	-	2,000,000
Lease liabilities	-	4,162,879	93,227	(188,704)	(13,979)	6,257	4,059,680
Interest payable	168,531	-	1,942,070	(2,000,843)	-	-	109,758
	\$31,224,346	\$66,905,821	\$2,035,297	(\$70,050,287)	(\$13,979)	\$6,257	\$30,107,455



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Suite 3104A, West 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 December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered our report dated April 12, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that Alliance Select Foods International, Inc. has two hundred twenty-five (225) and two hundred twenty-three (223) stockholders owning one hundred (100) or more shares each as at December 31, 2020 and 2019, respectively.

REYES TACANDONG & Co.



WILSON P. TEO
Partner

CPA Certificate No. 92765
Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 92765-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8534283
Issued January 5, 2021, Makati City

April 12, 2021
Makati City, Metro Manila



**INDEPENDENT AUDITORS REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Suite 3104A, West 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 December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated April 12, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 and no material exceptions were noted.

REYES TACANDONG & Co.


WILSON P. TEO

Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782; Valid until August 15, 2021

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PTR No. 8534283

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2020

Below is a schedule showing financial soundness indicators of the Group as at December 31, 2020, 2019 and 2018 and for the years ended December 31, 2020, 2019 and 2018.

Ratio	Formula	2020	2019	2018
Current ratio				
	Current assets	\$19,286,340	\$36,785,169	\$40,961,380
	Divide by: Current liabilities	19,497,984	28,709,312	40,243,716
	Current Ratio	0.99	1.28	1.02
Acid test ratio				
	Current assets	\$19,286,340	\$36,785,169	\$40,961,380
	Less: Inventories	9,059,229	12,659,074	13,945,762
	Other current assets	2,233,404	10,141,102	8,154,691
	Quick assets	7,993,707	13,984,993	18,860,927
	Divide by: Current liabilities	19,497,984	28,709,312	40,243,716
	Acid Test Ratio	0.41	0.49	0.47
Solvency ratio				
	Income (loss) before tax	(\$8,658,625)	(\$3,554,071)	\$3,493,806
	Add: Depreciation and amortization	1,329,238	1,158,583	1,074,993
	Net income before depreciation and amortization	(7,329,387)	(2,395,488)	4,568,799
	Divide by: Total liabilities	27,829,783	36,508,252	40,747,913
	Solvency Ratio	(0.26)	(0.07)	0.11
Debt-to-equity ratio				
	Total liabilities	\$27,829,783	\$36,508,252	\$40,747,913
	Divide by: Total equity	21,355,454	31,299,760	36,290,739
	Debt-to-Equity Ratio	1.30	1.17	1.12
Asset-to-equity ratio				
	Total assets	\$49,185,237	\$67,808,012	\$77,038,652
	Divide by: Total equity	21,355,454	31,299,760	36,290,739
	Asset-to-Equity Ratio	2.30	2.17	2.12
Interest rate coverage ratio				
	Income (loss) before tax	(\$8,658,625)	(\$3,554,071)	\$3,493,806
	Add: interest expense	1,253,181	2,035,297	1,504,254
	Pretax income (loss) before interest	(7,405,444)	(1,518,774)	4,998,060
	Divide by: Interest expense	1,253,181	2,035,297	1,504,254
	Interest Rate Coverage Ratio	(5.91)	(0.75)	3.32

Ratio	Formula	2020	2019	2018	
Return on equity	Net income (loss) attributable to equity holders of the Parent Company	(\$10,235,521)	(\$5,084,520)	\$2,524,265	
	Equity:				
	Beginning of year	31,299,760	36,290,739	33,688,498	
	End of year	21,355,454	31,299,760	36,290,739	
	Divide by				
	Average equity	26,327,607	33,795,250	34,989,619	
	Return on Equity	(0.39)	(0.15)	0.07	
	Return on assets	Net income (loss)	(\$10,100,120)	(\$5,131,873)	\$2,603,149
		Total assets:			
		Beginning of year	67,808,012	77,038,652	70,518,570
End of year		49,185,237	67,808,012	77,038,652	
Divide by					
Average assets		58,496,625	72,423,332	73,778,611	
Return on Assets		(0.17)	(0.07)	0.04	
Net profit margin	Net income (loss)	(\$10,100,120)	(\$5,131,873)	\$2,603,149	
	Revenue	62,706,131	84,882,803	97,133,736	
	Net Profit Margin	(0.16)	(0.06)	0.03	



REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Alliance Select Foods International, Inc.
Suite 3104A, West 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 December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated April 12, 2021.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2020
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68 as at December 31, 2020
- Conglomerate Map as at December 31, 2020

These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in our audits of the consolidated basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & Co.

WILSON P. TEO

Partner

CPA Certificate No. 92765

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Valid until January 1, 2023

PTR No. 8534283

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
OF THE PARENT COMPANY
FOR THE YEAR ENDED DECEMBER 31, 2020

Retained earnings available for dividend declaration at beginning of year, as adjusted	(\$5,738,186)
Less net loss actually realized during the year:	
Net loss during the year closed to retained earnings	(8,469,381)
Movement in deferred tax assets and liabilities	1,316,847
<hr/>	
Retained earnings available for dividend declaration at end of year	(\$12,890,720)
<hr/>	
Reconciliation:	
Retained earnings at end of year	(\$6,399,776)
Net deferred tax assets at end of year	(6,490,944)
<hr/>	
Total retained earnings available for dividend declaration at end of year	(\$12,890,720)
<hr/>	

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, 2020

Table of Contents

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>1</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	<u>2</u>
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	<u>3</u>
D	Intangible Assets - Other Assets	<u>4</u>
E	Long-Term Debt	<u>5</u>
F	Indebtedness to Related Party (Long-Term Loans from Related Companies)	<u>N/A</u>
G	Guarantees of Securities of Other Issuers	<u>N/A</u>
H	Capital Stock	<u>6</u>

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

FINANCIAL ASSETS
DECEMBER 31, 2020

Description	Number of Shares or Principal Amount of bonds and notes	Amount Shown in the Statement of Financial Position	Income received and accrued
Cash in banks	\$-	\$2,536,956	\$950
Trade receivables	-	3,027,629	-
Receivable from PFNZ	-	1,063,665	-
Due from related parties	-	234,185	-
Other nontrade receivables	-	1,118,367	-
	\$-	\$7,980,802	\$ 950

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020

Name and Designation of Debtor	Balance at Beginnning of Year	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at End of Year
Advances to employees	\$14,840	\$137,974	\$150,103	\$-	\$2,711	\$-	\$2,711

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written off	Other changes Additions (Deductions)	Current	Not Current	Balance at End of Year
Due from related parties:								
Parent	\$12,452,423	\$2,720,335	\$3,726,297	\$-	\$-	\$11,446,461	\$-	\$11,446,461
Subsidiaries	3,684,944	-	57,785	-	-	3,627,159	-	3,627,159
	<u>\$16,137,367</u>	<u>\$2,720,335</u>	<u>\$3,784,082</u>	<u>\$-</u>	<u>\$-</u>	<u>\$15,073,620</u>	<u>\$-</u>	<u>\$15,073,620</u>

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2020

Description	Beginning Balance	Additions at Cost	Deduction			Ending Balance
			Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	
Consents and licenses	\$44,194	\$-	\$4,594	\$-	\$2,509	\$42,109
Development expenditure	283	-	-	-	-	283
	<u>\$44,477</u>	<u>\$-</u>	<u>\$4,594</u>	<u>\$-</u>	<u>\$2,509</u>	<u>\$42,392</u>

Note: The intangible assets are presented as part of "Other noncurrent assets" in the statements of financial position.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

LONG-TERM DEBT
DECEMBER 31, 2020

Title of Issue and Type of Obligation	Amount Shown as Current	Amount Shown as Long-Term	Total
Bank loans - secured	\$133,780	\$2,009,881	\$2,143,661

Note: The terms, interest rate, collaterals and other relevant information are shown in Note 12 of the Consolidated Financial Statements.

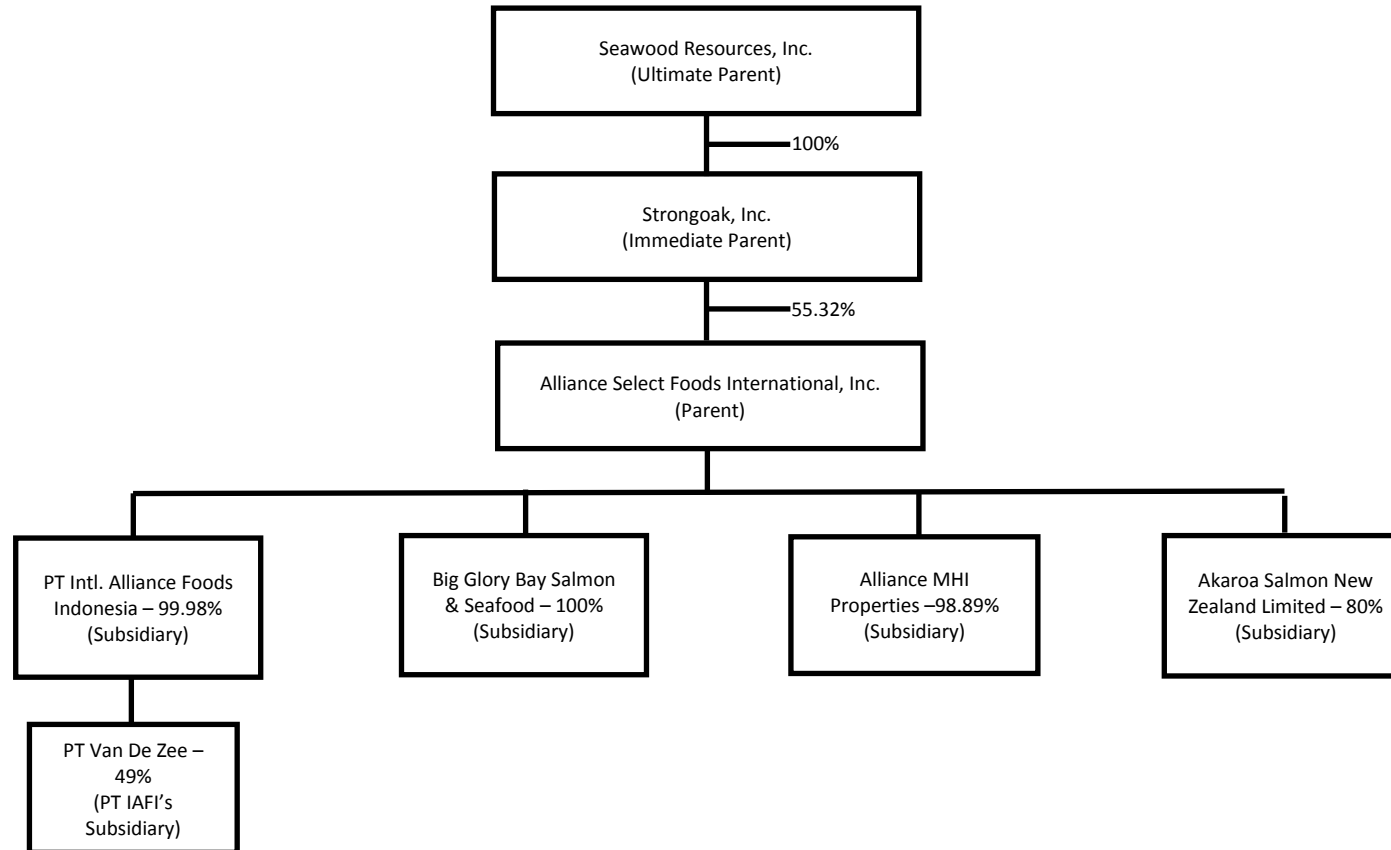
ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CAPITAL STOCK
DECEMBER 31, 2020

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption</i>	<i>Number of Shares Reserved for Options, warrants, Conversion and Other Rights</i>	<i>Number of shares held by</i>		
				<i>Related Parties</i>	<i>Directors, Officers and employees</i>	<i>Others</i>
Common stock – ₱0.50 par value	3,000,000,000	2,499,712,463	–	1,700,741,296	2,568,531	796,402,636

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES
(A Subsidiary of Strongoak Inc.)

CORPORATE STRUCTURE
DECEMBER 31, 2020



From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Thursday, April 29, 2021 1:36 PM
To: Exim, Kirsten Marie <kmexim@allianceselectfoods.com>
Cc: See, Raymond <rkhsee@allianceselectfoods.com>
Subject: Your BIR AFS eSubmission uploads were received

Hi ALLIANCE SELECT FOODS INTERNATIONAL, INC.,

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- EAFS227409243TCRTY122020-01.pdf
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- EAFS227409243TCRTY122020-03.pdf
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Transaction Code: **AFS-0-6L6LKDHK07ADD9G8DQ21XPPRM0ZTWNPNP**
Submission Date/Time: **Apr 29, 2021 01:36 PM**
Company TIN: **227-409-243**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein as at and for the years ended December 31, 2020 and 2019, 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 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.

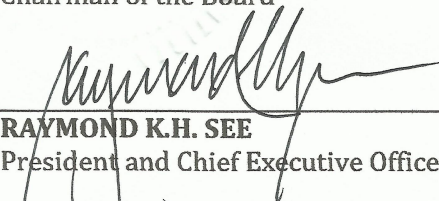
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2020 and 2019, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



ANTONIO C. PACIS
Chairman of the Board



RAYMOND K.H. SEE
President and Chief Executive Officer



MARIA CAROLYN C. ANGELES
Finance Head

Signed this 12th day of April 2021



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

SUBSCRIBED AND SWORN to before me, in Pasig City, on April 12, 2021, the affiants exhibiting to me their government issued identifications as follows:

NAME	Government issued ID	
Antonio C. Pacis	Passport No. P4501467B	Valid until January 22, 2030
Raymond K.H. See	Passport No. P2678380B	Valid until July 29, 2029
Maria Carolyn C. Angeles	Driver's License No. C09-10-003908	Valid until June 26, 2023

WITNESS MY HAND AND SEAL, this April 12, 2021, at Pasig City.

Doc No. : 68 ;
Page No.: 15 ;
Book No.: # ;
Series of 2021.



Notary Public

(Signature)
ATTY. GINO MARCO P. BAUTISTA
Notary Public for Pasig, San Juan, and Pateros
Commission No. 106 (2020-2021)
Until December 31, 2021
3104 A, West Tower, Phil. Stock Exchange Centre,
Exchange Road, Ortigas Center, Pasig City
PTR No. 7334739/2-11-2021/Pasig City
IBP No. 157046/2-11-2021/Quezon City
Roll of Attorneys No. 58507
MCLE Compliance No. VI-0025935; 4-29-2019

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	1	9	1	3	8
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COMPANY NAME

A	L	L	I	A	N	C	E	S	E	L	E	C	T	F	O	O	S	I	N	T	E	R	N	A	T	I	O	N	A	L	,
I	N	C	.	(A	S	u	b	s	i	d	i	a	r	y	o	f	S	t	r	o	n	g	o	a	k	I	n	c)	

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

S	u	i	t	e	3	1	0	4	A	,	W	e	s	t	T	o	w	e	r	,	P	h	i	l	i	p	p	i	n	e	
S	t	o	c	k	E	x	c	h	a	n	g	e	C	e	n	t	r	e	,	E	x	c	h	a	n	g	e	R	o	a	d
,	O	r	t	i	g	a	s	A	v	e	n	u	e	,	P	a	s	i	g	C	i	t	y								

Form Type

A	S	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

psbayona@allianceselectfoods.com

Company's Telephone Number/s

(02) 7-747-3798

Mobile Number

09176205726

No. of Stockholders

240

Annual Meeting (Month / Day)

June 15

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Raymond K.H. See

Email Address

info@allianceselectfoods.com

Telephone Number/s

(02) 7-747-3798

Mobile Number

09176205726

CONTACT PERSON'S ADDRESS

Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, 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 AUDITORS' REPORT

The Stockholders and the Board of Directors
ALLIANCE SELECT FOODS INTERNATIONAL, INC.
Suite 3104A, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Avenue, Pasig City

Opinion

We have audited the accompanying 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, 2020 and 2019, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2020, 2019 and 2018 and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 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 *Auditors' Responsibilities for the Audit of the Separate 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 separate 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.

Emphasis of Matter - Novel Coronavirus (COVID-19) Pandemic

We draw attention to Note 1 to the separate financial statements, which describes the significant effect of COVID-19 pandemic and the government mandated lockdown on the Company's business operations. The Company, however, believes that it can continue as a going concern under these prevailing conditions with the initiatives it adopted including targeting key accounts, cash management measures, managing costs and improving operational efficiencies.

Our opinion is not modified with regards to this matter.



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.

Auditors' 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 auditors' 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, these 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 separate 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 auditors' 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 auditors' 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.

REYES TACANDONG & Co.


WILSON P. TEO
Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 92765-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-014-2020

Valid until January 1, 2023

PTR No. 8534283

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of STRONGOAK INC.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash	4	\$2,036,583	\$1,263,394
Trade and other receivables	5	4,358,766	9,787,419
Inventories	6	8,584,651	11,519,275
Due from related parties	13	4,974,663	5,803,109
Other current assets	7	1,875,562	9,387,524
Total Current Assets		21,830,225	37,760,721
Noncurrent Assets			
Investments in subsidiaries	8	8,798,598	8,798,598
Property, plant and equipment	9	5,413,878	5,339,401
Net deferred tax assets	24	6,473,049	7,794,872
Other noncurrent assets	10	1,738,885	1,651,498
Total Noncurrent Assets		22,424,410	23,584,369
		\$44,254,635	\$61,345,090
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	\$5,911,593	\$4,780,073
Current portion of:			
Loans payable	12	11,892,842	21,740,440
Lease liabilities	22	186,341	151,346
Income tax payable		-	20,467
Total Current Liabilities		17,990,776	26,692,326
Noncurrent Liabilities			
Noncurrent portion of:			
Loans payable	12	1,501,151	1,507,303
Lease liabilities	22	231,468	396,258
Due to Parent Company	13	2,178,748	2,000,000
Net retirement benefit obligation	14	332,789	271,730
Total Noncurrent Liabilities		4,244,156	4,175,291
Total Liabilities		22,234,932	30,867,617
Equity			
Capital stock	15	26,823,389	26,823,389
Additional paid-in capital (APIC)	15	1,486,546	1,486,546
Retained earnings (deficit)		(6,399,776)	2,069,605
Other comprehensive income	14	115,318	103,707
		22,025,477	30,483,247
Treasury stock	15	(5,774)	(5,774)
Total Equity		22,019,703	30,477,473
		\$44,254,635	\$61,345,090

See accompanying Notes to Separate Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of STRONGOAK INC.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2020	2019	2018
NET SALES	16	\$54,039,860	\$62,232,185	\$68,153,033
COST OF GOODS SOLD	17	(52,567,789)	(57,332,771)	(60,177,697)
GROSS PROFIT		1,472,071	4,899,414	7,975,336
SELLING AND ADMINISTRATIVE EXPENSES	18	(7,236,625)	(4,796,877)	(3,416,303)
INTEREST EXPENSE	12	(940,513)	(1,938,307)	(1,478,821)
OTHER INCOME (CHARGES) – Net	19	(418,836)	1,554,993	746,393
INCOME (LOSS) BEFORE INCOME TAX		(7,123,903)	(280,777)	3,826,605
PROVISION FOR INCOME TAX	24			
Current		28,631	135,944	162,817
Deferred		1,316,847	1,007,593	644,804
		1,345,478	1,143,537	807,621
NET INCOME (LOSS)		(8,469,381)	(1,424,314)	3,018,984
OTHER COMPREHENSIVE INCOME				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurement gain on retirement benefits cost, net of tax	14	11,611	–	30,144
TOTAL COMPREHENSIVE INCOME (LOSS)		(\$8,457,770)	(\$1,424,314)	\$3,049,128
INCOME (LOSS) PER SHARE				
Basic and diluted income (loss) per share	21	(\$0.00339)	(\$0.00057)	\$0.00121

See accompanying Notes to Separate Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of STRONGOAK INC.)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2020	2019	2018
CAPITAL STOCK				
	15			
Balance at beginning of year		\$26,823,389	\$26,823,389	\$53,646,778
Effect of equity restructuring		–	–	(26,823,389)
Balance at end of year		26,823,389	26,823,389	26,823,389
APIC				
	15			
Balance at beginning of year		1,486,546	1,486,546	6,662,001
Effect of equity restructuring		–	–	26,823,389
Application of APIC against deficit		–	–	(31,998,844)
Balance at end of year		1,486,546	1,486,546	1,486,546
RETAINED EARNINGS				
Balance at beginning of year		2,069,605	3,517,133	(31,500,695)
Effect of adoption of PFRS 16, net of tax effect		–	(23,214)	–
Balance at beginning of year, as restated		2,069,605	3,493,919	(31,500,695)
Net income (loss)		(8,469,381)	(1,424,314)	3,018,984
Application of APIC against deficit	15	–	–	31,998,844
Balance at end of year		(6,399,776)	2,069,605	3,517,133
OTHER COMPREHENSIVE INCOME				
	14			
Balance at beginning of year		103,707	103,707	73,563
Remeasurement gain on retirement benefit obligation		11,611	–	30,144
Balance at end of year		115,318	103,707	103,707
TREASURY STOCK				
Balance at beginning and end of year	15	(5,774)	(5,774)	(5,774)
		\$22,019,703	\$30,477,473	\$31,925,001

See accompanying Notes to Separate Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of STRONGOAK INC.)

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(\$7,123,903)	(\$280,777)	\$3,826,605
Adjustments for:				
Provision for impairment losses	18	1,431,437	874,601	182,024
Interest expense	12	973,157	1,979,226	1,478,821
Depreciation and amortization	9	740,806	584,738	427,002
Gain on reversal of allowance	13	(446,182)	(18,128)	–
Unrealized foreign exchange loss (gain)	19	145,127	128,697	(100,440)
Interest income	4	(110,220)	(138,094)	(150,137)
Retirement benefits cost	14	62,866	89,825	48,743
Gain on disposal of investment in a subsidiary	19	–	(983,994)	–
Loss (gain) on disposal of equipment	9	–	(3,110)	294
Operating income (loss) before working capital changes		(4,326,912)	2,232,984	5,712,912
Decrease (increase) in:				
Trade and other receivables		5,345,368	(318,689)	(3,009,423)
Inventories		1,549,687	(92,132)	(995,671)
Other current assets		7,603,573	(1,833,701)	(2,234,309)
Other noncurrent assets		(232,514)	(77,405)	75,611
Increase (decrease) in trade and other payables		1,431,504	(1,748,161)	(324,884)
Net cash generated from (used for) operations		11,370,706	(1,837,104)	(775,764)
Income taxes paid		(103,924)	(173,488)	(290,439)
Interest received		110,220	138,094	150,137
Net cash flows from operating activities		11,377,002	(1,872,498)	(916,066)
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections from related parties		1,126,554	604,939	1,308,426
Additions to property, plant and equipment	9	(815,283)	(2,052,555)	(345,221)
Proceeds from sale of:				
Investment in a subsidiary	8	–	10,224,940	–
Property, plant and equipment	9	–	11,896	–
Net cash flows from investing activities		311,271	8,789,220	963,205

(Forward)

		Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Bank loans	27	(\$38,693,300)	(\$68,325,571)	(\$41,777,955)
Interest	27	(1,008,672)	(1,968,462)	(1,397,088)
Lease liabilities	22	(52,662)	(49,109)	-
Promissory notes		-	(3,000,000)	(3,450,000)
Advances from Parent Company		-	-	(2,002,804)
Proceeds from:				
Availment of loans	27	28,839,550	60,647,571	48,406,144
Advances from Parent Company	13	-	2,000,000	-
Issuance of promissory notes		-	3,000,000	-
Net cash flows from financing activities		(10,915,084)	(7,695,571)	(221,703)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH				
		-	-	(8,324)
NET INCREASE (DECREASE) IN CASH		773,189	(778,849)	(182,888)
CASH AT BEGINNING OF YEAR		1,263,394	2,042,243	2,225,131
CASH AT END OF YEAR		\$2,036,583	\$1,263,394	\$2,042,243
COMPONENTS OF CASH				
	4			
Cash on hand		\$2,895	\$1,988	\$1,382
Cash in banks		2,033,688	1,261,406	2,040,861
		\$2,036,583	\$1,263,394	\$2,042,243
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Rental payable offset against due from related parties	13	\$148,074	\$134,510	\$-
Recognition of:	22			
Lease liabilities		-	652,392	-
Right-of-use (ROU) assets		-	633,208	-
Application of APIC against deficit resulting from equity restructuring	15	-	-	31,998,844

See accompanying Notes to Separate Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of STRONGOAK INC.)

NOTES TO SEPARATE FINANCIAL STATEMENTS

1. Corporate Information

General Information

ALLIANCE SELECT FOODS INTERNATIONAL, INC. (ASFII or the “Company”), a public corporation under Section 17.2 of the Securities Regulation Code, 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, processing, importing and exporting of food products such as marine, aquaculture and other processed seafood. Its shares are listed on the Philippine Stock Exchange (PSE) since November 8, 2006.

The Company is 55.32% owned by STRONGOAK INC. (Strongoak or the “Parent Company”), a domestic company engaged in investment activities.

Investments in Subsidiaries

The Company has investments in the following subsidiaries as at December 31, 2020 and 2019:

Name of Subsidiary	% of Ownership		Nature of Business	Principal Place of Business
	2020	2019		
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	100	100	Salmon and other seafoods processing	Philippines
PT International Alliance Food Indonesia (PT IAFI)*	99.98	99.98	Export trading	Indonesia
Alliance MHI Properties, Inc. (AMHI)	98.89	98.89	Leasing	Philippines
Akaroa Salmon (NZ) Ltd. (Akaroa)	80	80	Salmon farming and processing	New Zealand

**In 2019, PT IAFI changed its nature of business from canned fish processing*

BGB. BGB has plant facilities that are located in Barrio Tumbler, General Santos City.

PT IAFI. PT IAFI was established under the Indonesian Foreign Capital Investment Law. In October 2019, the plant and machinery of PT IAFI was sold to an Indonesian entity. PT IAFI owns 49% of PT VDZ, a fishing company. PT VDZ ceased operations in 2016.

Akaroa. Akaroa holds 25% stake in Salmon Smolt NZ Ltd. (SSNZ), an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa’s farm.

Status of Operations

In 2020, the country experienced the novel coronavirus (COVID-19) pandemic resulting to a slowdown in the Philippine economy because of mandated lockdowns all over the country. The Company has incurred net losses of \$8.5 million and \$1.4 million in 2020 and 2019, respectively. In response to these matters, the Company implemented initiatives, which include adopting new distribution channels, targeting key accounts, cash management measures including sourcing and identifying alternatives to improve supply chain and working capital funding, negotiating trading terms with critical suppliers for continuity of supplies and improving efficiencies across all areas of operations.

It is not practicable to estimate the potential impact of the prevailing COVID-19 pandemic after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the government, such as implementing community quarantines, transshipping constraints and any economic stimulus that may be provided. Management has determined that the actions that it has taken are sufficient to mitigate the impact of the COVID-19 pandemic and has therefore prepared the separate financial statements on a going concern basis.

Approval of Separate Financial Statements

The separate financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2021, and were reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting and Reporting Policies

The significant accounting policies used in the preparation of separate financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The separate financial statements of the Company have been prepared on a going concern basis and in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes all applicable PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC) 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.

Bases of Measurement

The separate financial statements are presented in United States (U.S.) Dollar, the functional and presentation currency of the Company. All amounts are rounded to the nearest U.S. Dollar, except when otherwise indicated.

The separate financial statements have been prepared on a historical cost basis, except for net retirement benefit obligation which is measured at the present value of the defined benefits obligation less fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

Fair value is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The Company uses observable market 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 year 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 Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS which the Company adopted effective January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides an improved definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets’ must include, at a minimum, ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.
- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The adoption of the foregoing amended PFRS did not have any material effect on the Company’s separate financial statements. Additional disclosures have been included in the notes to the separate financial statements, as applicable.

Amended PFRS Issued but Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2020 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing 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 separate financial statements, as applicable.

Financial Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable market data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference 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.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2020 and 2019, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Classification of Financial Instruments between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Company's cash, trade and other receivables, due from related parties and other noncurrent assets (excluding idle assets and investments in joint ventures) are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2020 and 2019, the Company's trade and other payables (excluding customers' deposits and statutory payable), loans payable, lease liabilities and due to Parent Company are classified under this category.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

Impairment of Financial Assets at Amortized Cost

The Company records an allowance for expected credit loss (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortized cost, the Company has applied the general approach and ECL computation is based on the 12-month ECL, which pertains to the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial 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 financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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

Offsetting

Financial assets and financial liabilities are offset and the net amount is 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 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, and 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). Cost incurred in bringing each product to its present location and condition is accounted as follows:

Raw and Packaging Materials and Parts and Supplies. Cost is determined using weighted average method. Costs include all costs directly attributable to the acquisition. NRV is the current replacement cost

Finished Goods. Costs of finished goods include direct materials and when applicable, direct labor and manufacturing overhead 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.

At each reporting date, inventories are assessed for impairment. 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 in the separate statement of comprehensive income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the year when the related revenue is recognized and the related allowance for impairment is reversed.

Other 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.

Advances to Suppliers. Advances to suppliers are recognized whenever the Company pays in advance for its purchase of goods. These advances are measured at transaction price less any impairment in value. These are charged to the appropriate asset account upon receipt of goods.

Value-Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except for receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from the taxation authority is presented as "Input VAT".

In accordance with the Revenue Regulations (RR) No. 16-2005, as amended by RR No. 13-2018, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost exceeding ₱1.0 million (exclusive of VAT) in each of the calendar month is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Prepayments. Prepayments (excluding prepaid taxes) 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. These are measured at face amount less any impairment in value.

Prepaid taxes are amounts withheld from collections of revenue or receivable and are deductible from income tax payable in the same year the revenue was recognized. These also include excess cash payment on income tax payable. Prepaid taxes in excess of income tax payable are carried forward to the succeeding year. These are measured at face amount, less any impairment in value. These can be utilized as payment for future income tax payable.

Idle Assets. Idle assets are those which are no longer used in the Company's operations. These are measured at cost less accumulated depreciation and any impairment loss. The Company's idle assets are already fully provided with allowance for impairment loss.

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.

Control is generally accompanied by a shareholding of more than one-half of voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Company controls an entity. The Company reassesses 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.

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.

The investment is derecognized when it is sold or disposed of. Gains or losses arising from derecognition of an investment in a subsidiary are measured as the difference between the net proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

Property, Plant and Equipment

Property, plant and equipment (excluding CIP and ROU assets) 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:

<u>Asset Type</u>	<u>Number of Years</u>
Building	15 to 25
Machinery and equipment	15
Leasehold improvements	5 or lease term, whichever is shorter
Transportation equipment	5
Office and plant furniture, fixtures and equipment	5
Fishmeal facility	20

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 and amortized 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 (CIP) represents properties under construction and is stated at cost, including cost of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and ready for operational use.

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 under "Trade and other payables" account in the separate 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.

Equity

Capital Stock and Additional Paid-In Capital (APIC). 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 APIC or retained earnings. Proceeds or fair value of the consideration received in excess of par value are recognized as APIC.

Retained Earnings (Deficit). Retained earnings (deficit) represent the cumulative balance of the Company's results of operations. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

Other Comprehensive Income. Other comprehensive income pertains to remeasurement gain on retirement benefit obligation.

Treasury Stock. Treasury stock represents Company's own equity instruments which are reacquired are recognized at cost and deducted from equity. Upon reissuance of treasury stock, the "Treasury stock" account is credited at cost. The excess of proceeds from reissuance over the cost of treasury stock is credited to APIC. The excess of cost of treasury stock over the proceeds from reissuance is debited to APIC but only to the extent of previously set-up APIC for the same class of shares of stock. Otherwise, the excess is debited against retained earnings or charged to deficit.

Income Recognition

Revenue

The Company generates revenue primarily from sale of goods.

Revenue from Contracts with Customers. Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

Revenue from sale of goods is recognized, net of 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 customers.

Other Income

The Company's other sources of income are recognized as income when earned. Interest income is recognized, net of final tax, on a time proportion basis using the effective interest method.

Contract Balances

Receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays a consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

As at December 31, 2020 and 2019, the Company does not have outstanding contract assets.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays a consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made by the customer or when the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The Company considers its customers' deposits as contract liabilities (see Note 11).

Cost to Obtain a Contract. The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. Otherwise, these are treated as expense.

Contract Fulfillment Asset. Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company first considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

As at December 31, 2020 and 2019, the Company does not have contract fulfillment assets.

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 which 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 costs of administering the business. These are recognized in profit or loss in the period when these are incurred.

Interest Expense. Interest expense is recognized in a time proportion basis using the effective interest method.

Other Charges. Expenses from other sources are expensed as incurred.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Company also assesses whether a contract contains a lease for each potential separate lease component.

At the commencement date, the Company recognizes ROU assets and lease liabilities for all leases, except for short-term leases and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At the commencement date, the Company measures ROU assets at the assets' carrying value as if PFRS 16 had been applied since the commencement date of the lease. The cost comprises:

- i. any lease payments made at or before the commencement date less any lease incentives received;
- ii. any initial direct costs; and
- iii. an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets which is five years.

Lease Liabilities. At commencement date, the Company measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable by the lessee under residual value guarantees; and
- iv. the exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. Lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments or changes in lease payments in which the practical expedient on COVID-19 related rent concessions is applied.

For income tax reporting purposes, payments and receipts under lease agreements are treated as deductible expense and taxable income in accordance with the terms of the lease agreements.

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 Company recognizes service costs comprising of current service costs and net interest expense on the retirement benefit obligation in profit or loss.

The Company determines the net interest expense on retirement benefit obligation by applying the discount rate to the net retirement benefit obligation 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 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.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement benefit obligation recognized by the Company 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 obligation.

Actuarial valuation is made with sufficient regularity by a qualified actuary 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 (Loss) per Share

The Company presents basic and diluted income (loss) per share data for its common shares.

Basic income (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares issued and outstanding during the year. There are no potential dilutive shares.

Income Taxes

Current tax. Current tax liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at financial 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, unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), 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 unused NOLCO and excess 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws in effect by the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to offset the amounts and it can be demonstrated without undue cost or effort that the Company plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Foreign Currency-denominated Transactions and Translation

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate at the reporting date. All differences are taken to the separate statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Related Party Relationships and Transactions

Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Such relationships also exist between and/or among entities that 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. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transactions are considered material and/or significant if (i) these transactions amount to 10% or higher of the Company's total assets or, (ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Company's total assets. Details of transactions entered into by the Company with related parties are reviewed by the BOD in accordance with the Company's related party transactions policies.

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties, 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.

Contingencies

Contingent liabilities are not recognized in the separate financial statements but 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 Period

The Company identifies subsequent events as events that occurred after the reporting period 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 period is reflected in the separate financial statements. Non-adjusting subsequent events are disclosed in the notes to separate financial statement, when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's separate financial statements requires management to make judgments, estimates and use assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. The judgments and estimates used in the separate financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates. In particular, the COVID-19 pandemic and the resulting adverse effects to the global economic conditions, as well as to the Company's operations, may impact future estimates including, but not limited to, allowance for ECL, fair value measurements, impairment of nonfinancial assets, recognition of deferred tax assets, actuarial losses on retirement benefit plans and discount rate assumptions.

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

The Company believes that the following represent a summary of these significant judgments, estimates and assumptions and the related impact and associated risks in the separate financial statements.

Determining the Functional Currency. Management has determined that the functional currency of the Company is the U.S. Dollar, which is the currency of the primary economic environment in which the Company operates in and it is also the currency that mainly influences the operations of the Company.

Classifying Financial Assets and Liabilities. The Company has determined that it shall classify its financial assets at amortized cost on the basis of the following conditions met:

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

Moreover, the Company has determined that it shall classify its financial liabilities at amortized cost using the effective interest method.

Classifying Lease Commitments - Company as a Lessee. The Company has entered into leases for its forklifts, container vans, warehouse, plant and office. For short-term leases, lease payments are recognized as expense on a straight-line basis over the lease term (see Note 22). For long term leases, the Company recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate.

Information on the Company's ROU assets presented under "Property, plant and equipment" and lease liabilities are disclosed in Notes 9 and 22, respectively.

Assessing Impact of COVID-19 Pandemic. Judgment was exercised in considering the impact of the COVID-19 pandemic on the Company's operation based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. The business initiatives that the Company has adopted (see Note 1) are deemed sufficient to mitigate the impact of the COVID-19 pandemic.

Assessing the ECL on Trade Receivables. The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, these receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are initially based on the Company's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables including the impact of the COVID-19 pandemic. The Company has identified the Gross Domestic Product (GDP) of the locations in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Information about the ECL on the Company's trade receivables is disclosed in Note 26.

The carrying amount of trade and other receivables and provision for and allowance for credit losses on trade and other receivables are disclosed in Note 5.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach. The Company calculates ECL for its other financial assets at amortized cost at initial recognition by considering the occurrences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and,
- actual or expected significant adverse changes in the operating results of the counterparty.

No provision for credit losses on other financial assets at amortized cost was recognized in 2020, 2019, and 2018.

The carrying amounts of the Company's cash in banks, due from related parties and other noncurrent assets (excluding idle assets and investment in joint ventures) are disclosed in Notes 4, 10 and 13.

Estimating the 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 for finished goods, and current replacement costs for raw and packaging materials and parts and supplies.

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 the transactions occurred. The Company records provisions for the excess of cost over 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.

The carrying amounts of inventories carried at lower of cost and NRV are disclosed in Note 6.

Estimating the 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 in 2020, 2019 and 2018.

The carrying amount of property, plant and equipment is disclosed in Note 9.

Estimating ROU Assets and Lease Liabilities. The Company's ROU assets and lease liabilities are initially measured at the present value of lease payments. In determining the appropriate discount rate, the Company considered readily available interest rate implicit in the lease agreements, interest rate on its borrowings and the term of each lease commitment. The Company determined that the implicit rate in the lease agreement is not readily available and that the interest rate on its borrowings represents the appropriate financing cost in leasing the underlying assets. The incremental borrowing rate used in the lease is the rate that would cause the present value of the lease payments and unguaranteed residual to equal the sum of the fair value of the underlying assets and initial direct costs incurred.

The carrying amounts of ROU assets presented under "Property, plant and equipment" and lease liabilities are disclosed in Notes 9 and 22, respectively.

Assessing the 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.

The recoverable amount of property, plant and equipment represents the assets' 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.

No provision for impairment loss was recognized for other current assets and property, plant and equipment in 2020, 2019 and 2018. The carrying amounts of other current assets and property, plant and equipment are disclosed in Notes 7 and 9.

Provision for impairment loss recognized on investment in PT IAFI in 2017 and carrying amounts of investments in subsidiaries are disclosed in Note 8.

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, which include, among others, discount rates and salary increase rates may differ from actual developments in the future. Due to the complexities involved in the valuation and its long-term nature, the retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate assumption is based on the Bankers Association of the Philippines PHP Bloomberg Valuation Reference Rates benchmark reference curve for the government securities market considering average years of remaining working life of the employees as the estimated term of the defined benefit obligation.

The Company's retirement benefit obligation is disclosed in Note 14.

Recognizing Deferred Tax Assets. The carrying amounts 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 unused NOLCO and excess 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.

Information on the Company's recognized and unrecognized deferred tax assets are disclosed in Note 24.

4. Cash

This account consists of:

	2020	2019
Cash on hand	\$2,895	\$1,988
Cash in banks	2,033,688	1,261,406
	\$2,036,583	\$1,263,394

Cash in banks earn interest at the prevailing bank deposit rates.

Interest income was derived from the following:

	Note	2020	2019	2018
Cash		\$1,556	\$5,501	\$4,775
Due from related parties	13	108,664	132,593	145,362
		\$110,220	\$138,094	\$150,137

5. Trade and Other Receivables

This account consists of:

	Note	2020	2019
Trade receivables from:			
Third parties		\$3,975,226	\$9,141,370
Related party	13	234,185	234,185
Others		849,002	1,065,011
		5,058,413	10,440,566
Allowance for impairment losses		(699,647)	(653,147)
		\$4,358,766	\$9,787,419

Trade receivables are noninterest-bearing and are generally collected within 90 days.

Other receivables include claims receivable for tax refund and advances to employees subject to salary deduction.

Movements in the allowance for impairment are as follows:

	Note	2020	2019
Balance at beginning of year		\$653,147	\$653,147
Provision for impairment loss	18	46,500	—
Balance at end of year		\$699,647	\$653,147

Trade receivables amounting to \$1.43 million and \$6.48 million are used to secure short-term loans from local banks as at December 31, 2020 and 2019 (see Note 12).

6. Inventories

This account consists of:

	Note	2020	2019
At cost:			
Raw and packaging materials		\$4,996,732	\$3,181,893
Finished goods	17	2,558,035	5,249,945
Parts and supplies		241,962	217,997
At NRV -			
Finished goods		787,922	2,869,440
		\$8,584,651	\$11,519,275

The costs of inventories stated at NRV are as follows:

	Note	2020	2019
Finished goods	17	\$2,798,967	\$3,770,969
Raw and packaging materials		33,272	8,272
		\$2,832,239	\$3,779,241

Movements in the allowance for impairment losses are as follows:

	Note	2020	2019
Balance at beginning of year		\$909,801	\$195,043
Provision for impairment loss	18	1,384,937	874,601
Reversal		(250,421)	(159,843)
Balance at end of year		\$2,044,317	\$909,801

Reversal of allowance for impairment of inventories mainly pertains to inventories condemned and subsequently sold, which were provided with allowance.

Inventories amounting to \$9.58 million are used to secure short-term loans from local banks as at December 31, 2019 (see Note 12).

Inventories charged to cost of goods sold amounted to \$42.37 million, \$47.00 million, and \$52.06 million in 2020, 2019 and 2018, respectively (see Note 17).

7. Other Current Assets

This account consists of:

	2020	2019
Advances to suppliers	\$926,674	\$8,660,526
Input VAT	706,919	438,029
Prepayments:		
Rental	99,279	839
Taxes	54,826	–
Insurance	36,082	24,617
Subscriptions	21,627	24,728
Others	30,155	238,785
	\$1,875,562	\$9,387,524

8. Investments in Subsidiaries

Details of investments in subsidiaries as at December 31, 2020 and 2019 are as follows:

Name of Subsidiaries	Amount
BGB	\$6,177,761
PT IAFI	4,999,000
AMHI	294,037
Akaroa	2,326,800
	13,797,598
Allowance for impairment loss	(4,999,000)
	<u>\$8,798,598</u>

In 2019, the Company sold its investment in Spence & Company Ltd. (Spence), a company domiciled in the United States of America (USA) and engaged in salmon and other seafood processing, for a total consideration of \$10.22 million. The sale resulted in a gain of \$983,994, net of \$488,819 related expenses (see Note 19).

Financial Information

The summarized financial information of subsidiary with significant non-controlling interest are as follows:

	2020	2019	2018
Total assets	\$5,221,606	\$7,266,881	\$2,779,457
Total liabilities	2,574,551	5,589,477	977,042
Equity	2,647,055	1,677,404	1,802,415
Net income (loss)	253,749	(218,546)	447,956

9. Property, Plant and Equipment

The composition of and movements in this account are as follows:

	2020									
	Building	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and equipment	Fishmeal Facility	CIP	ROU Assets	Total
Cost										
Balance at beginning of year	\$1,435,102	\$4,001,920	\$238,575	\$308,700	\$439,271	\$60,098	\$-	\$1,638,118	\$633,208	\$8,754,992
Additions	-	518,548	1,006	40,703	9,196	7,347	5,050	233,433	-	815,283
Reclassification	-	274,701	-	-	-	-	1,596,850	(1,871,551)	-	-
Balance at end of year	1,435,102	4,795,169	239,581	349,403	448,467	67,445	1,601,900	-	633,208	9,570,275
Accumulated Depreciation and Amortization										
Balance at beginning of year	702,522	1,881,920	52,863	191,610	281,870	50,302	-	-	153,098	3,314,185
Depreciation and amortization	80,643	375,454	24,939	20,436	25,143	4,738	56,355	-	153,098	740,806
Balance at end of year	783,165	2,257,374	77,802	212,046	307,013	55,040	56,355	-	306,196	4,054,991
Allowance for Impairment Losses										
Balance at beginning and end of year	-	101,406	-	-	-	-	-	-	-	101,406
Carrying Amount	\$651,937	\$2,436,389	\$161,779	\$137,357	\$141,454	\$12,405	\$1,545,545	\$-	\$327,012	\$5,413,878

	2019									
	Building	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and equipment	CIP	ROU Assets	Total	
Cost										
Balance at beginning of year	\$1,373,344	\$3,148,505	\$238,575	\$302,116	\$422,990	\$53,533	\$555,269	\$-	\$633,208	\$6,094,332
Additions	4,442	853,415	-	31,687	16,281	6,565	1,140,165	-	633,208	2,685,763
Disposals	-	-	-	(25,103)	-	-	-	-	-	(25,103)
Reclassification	57,316	-	-	-	-	-	(57,316)	-	-	-
Balance at end of year	1,435,102	4,001,920	238,575	308,700	439,271	60,098	1,638,118	-	633,208	8,754,992
Accumulated Depreciation and Amortization										
Balance at beginning of year	620,863	1,605,682	32,900	181,375	256,656	48,288	-	-	-	2,745,764
Depreciation and amortization	81,659	276,238	19,963	26,552	25,214	2,014	-	-	153,098	584,738
Disposals	-	-	-	(16,317)	-	-	-	-	-	(16,317)
Balance at end of year	702,522	1,881,920	52,863	191,610	281,870	50,302	-	-	153,098	3,314,185
Allowance for Impairment Losses										
Balance at beginning and end of year	-	101,406	-	-	-	-	-	-	-	101,406
Carrying Amount	\$732,580	\$2,018,594	\$185,712	\$117,090	\$157,401	\$9,796	\$1,638,118	\$480,110	\$5,339,401	

In 2020, the construction of the Company's fishmeal plant facility was completed.

The cost of fully depreciated property, plant and equipment still used in Company's operations amounted to \$1.1 million and \$705,795 as at December 31, 2020 and 2019, respectively.

Transportation equipment with carrying amounts \$8,163 and \$17,980 as at December 31, 2020 and 2019 are held as security to long-term loans (see Note 12).

Depreciation and amortization charged to operations are as follows:

	Note	2020	2019	2018
Cost of goods sold	17	\$650,515	\$485,259	\$303,160
Selling and administrative expenses	18	90,291	99,479	123,842
		\$740,806	\$584,738	\$427,002

In 2019, the Company recognized a gain on disposal of transportation equipment amounting to \$3,110. In 2018, the Company incurred loss on disposal of office furniture, fixtures and equipment amounting to \$294 (see Note 19).

10. Other Noncurrent Assets

This account consists of:

	Note	2020	2019
Receivable from Wild Catch Fisheries, Inc. (WCFI)	13	\$2,183,281	\$2,183,281
Refundable lease deposits	22	1,738,885	1,651,498
Idle assets		314,320	314,320
Investments in joint ventures	13	280,243	280,243
		4,516,729	4,429,342
Allowance for impairment losses		(2,777,844)	(2,777,844)
		\$1,738,885	\$1,651,498

Receivable from WCFI

Receivable from WCFI pertains to the proceeds from the sale of a fishing vessel and advances for fish deposit. WCFI ceased operations since 2014. This was fully provided with allowance for impairment loss.

Refundable Lease Deposits

Refundable lease deposits pertain to lease deposits for plant and office (see Note 22).

Idle Assets

Idle assets pertain to fishing vessels that are no longer used in the Company's operations.

Idle assets were fully provided with an allowance as at December 31, 2020 and 2019. The total allowance for impairment losses on fishing vessels, including allowance for impairment losses previously recognized before reclassification to idle assets, amounted to \$13.93 million.

Investments in Joint Ventures

FDCP, Inc. (FDCP). FDCP is engaged in manufacturing and wholesale of tin cans. The Company has 39% ownership interest in FDCP. FDCP ceased manufacturing operations in September 2015.

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 WCFI. WCFI ceased operations in 2014.

The Company's investments in joint ventures are fully provided with allowance for impairment losses.

11. Trade and Other Payables

This account consists of:

	Note	2020	2019
Trade payables to:			
Third parties		\$3,672,746	\$3,083,611
Related parties	13	260,957	433,855
Accrued expenses		1,881,543	1,091,185
Statutory payable		53,350	53,365
Customers' deposits		42,997	118,057
		\$5,911,593	\$4,780,073

Trade payables are noninterest-bearing and are generally settled within 30 days.

Details of accrued expenses are as follows:

	Note	2020	2019
Professional fees		\$357,682	\$177,842
Customs, brokerage and demurrage		352,287	–
Outside services		342,063	344,211
Warehousing		233,074	148,774
Salaries, wages and other benefits		97,903	66,011
Interest	27	28,860	109,758
Consultancy fees	13	–	163,300
Freight and transportation		–	46,598
Others		469,674	34,691
		\$1,881,543	\$1,091,185

Other accrued expenses mainly pertain to provision and insurance.

Statutory payable includes amounts payable to government agencies and are normally settled in the following month.

12. Loans Payable

Short-term Loans

	Currency	Nominal interest rate	2020	2019
Local banks	USD	3.00% to 9.59%	\$11,886,292	\$21,730,905
Current portion of long-term loans			6,550	9,535
			\$11,892,842	\$21,740,440

The loans from local banks, with terms ranging from three to six months, 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.

Loan Security. Short-term loans from local banks are secured by the Company's trade receivables, inventories, and transportation equipment as follows:

	Note	2020	2019
Trade receivables	5	\$1,431,864	\$6,476,411
Transportation equipment	9	1,642	–
Inventories	6	–	9,579,281
		\$1,433,506	\$16,055,692

Loans from investment bank are unsecured promissory notes used to finance the Company's working capital requirements, with a renewable 90-day term.

Long-term Loans

	2020	2019
Local banks	\$1,507,701	\$1,516,838
Less current portion	6,550	9,535
	\$1,501,151	\$1,507,303

Loans from local banks bear annual interest rates ranging from 3.83% to 9.25%.

Loan Security. The long-term loans are secured by transportation equipment with carrying amounts of \$6,521 and \$17,980 as at December 31, 2020 and 2019 respectively (see Note 9).

Interest Expense

Interest expense is recognized from the following:

	Note	2020	2019	2018
Short-term loans		\$720,290	\$1,775,591	\$1,391,715
Due to Parent Company	13	115,118	63,927	73,879
Long-term loans		92,366	21,123	3,912
Lease liabilities	22	45,383	56,475	–
Notes payable	13	–	62,110	9,315
		\$973,157	\$1,979,226	\$1,478,821

Interest expense on lease liabilities amounting to \$32,644 and \$40,919 in 2020 and 2019, respectively, is presented as part of "Others" under "Cost of goods sold" in the separate statements of comprehensive income (see Note 17).

13. Related Party Transactions

The Company, in the normal course of business, has transactions with its related parties as summarized below.

Related Party	Note	Amount of Transaction		Outstanding Balance	
		2020	2019	2020	2019
Trade Receivables	5				
Joint ventures		\$-	\$-	\$234,185	\$234,185
Due from Related Parties					
Subsidiaries		(\$1,274,628)	(\$739,449)	\$11,177,795	\$12,452,423
Allowance for impairment loss		446,182	18,128	(6,203,132)	(6,649,314)
				\$4,974,663	\$5,803,109
Other Noncurrent Assets					
Joint venture	10	\$-	\$-	\$2,463,524	\$2,463,524
Subsidiary		89,788	52,169	1,725,601	1,635,813
Allowance for impairment loss		-	-	(2,463,106)	(2,463,106)
				\$1,726,019	\$1,636,231
Trade Payables	11				
Joint venture		(\$172,898)	(\$10,466)	\$260,957	\$433,855
Parent Company		(163,300)	73,362	-	163,300
Subsidiaries		-	(154,920)	-	-
				\$260,957	\$597,155
Due to Parent Company		\$178,748	\$2,000,000	\$2,178,748	\$2,000,000

Trade Receivables. The receivable from FDCP pertains to return of purchased tin cans which had damages (see Note 10).

Due from Related Parties. The Company has advances to its subsidiaries for working capital requirements. The outstanding balances are either interest-bearing or noninterest-bearing and are payable in cash upon demand. The Company recognized a gain on reversal of allowance amounting to \$446,182 and \$18,128 in 2020 and 2019, respectively.

Interest income recognized on these advances follows (see Note 4):

Due from:	Interest Rate	2020	2019	2018
BGB	3.00%	\$79,286	\$97,985	\$107,121
Akaroa	7.00%	14,162	21,128	16,412
AMHI	7.50%	15,216	13,480	13,390
PT IAFI		-	-	8,439
		\$108,664	\$132,593	\$145,362

The Company has a management agreement with Spence. Management fees amounted to \$343,264 and \$418,020 in 2019 and 2018, respectively (see Note 19). The outstanding balance is noninterest-bearing and is payable on demand.

Other Noncurrent Assets. Refundable lease deposit to AMHI resulted from a long-term lease contract (see Note 22).

Trade Payables. The Company purchased some of its tin can requirements from FDCP. Trade payable to AMHI pertains to unpaid rentals. Payable to Parent Company pertains to various operating expenses. Payable to Spence pertains to interest payable. The outstanding balances are unsecured, noninterest-bearing and have no repayment terms. These are settled in cash, except for rental payable amounting to \$148,074 and \$134,510 which was offset against due from AMHI in 2020 and 2019, respectively (see Note 22).

Notes Payable. In 2019, the Company issued a long-term promissory note to Spence amounting to \$3.0 million. Proceeds from disposal of Spence in the same year were used to settle the liability in full.

Interest expense amounted to \$62,110 and \$9,315 in 2019 and 2018, respectively (see Note 12).

Due to Parent Company. In 2018, the Company obtained loan amounting to \$2.0 million from its Parent Company for its working capital requirement. The loan bore a 6.5% annual interest. These were settled in 2019.

In 2019, the Company borrowed additional funds from its Parent Company amounting to \$2.0 million, which bears a 6.31% annual interest and payable in lump sum in 2022. Effective November 2020, the interest rate was reduced to 4.57%.

Interest expense amounted to \$115,118, \$63,927 and \$73,879 in 2020, 2019 and 2018, respectively (see Note 12).

The ultimate parent company is Seawood Resources, Inc., a domestic company engaged in investing activities.

The remuneration of the key management personnel of the Company is composed of short-term and post-employment benefits. Short-term employee benefits amounted to \$477,162, \$496,178, and \$492,042 in 2020, 2019 and 2018, respectively. Post-employment benefits amounted to \$33,446, \$36,744 and \$35,356 in 2020, 2019 and 2018, respectively.

14. Retirement Benefit Obligation

The Company 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 60 years old and with at least five years of continuous service.

The most recent actuarial valuation was made as at December 31, 2020 by an independent actuary. The Company did not obtain an actuarial valuation as at December 31, 2019 because the Company believes that the difference between the retirement liability as determined by an actuarial valuation and retirement liability recorded is not significant.

Retirement benefit costs recognized in the separate statements of comprehensive income in respect of this defined benefit plan are as follows (see Note 18):

	2020	2019	2018
Service cost:			
Current service cost	\$41,579	\$80,279	\$39,114
Net interest expense	21,287	9,546	9,629
	\$62,866	\$89,825	\$48,743

The amounts of net retirement benefit obligation presented in the separate statements of financial position are as follows:

	2020	2019
Present value of defined benefit obligation	\$376,401	\$311,912
Fair value of plan assets	(43,612)	(40,182)
	\$332,789	\$271,730

Movements in the present value of defined benefit obligation are as follows:

	2020	2019
Balance at beginning of year	\$311,912	\$228,703
Current service cost	41,579	80,279
Interest cost	24,436	11,549
Unrealized foreign exchange loss (gain)	16,965	(8,619)
Remeasurement gains:		
Arising from experience adjustments	(123,026)	-
Arising from changes in financial assumptions	104,535	-
Balance at end of year	\$376,401	\$311,912

Movements in the fair value of plan assets are as follows:

	2020	2019
Balance at beginning of year	\$40,182	\$39,674
Interest income	3,148	2,003
Unrealized foreign exchange gain (loss)	2,185	(1,495)
Loss on plan assets	(1,903)	-
Balance at end of year	\$43,612	\$40,182

The analysis of the fair value of plan assets is as follows:

	2020	2019
Cash	\$165	\$152
Debt instruments	43,447	40,030
Other assets	62	57
Fees payables	(4)	(4)
Withholding taxes payable	(58)	(53)
	\$43,612	\$40,182

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	2020	2019	2018
Discount rate	3.82%	5.05%	7.43%
Expected rate of salary increases	5.00%	6.00%	6.00%

The sensitivity analysis on the defined benefits obligations is as follows:

	Basis Points	2020	2019
Discount rate	+1.00%	(\$46,159)	(\$34,832)
	-1.00%	56,131	39,603
Salary increase rate	+1.00%	54,490	39,855
	-1.00%	(46,055)	(34,595)
Employee turnover	+1.00%	7,288	4,472
	-1.00%	(7,288)	(4,472)

The cumulative remeasurement gain on retirement benefit obligation recognized in other comprehensive income follows:

	Accumulated Remeasurement		
	Gain	Deferred Tax	Net
Balance as at January 1, 2020	\$148,153	(\$44,446)	\$103,707
Remeasurement gain	16,587	(4,976)	11,611
Balance as at December 31, 2020	\$164,740	(\$49,422)	\$115,318
Balance as at January 1 and December 31, 2019	\$148,153	(\$44,446)	\$103,707
Balance as at January 1, 2018	\$105,090	(\$31,527)	\$73,563
Remeasurement gain	43,063	(12,919)	30,144
Balance as at December 31, 2018	\$148,153	(\$44,446)	\$103,707

The table below shows the maturity profile of the undiscounted benefit payments as at December 31, 2020:

	Amount
Less than one year	\$6,591
One year to less than five years	78,340
Five years to less than ten years	217,780
Ten years to less than fifteen years	215,101
Fifteen years to less than twenty years	846,574
Twenty years and above	1,901,576

The average duration of the benefit obligation is 19 years as at December 31, 2020 and 2019.

15. Equity

Details of the Company's capital stock as at December 31, 2020 and 2019 are as follows:

	Shares	Amount
Authorized		
Ordinary shares at ₱0.50 par value		
Balance at beginning and end of year	3,000,000,000	₱1,500,000,000
Issued and Outstanding		
Balance at beginning of year	2,500,000,000	\$26,823,389
Treasury stock at cost	(287,537)	(5,774)
Balance at end of year	2,499,712,463	\$26,817,615

The Company's track record of registration of securities is as follows:

	Issue/Offer Price	Registration/Issue Date	Number of Shares Issued
Initial public offering	₱1.35	November 8, 2006	535,099,610
Stock dividends	-	December 17, 2007	64,177,449
Stock rights offer (SRO)	1.00	July 25, 2011	272,267,965
Stock dividends	-	January 25, 2012	137,500,000
Private placement	1.60	December 14, 2012	60,668,750
Private placement	1.31	May 5, 2014	430,286,226
SRO	1.00	October 28, 2015	1,000,000,000
			2,500,000,000

On March 23, 2018, the SEC approved the Company's application for the equity restructuring. Accordingly, the resulting APIC of \$26.82 million from the restructuring and APIC of \$6.66 million as at December 31, 2016, were used to fully wipe out the Company's deficit amounting to \$32.00 million as at December 31, 2017.

As at December 31, 2020 and 2019, APIC amounted to \$1.49 million.

The Company has 240 and 238 stockholders as at December 31, 2020 and 2019, respectively.

Capital Management

The primary objective of the Company'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 Company 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 Company considers the equity presented in the separate statements of financial position as its core capital.

For the purpose of the Company's capital management, capital includes issued capital, APIC and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments when there are changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using debt-to-equity ratio, which is total debt divided by total equity.

The debt-to-equity ratio is as follows:

	2020	2019
Debt	\$22,234,932	\$30,867,617
Equity	22,019,703	30,477,473
Debt-to-Equity Ratio	1.01:1	1.01:1

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, 2020 and 2019.

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

16. Net Sales

This account consists of:

	2020	2019	2018
Canned tuna	\$51,766,126	\$59,589,381	\$60,005,125
By-products	2,042,190	2,342,071	1,925,100
Wholefish	231,544	300,733	6,222,808
	\$54,039,860	\$62,232,185	\$68,153,033

Revenue from sale of goods is recognized at a point in time, which is upon delivery.

Details of the Company's revenue based on geographical markets are as follows:

	2020	2019	2018
International	\$51,549,428	\$59,508,091	\$66,822,546
Local	2,490,432	2,724,094	1,330,487
	\$54,039,860	\$62,232,185	\$68,153,033

17. Cost of Goods Sold

This account consists of:

	Note	2020	2019	2018
Raw materials used		\$38,701,735	\$49,914,051	\$54,505,641
Direct labor	20	4,408,028	4,568,102	3,667,251
Manufacturing overhead:				
Warehousing		2,029,501	1,926,508	1,389,814
Indirect labor		1,548,884	1,315,670	1,058,993
Depreciation and amortization	9	650,515	485,259	303,160
Fuel		552,683	644,972	456,276
Light and water		549,144	585,328	542,540
Rental	22	7,821	6,908	165,381
Others		455,566	798,895	537,763
Total manufacturing costs		48,903,877	60,245,693	62,626,819
Finished goods, beginning	6	9,020,914	6,107,992	3,658,870
Total cost of goods manufactured		57,924,791	66,353,685	66,285,689
Finished goods, ending	6	(5,357,002)	(9,020,914)	(6,107,992)
		\$52,567,789	\$57,332,771	\$60,177,697

Other manufacturing overhead consists of interest expense on lease liabilities, repairs and maintenance, outside services, and insurance, among others.

18. Selling and Administrative Expenses

This account consists of:

	Note	2020	2019	2018
Provision for impairment losses on:				
Inventories	6	\$1,384,937	\$874,601	\$159,024
Trade and other receivables	5	46,500	–	23,000
Customs, brokerage and demurrage		1,200,486	468,220	103,216
Salaries, wages and other benefits	20	1,178,194	1,161,195	966,745
Outside services		1,165,137	556,632	628,007
Freight and transportation		416,587	172,204	197,851
Taxes and licenses		391,325	503,993	438,782
Representation and entertainment		315,236	239,368	202,089
Rental and utilities		223,644	179,762	128,240
Advertising, marketing and commission		146,280	253,206	223,916
Insurance		103,557	92,621	75,582
Depreciation and amortization	9	90,291	99,479	123,842
Donations		74,400	–	–
Retirement benefit costs	14	62,866	89,825	48,743
Materials and supplies		28,674	27,207	34,002
Others		408,511	78,564	63,264
		\$7,236,625	\$4,796,877	\$3,416,303

19. **Other Income (Charges) - Net**

This account consists of:

	Note	2020	2019	2018
Bank charges		(\$179,353)	(\$270,469)	(\$210,844)
Unrealized foreign exchange gain (loss)		(145,127)	(137,470)	100,440
Interest income	4	110,220	138,094	150,137
Realized foreign exchange gain (loss)		(53,586)	416,725	255,540
Gain on disposal of investment in a subsidiary	8	–	983,994	–
Management fee	13	–	343,264	418,020
Gain (loss) on disposal of property and equipment	9	–	3,110	(294)
Others		(150,990)	77,745	33,394
		(\$418,836)	\$1,554,993	\$746,393

20. **Employee Benefits**

This account consists of:

	Note	2020	2019	2018
Short-term employee benefits	17,18	\$5,586,222	\$5,729,297	\$4,633,996
Post-employee benefits	14	62,866	89,825	48,743
		\$5,649,088	\$5,819,122	\$4,682,739

21. **Income (Loss) Per Share**

The calculation of the basic and diluted income (loss) per share is based on the following data:

	2020	2019	2018
Net income (loss) for the year	(\$8,469,381)	(\$1,424,314)	\$3,018,984
Weighted average number of ordinary shares outstanding	2,499,712,463	2,499,712,463	2,499,712,463
	(\$0.00339)	(\$0.00057)	\$0.00121

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury stock.

In 2020, 2019 and 2018, the Company has no dilutive potential share.

22. Lease Agreements

Short-term Leases

The Company entered into operating leases with third parties for its forklifts, container van, and warehouse. The contracts have a term ranging from six months to one year with varying monthly rental. The leases are renewable upon mutual agreement between parties.

Rental is distributed as follows:

	Note	2020	2019	2018
Cost of goods sold	17	\$7,821	\$6,908	\$165,381
Selling and administrative expenses		165,516	124,261	78,488
		\$173,337	\$131,169	\$243,869

Long-term Leases

Plant. On January 25, 2013, a long-term lease contract was executed by and 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 Philippine Statistics Authority (PSA), whichever is higher.

On January 1, 2018, the lease contract was amended. Based on the amended contract, the lease term is five years and the rental fee shall be \$11,634 per month, subject to annual escalation of 5% or the national inflation rate as published by the PSA, whichever is higher, starting on the third year of the contract.

Office. The Company entered into a lease agreement for its head office space with a third party lessor on July 16, 2018, effective until July 15, 2023 and renewable upon mutual agreement of the parties. The monthly rental for the first two (2) years shall be \$4,171, subject to an annual escalation of 5%.

Refundable lease deposits for plant and office amounted to \$1.74 million and \$1.65 million as at December 31, 2020 and 2019, respectively (see Note 10). This is to be returned upon expiration of the lease term.

The balance of and movements in lease liabilities are as follows:

	Note	2020	2019
Balance at beginning of year		\$547,604	\$652,392
Offsetting with due from a related party		(148,074)	(134,510)
Rental payments		(52,662)	(49,109)
Interest	12	45,383	56,475
Effect of foreign exchange loss		25,558	22,356
Balance at end of year		417,809	547,604
Less current portion		186,341	151,346
Noncurrent portion		\$231,468	\$396,258

Lease liabilities were measured by discounting the remaining lease payments using the incremental borrowing rate of 9.54%.

The amounts recognized in profit or loss is as follows:

	Note	2020	2019	2018
Rental		\$173,337	\$131,169	\$243,869
Amortization	9	153,098	153,098	–
Interest	12	45,383	56,475	–
		\$371,818	\$340,742	\$243,869

The future minimum lease payments and present value as at December 31, 2020 and 2019 are as follows:

	2020		2019	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
Within one year	\$216,505	\$186,341	\$195,558	\$151,346
After one year but not more than five years	242,603	231,468	435,435	396,258
	459,108	417,809	630,993	547,604
Finance charges	(41,299)	–	(83,389)	–
	\$417,809	\$417,809	\$547,604	\$547,604

23. Corporate Social Responsibility

The Company has implemented a corporate social responsibility program to focus on the local workers' community welfare, as well as to promote a clean and healthy environment together with energy conservation. In 2019, the Company partnered with Mindanao State University (General Santos City campus) to launch the Bay of Gold scholarship, which aims to provide financial assistance to Marine Biology students of this campus.

In light of the pandemic, the Company provided relief to the pupils and families in Changco Elementary School, General Santos City. The Company also donated tuna products to local government units in Region XII.

24. Income Taxes

Current Tax

The current income tax expense in 2020, 2019 and 2018 represents MCIT amounting to \$28,631 \$135,944 and \$162,817, respectively.

Deferred Tax

The components of the Company's deferred tax assets are as follows:

	2020	2019
Deferred Tax Assets		
Allowance for impairment losses on:		
Other noncurrent assets	\$4,917,474	\$4,917,474
Inventories	613,295	272,940
Due from PT IAFI	560,939	1,994,794
Receivables	209,894	195,944
Property, plant and equipment	30,422	30,422
Retirement benefit obligation recognized in:		
Profit or loss	99,837	81,519
Other comprehensive income	(17,895)	(12,919)
Unrealized foreign exchange loss	46,217	43,378
Excess of amortization and interest over rental payments	12,866	13,542
MCIT	-	257,778
	\$6,473,049	\$7,794,872

The Company did not recognize the following deferred tax assets since the management believes that future taxable income will not be available to allow the deferred assets to be utilized:

	2020	2019
NOLCO	\$1,726,326	\$-
Allowance for impairment of Due from PTIAFI	1,300,000	-
MCIT	327,392	135,944
	\$3,353,718	\$135,944

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and as implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

In 2020, the Company has NOLCO amounting to \$5.8 million which can be claimed as deduction from taxable income until 2025. In 2019, the Company's NOLCO amounting to \$752,331 was applied against taxable income and expired portion of NOLCO amounted to \$4.12 million.

The details of the Company's MCIT, which can be utilized as a credit against future income tax payable, are as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2020	\$28,631	\$-	\$28,631	2023
2019	135,944	-	\$135,944	2022
2018	162,817	-	162,817	2021
2017	94,961	(94,961)	-	2020
	\$422,353	(\$94,961)	\$327,392	

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate and at effective income tax rate follows:

	2020	2019	2018
Provision for (benefit from) income tax computed at statutory tax rate	(\$2,137,171)	(\$84,233)	\$1,147,982
Change in unrecognized deferred tax assets	3,217,774	(9,056)	(603,878)
Expired MCIT	94,961	420	35,221
Tax effects of:			
Nondeductible expenses	170,188	681	591
Interest income already subjected to final tax	(467)	(1,650)	(1,433)
Nondeductible interest expense	193	-	-
Expired NOLCO	-	1,237,375	213,051
Nontaxable income	-	-	671
Effect of foreign exchange gain	-	-	15,416
Provision for income tax computed at effective tax rate	\$1,345,478	\$1,143,537	\$807,621

On March 26, 2021, RA No. 11534 or the “Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Act” (the “Act”) was signed into law by the President of the Philippines. Under the Act, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

However, the income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The table below summarizes the financial impact of the change in income tax rates to the Company’s separate financial statements had the Act been substantively enacted as at December 31, 2020:

	Audited Balances (Based on Old Income Tax Rates)	Pro-forma Balances (Based on Revised Income Tax Rates)	Financial Impact Increase (Decrease)
Prepaid income tax	\$54,826	\$61,983	\$7,157
Deferred tax asset	6,473,049	5,126,711	(1,346,338)
Retained earnings	(7,066,490)	(5,727,310)	1,346,338
Income tax expense - current	(28,631)	(21,474)	(7,157)
Income tax expense - deferred	(1,316,847)	(2,663,185)	(1,346,338)
Net loss	(8,469,381)	(9,808,561)	(1,346,338)

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, 2020 and 2019.

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash	\$2,036,583	\$2,036,583	\$1,263,394	\$1,263,394
Trade and other receivables	4,358,766	4,358,766	9,787,419	9,787,419
Due from related parties	4,974,663	4,974,663	5,803,109	5,803,109
Refundable lease deposits	1,738,885	1,738,885	1,651,498	1,651,498
	\$13,108,897	\$13,108,897	\$18,505,420	\$18,505,420
Financial Liabilities				
At amortized cost:				
Trade and other payables*	\$5,815,246	\$5,815,246	\$4,608,651	\$4,608,651
Loans payable	13,393,993	13,393,993	23,247,743	23,247,743
Lease liabilities	417,809	417,809	547,604	547,604
Due to Parent Company	2,178,748	2,178,748	2,000,000	2,000,000
	\$21,805,796	\$21,805,796	\$30,403,998	\$30,403,998

* Excluding customers' deposits and statutory payable

The following methods and assumptions are used to estimate the fair value of the Company's financial assets and liabilities:

Cash, Trade and Other Receivables, Due from Related Parties, Trade and Other Payables (excluding Customers' Deposits and Statutory Payable), Due to Parent Company and Refundable Lease Deposits. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments. These financial assets and liabilities are classified under Level 3 of the fair value hierarchy groups of the separate financial statements.

Lease Liabilities and Loans Payable. The fair values of these financial instruments are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial assets and liabilities are classified under Level 3 of the fair value hierarchy groups of the separate financial statements.

Generally, an increase or decrease in the incremental after-tax cash flows will result in an increase or decrease in the fair value of lease liabilities and loans payable. An increase or decrease in discount rate will result in a decrease or increase in the fair value of these financial liabilities.

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 2020, 2019 and 2018.

26. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash, trade and other receivables, due from related parties, refundable lease deposits, trade and other payables (excluding customers' deposits and statutory payable), loans payable, lease liabilities and due to Parent Company. The main purpose of these financial instruments is to finance the Company's operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's BOD and management review and approve the policies for managing each of the risks, which are summarized below.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at December 31, 2020 and 2019.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant items in the separate statements of comprehensive income is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2020 and 2019.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at December 31, 2020 for the effects of the assumed changes of the underlying risk.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

The Company has transactional currency exposures arising from purchase and construction contract transactions denominated in currencies other than the reporting currency. The Company does not enter into forward contracts to hedge currency exposures. To mitigate the Company's exposure to foreign currency risk, foreign currency cash flows and fluctuations in the foreign exchange rates are monitored.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	2020		2019	
	Philippine Peso	U.S. Dollar Equivalent	Philippine Peso	U.S. Dollar Equivalent
Cash	₱35,105,870	\$731,022	₱12,830,706	\$253,396
Trade and other receivables	8,750,415	182,213	13,417,465	264,984
Due from related parties	118,507,942	2,467,733	124,953,652	2,467,733
Refundable lease deposits	83,506,474	1,738,885	83,623,601	1,651,498
Trade and other payables*	70,264,180	1,463,136	98,239,242	1,940,145
Lease liabilities	20,064,442	417,809	27,727,929	547,604
Loans payable	808,611	16,838	852,577	16,838
Due to Parent Company	104,630,000	2,178,748	101,270,000	2,000,000

* Excluding customers' deposits and statutory payable

Foreign Currency Sensitivity Analysis. The sensitivity analysis includes all of the Company's foreign currency-denominated monetary assets and liabilities. A positive number indicates an increase in income before tax when the U.S. Dollar strengthens against the relevant currency. For the weakening of the U.S. Dollar against the Philippine Peso, there would be an equal and opposite impact on the income before tax.

The following table demonstrates the sensitivity to a 4% and 6% change in USD exchange rates, with all other variables held constant, in 2020 and 2019, respectively:

	Effect on Income Before Tax	
	2020	2019
Cash	\$31,434	\$10,896
Trade and other receivables	7,835	11,394
Due from related parties	106,113	106,113
Refundable lease deposits	74,772	71,014
Trade and other payables*	(62,915)	(83,426)
Lease liabilities	(17,966)	(23,547)
Loans payable	(724)	(724)
Due to Parent Company	(86,000)	(86,000)
	\$52,549	\$5,720

* Excluding customers' deposits and statutory payable

Interest Rate Risk. Interest rate risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate.

The source of the Company's interest rate risk relates to due to related parties as disclosed in Note 13. The balance is both short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the net income or loss of the Company.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The table below shows the gross maximum exposure of the Company to credit risk before taking into consideration collateral and other credit enhancements:

	2020	2019
Cash in banks	\$2,033,688	\$1,261,406
Trade and other receivables	5,058,413	10,440,566
Due from related parties	11,177,795	12,452,423
Refundable lease deposits	1,738,885	1,651,498
	\$20,008,781	\$25,805,893

Risk Management. Credit risk is managed on a group basis. The Company deals only with reputable banks and customer to limit this risk. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by management.

Sales to customers are required to be settled in cash, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

	2020				
	Neither Past Due nor Impaired		Past due but		Total
	High Grade	Standard Grade	Not Impaired	Impaired	
Cash in banks	\$2,033,688	\$-	\$-	\$-	\$2,033,688
Trade and other receivables	-	4,358,766	-	699,647	5,058,413
Due from related parties	-	4,974,662	-	6,203,133	11,177,795
Refundable lease deposits	1,738,885	-	-	-	1,738,885
	\$3,772,573	\$9,333,428	\$-	\$6,902,780	\$20,008,781

	2019				
	Neither Past Due nor Impaired		Past due but		Total
	High Grade	Standard Grade	Not Impaired	Impaired	
Cash in banks	\$1,261,406	\$-	\$-	\$-	\$1,261,406
Trade and other receivables	-	5,915,307	3,872,112	653,147	10,440,566
Due from related parties	-	5,803,109	-	6,649,314	12,452,423
Refundable lease deposits	1,651,498	-	-	-	1,651,498
	\$2,912,904	\$11,718,416	\$3,872,112	\$7,302,461	\$25,805,893

As at December 31, 2020 and 2019, the amount of cash and refundable lease deposits are neither past due nor impaired and were classified as "High Grade", while trade and other receivables and due from related parties were classified as "Standard Grade". Impaired trade and other receivables and due from related parties were classified as "Substandard 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.
- *Substandard Grade.* Substandard grade financial assets are those which are considered worthless. These are accounts which have the probability of impairment based on historical trend.

Impairment. For trade receivables, the Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are initially based on the Company's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP of the locations in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

For other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company's provision for impairment loss is disclosed in Notes 5 and 13.

Liquidity Risk

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

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has 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 table includes both interest and principal cash flows.

December 31, 2020				
Contractual Cash Flows				
	Weighted Average Effective Interest Rate	Less than		Total
		1 Year	1 to 5 Years	
Trade and other payables*	–	\$5,815,246	\$–	\$5,815,246
Loans payable	3.00% - 9.59%	11,892,842	1,501,151	13,393,993
Lease liabilities	9.54%	216,505	242,603	459,108
Due to Parent Company	4.57% - 6.31%	–	2,178,748	2,178,748
Future interest	3.00% - 9.59%	292,798	299,814	592,612
		\$18,217,391	\$4,222,316	\$22,439,707

* Excluding customers' deposits and statutory payable

December 31, 2019				
Contractual Cash Flows				
	Weighted Average Effective Interest Rate	Less than		Total
		1 Year	1 to 5 Years	
Trade and other payables*	–	\$4,608,651	\$–	\$4,608,651
Loans payable	5.00% - 9.59%	21,740,440	1,507,303	23,247,743
Lease liabilities	9.54%	195,558	435,435	630,993
Due to Parent Company	6.31%	–	2,000,000	2,000,000
Future interest	5.00% - 9.59%	94,718	425,311	520,029
		\$26,639,367	\$4,328,872	\$31,007,416

* Excluding customers' deposits and statutory payable

27. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities, including cash and noncash changes:

	Financing Cash Flows			Non-cash Changes			2020
	2019	Availments	Payments	Interest Expense	Foreign Exchange		
					Loss	Offsetting	
Loans payable	\$23,247,743	\$28,839,550	(\$38,693,300)	\$–	\$–	\$–	\$13,393,993
Due to Parent Company	2,000,000	–	–	–	178,748	–	2,178,748
Lease liabilities	547,604	–	(52,662)	45,383	25,558	(148,074)	417,809
Interest payable	109,758	–	(1,008,672)	927,774	–	–	28,860
	\$25,905,105	\$28,839,550	(\$39,754,634)	\$973,157	\$204,306	(\$148,074)	\$16,019,410

	Financing Cash Flows			Non-cash Changes			2019	
	2018	Availments	Payments	Recognition	Interest Expense	Foreign Exchange		
						Loss		Offsetting
Loans payable	\$30,925,743	\$60,647,571	(\$68,325,571)	\$–	\$–	\$–	\$23,247,743	
Due to Parent Company	–	2,000,000	–	–	–	–	2,000,000	
Lease liabilities	–	–	(49,109)	652,392	56,475	22,356	547,604	
Interest payable	155,469	–	(1,968,462)	–	1,922,751	–	109,758	
Note payable	–	3,000,000	(3,000,000)	–	–	–	–	
	\$31,081,212	\$65,647,571	(\$73,343,142)	\$652,392	\$1,979,226	\$22,356	\$25,905,105	



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
ALLIANCE SELECT FOODS INTERNATIONAL, INC.
Suite 3104A, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Avenue, Pasig City

We have audited the accompanying separate financial statements of ALLIANCE SELECT FOODS INTERNATIONAL, INC. (a subsidiary of STRONGOAK INC.) (the "Company") as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered our report dated April 12, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two hundred twenty-five (225) and two hundred twenty-three (223) stockholders owning one hundred (100) or more shares each as at December 31, 2020 and 2019, respectively.

REYES TACANDONG & Co.

WILSON P. TEO

Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 92765-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-014-2020

Valid until January 1, 2023

PTR No. 8534283

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
ALLIANCE SELECT FOODS INTERNATIONAL, INC.
Suite 3104A, West Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Avenue, Pasig City

We have audited in accordance with Philippine Standards on Auditing the separate financial statements of ALLIANCE SELECT FOODS INTERNATIONAL, INC. (a subsidiary of STRONGOAK INC.) (the "Company") as at December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated April 12, 2021. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2020 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic separate financial statements. The information in this schedule 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.

WILSON P. TEO

Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 92765-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-014-2020

Valid until January 1, 2023

PTR No. 8534283

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
(A Subsidiary of STRONGOAK INC.)

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2020**

Retained earnings available for dividend declaration at beginning of year, as adjusted	(\$5,738,186)
Less net loss actually realized during the year:	
Net loss during the year closed to retained earnings	(8,469,381)
Movement in deferred tax assets	1,316,847
<hr/>	
Retained earnings available for dividend declaration at end of year	(\$12,890,720)
<hr/>	
<i>Reconciliation:</i>	
Retained earnings at end of year	(\$6,399,776)
Net deferred tax assets at end of year	(6,490,944)
<hr/>	
Total retained earnings available for dividend declaration at end of year	(\$12,890,720)
<hr/>	

Bayona, Phoebe Ann

From: Escosia, Alvin Gerard
Sent: Monday, 17 May 2021 11:45 am
To: Bayona, Phoebe Ann; Angeles, Maria Carolyn
Subject: FW: SEC CiFSS-OST Initial Acceptance

-----Original Message-----

From: noreply-cifssost@sec.gov.ph [mailto:noreply-cifssost@sec.gov.ph]
Sent: Monday, May 17, 2021 11:43 AM
Subject: SEC CiFSS-OST Initial Acceptance

Greetings!

SEC Registration No: CS200319138
Company Name: ALLIANCE SELECT FOODS INTERNATIONAL, INC.
Document Code: AFS

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City,
1307, Metro Manila, Philippines

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