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, Philippines, 1605

(Company's Address)

632 8637 8800

(Telephone Number)

December 31

(Calendar Year Ending)
(month & day)

SEC FORM 17 A

(Form Type)

(Amendment Designation if applicable)

December 31, 2021

(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, 2021**

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, National Capital Region, 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 - 8637 - 8800**
   Issuer's telephone number, including area code

9. **NOT APPLICABLE**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common shares, 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 First Dominion Canning Philippines, Inc. (FDCP), a can manufacturing company. In November 2016, FDCP increased its outstanding shares from 12,500,000 to 20,000,000 common shares. The Company did not subscribe to the additional issuance, thus decreasing the Company's stake in FDCP to 25%.

In May 2008, PT International Alliance Foods Indonesia (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 is currently not in operation.

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 engaged in fishing 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% 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% stake in the affiliate, while Mingjing Holdings Inc., (MHI), a Filipino company, owned the remaining 60% 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.

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 November 2021, the Parent Company disposed its interest in Akaroa to a third party for a total consideration of NZD 7.50 million ($5.06 million), inclusive of payments for dividends and other related costs. The disposal of Akaroa resulted in a gain on sale of $0.4 million.

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 is mainly from ASFII which sells processed tuna including pouched tuna products, frozen loins and a premium tuna line under the "Bay of Gold" brand. 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.

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. In 2021, BGB focused in distributing imported salmon products from Akaroa.

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, 2021, 2020 and 2019 are as follows:

Product	***December 31, 2021***	***December 31, 2020***	***December 31, 2019***
Tuna	74%	83%	70%
Fishmeal (Local)	5%	3%	4%
Salmon	21%	14%	26%
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. Pouched tuna options and frozen tuna loins were added to its product line for the export market while premium canned tuna and salmon lines consisting of different variants under the Bay of Gold brand were added 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 United States and European Union (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 (WCPFC) 2021 Annual Report of the Executive Director, world tuna catch in 2020 from this fishing area accounted for almost 52% of global tuna catch.

Key Sourcing Area – Salmon

Almost all of the salmon sold 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, ASFII does 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 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, 2021, 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", and "Instant Chef" before the Intellectual Property Office of the Philippines; and "PRIME SMOKE" and "PRIME NEW ZELAND" before the Intellectual Property Office of New Zealand.

Bay of Gold	Registration No. 42017011484	Bay of Gold PRIME CUTS TUNA

Quicklift	Registration No. 42018011698	QUICKLIFT
Sea Harvest	Registration No. 42004008474	SEA HARVEST
Big Glory Bay	Registration No. 42011004121	BIG GLORY BAY
Gold Standard Salmon	Registration No. 42014502559	Gold Standard Salmon
Prime New Zealand	Registration No. 42017011482	PRIME NEW ZEALAND
Wagyu of Salmon	Registration No. 42016505298	WAGYU OF SALMON

Super Fish	Registration No. 42019504525	
Instant Chef	Registration No. 42021518161	
Prime Smoke	Registration No. 964127 Registered in New Zealand Intellectual Property Office	
PRIME NEW ZEALAND	Registration No. 234660 Registered in New Zealand Intellectual Property Office	

Most of ASFII'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, 2026; while BGB is registered as a food manufacturer and exporter of processed seafood products until May 25, 2026, and as a food distributor, importer, and wholesaler until September 12, 2026.

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 five (5) canneries in the region compared with Indonesia and Thailand. In 2018, the Group's Philippine and Indonesian tuna facilities were 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, 2021, the Group has a total of 1,136 workers (124 regular employees and 1,012 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 seller 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 by 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.

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, 2021 are as follows:

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

   On May 27, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua filed a derivative suit purportedly on behalf of the Company against 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 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"). on 16 December 2015, the date of the Meeting. The Company received the TRO on 16 December 2015, a few hours before the 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.

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 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.

On March 4, 2020, 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. The petition is still pending resolution before the Court of Appeals.

5. ***Hedy S.C. Yap-Chua, for herself and on behalf of Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited vs. Alliance Select Foods International, Inc.,***
SEC MSRD Case No. MSRD-SRD-2021-1

On May 26, 2021, Alliance Select Foods International, Inc. ("Company") received a summons from the Markets and Securities Regulation Department of the Securities and Exchange Commission ("MSRD-SEC") resulting from a Complaint, dated November 2, 2020, filed by Hedy S.C. Yap-Chua, for herself and on behalf of Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited ("Complainants"), questioning the lack of mandatory tender offer during the Company's sale of 430,286,226 shares to Strongoak Inc. through a private placement in May 5, 2014 and the subscription by Strongoak Inc. to additional shares in the Company during a Stock Rights Offering in 2015.

The Company filed its Answer dated June 10, 2021 raising the defenses of prescription; non-applicability of Mandatory Tender Offer Rule as the questioned transactions are covered by express exemptions under the Securities Regulation Code; and forum shopping by the Complainants due to the filing of previous cases against the Company in judicial courts praying for the invalidation of the same share purchases and subscriptions of Strongoak Inc., among others.

The case is still pending before the MSRD-SEC.

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

I. Annual Stockholders Meeting (for 2021)

a. Date: 15 June 2021
Time: 1:30 PM
via remote communication via Zoom webinar platform

b. Election of Officers:

Regular Directors:

1. Antonio C. Pacis – 1,715,463,560 cumulative votes
2. Gabriel A. Dee – 1,715,470,367 cumulative votes
3. Raymond K.H. See – 1,715,479,444 cumulative votes
4. Joseph Peter Y. Roxas – 1,715,445,859 cumulative votes
5. Rena M. RicoPamfilo – 1,715,419,083 cumulative votes

Independent Directors:

1. Dobbin A. Tan – 1,715,443,135 cumulative votes
2. Domingo C. Go. – 1,715,444,498 cumulative votes

c. Matters Voted Upon:

Item	Yes	No	Abstain	Objection
1. Reading and approval of the Minutes of the 2020 Annual General Meeting of Stockholders held on October 7, 2020	1,715,452,278 (68.63%)	0	332,466,308 (13.30%)	0
2. Approval of the Annual Report and the Audited Financial Statements for the Year ended December 31, 2020.	1,715,452,278 (68.63%)	331,364,351 (13.26%)	0	1,101,957 (.04%)
3. Ratification and Approval of Acts of the Board of Directors and Executive Officers for the Corporate year 2019-2020.	1,715,452,278 (68.63%)	331,364,351 (13.26%)	0	1,101,957 (.04%)
4. Appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2021.	1, 715,452,278 (68.63%)	331,364,351 (13.26%)	0	1,101,957 (.04%)

**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 three (3) fiscal years, without stock adjustments, are as follows:

	2021		2020		2019	
	High	**Low**	**High**	**Low**	**High**	**Low**
Q1	0.69	0.61	0.68	0.45	1.02	0.95
Q2	0.67	0.61	0.61	0.50	0.86	0.72
Q3	0.68	0.62	0.68	0.55	0.78	0.68
Q4	0.63	0.52	0.75	0.62	0.68	0.51

On December 29, 2021, the last trading day for the year, the closing price for FOOD was ₱0.62 per share.

The number of shareholders of record as of December 31, 2021 owning at least one board lot is 201 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, 2021 is 31.96%.

Top 20 shareholders as of December 31, 2021 were:

	Name	No. of shares	% ownership
1.	Strongoak, Inc.	1,382,765,864	55.31%
2.	PCD Nominee Corporation (Filipino)	660,780,182	26.43%
3.	Harvest All Investment Limited	177,261,165	7.09%
4.	Victory Fund Limited	138,474,015	5.54%
5.	PCD Nominee Corporation (Foreign)	63,740,940	2.55%
6.	Albert Hin Kay Hong	39,017,537	1.56%
7.	Bondeast Private Limited	13,023,411	0.52%
8.	Peter Kawsek Jr.	4,538,646	0.18%
9.	Zamora, Martin Antonio G.	3,975,370	0.16%
10.	Michael V. Cordova	3,805,000	0.15%
11.	S. Chandra Das	2,604,760	0.10%
12.	Oriental Tin Can & Metal Sheet Mfg	2,210,385	0.09%
13.	FDCP Inc.	1,894,045	0.08%
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, 2021, foreign ownership of the company's common stock equity stands at 17.37% or 434,185,975 - common shares. Locally owned common stock stands at 82.63% or 2,065,526,488 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, 2021, 2020 and 2019 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 2021 COMPARED TO CY 2020

I. FINANCIAL HIGHLIGHTS

	Years Ended December 31		
Amount in US $'000	**2021**	**2020**	**% Change**
Revenue	$40,778	$62,706	-35%
Gross profit	4,915	2,928	68%
Gross margin	**12%**	**5%**	
Selling & Administrative Expenses	5,547	10,123	-45%
Finance Cost	841	1,253	-33%
Loss for the year	**(1,058)**	**(10,100)**	**-90%**
Non-controlling interest	214	135	59%
Loss attributable to equity holders of the parent	(1,271)	(10,235)	-88%

Net Profit – Margin	**-3%**	**-16%**
EBITDA	**1,568**	**(6,076)**
EBITDA margin	**4%**	**-10%**
Return on equity (ROE)	**-6%**	**-39%**
Earnings - per share	**-0.0005**	**-0.0041**
Book value per share	**0.0089**	**0.0094**

II. OPERATING PERFORMANCE

The Group's consolidated revenues of $40.8 million in 2021 were 35% lower than the revenues of $62.7 million in 2020. During the year, tuna-related products contributed about 79% of total revenues, while the remaining 21% were contributed by salmon-related products. Compared to 2020, the significant decrease in sales volume was due to continued spike in freight rates, 6x higher from pre-pandemic rate, resulting to deferral of shipments. Losses to competition in EU market because of higher freight rates compared to that of Ecuador, and the deconsolidation of Akaroa in November also contributed to the decline in sales.

The Group's gross profit increased to 12% in 2021 from 5% in 2020. This is mainly due to the improvement of production efficiency which resulted from reduced headcount, lower maintenance costs and utility consumption due to capital expenditures investment, and improved recovery rates.

The Group has successfully implemented measures to reduce selling and administrative expenses and has consistently managed costs to partially cushion the impact of low gross profit.

The proceeds from the disposal of Akaroa and cash generated from operations allowed the Group to pay a significant amount of loans, thus reducing the finance cost by 33% from $1.3 million in 2020 to $0.8 million in 2021.

The Group incurred net loss of $1.1 million in 2021, 89% lower than the net loss of $10.1 million in 2020. This is driven by lower sizeable one-offs, lower selling and administrative expenses resulting from cost containment, savings on interest expense from repayment of loans and net gain on the divestment of Akaroa

III. FINANCIAL CONDITION

Balance Sheet Highlight	Years Ended December 31		
Amount in US$'000	**2021**	**2020**	**% Change**
Cash & cash equivalent	$4,442	$2,550	74%
Receivables	4,408	5,444	-19%
Inventories	5,335	9,059	-41%
Other current assets	2,940	2,233	32%
Total Current Assets	**$17,126**	**$19,286**	**-11%**
Property & equipment	14,619	16,723	13%
Total Assets	**$38,080**	**$49,185**	**-23%**
Trade and other payables	$3,434	$7,223	52%
Bank loans	11,297	12,119	-7%
Total Current Liabilities	**16,853**	**19,498**	**-14%**
Total Liabilities	**18,244**	**27,830**	**-34%**
Total Stockholders' Equity	**19,836**	**21,355**	**-7%**
Total Liabilities & SE	**$38,080**	**$49,185**	**-23%**

There was no impairment of goodwill recognized during the year. Goodwill was deconsolidated upon divestment of Akaroa.

Amounts as of December 31	**2021**	**2020**
Current Ratio	1.02	0.99
Debt-to-equity Ratio	0.92	1.30

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	Years Ended December 31	
Amount in US$'000	**2021**	**2020**
Operating cash flows before working capital changes	($518)	($3,999)
Net cash flows from operating activities	2,468	13,186
Net cash flows from investing activities	1,583	(1,264)
Net cash flows from financing activities	(2,207)	(11,283)

Net cash used in investing activities included the following:

	Years Ended December 31	
Amount in US$'000	**2021**	**2020**
Additions to property, plant and equipment	($1,021)	($1,498)
Proceeds from sale of property, plant and equipment	–	235
Proceeds from sale of investment in a subsidiary	2,604	–

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

	Years Ended December 31	
Amount in US$'000	**2021**	**2020**
Net payment of bank loans	($1,304)	($9,809)
Payment of interest	(570)	(1,055)
Due to related parties	–	–

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

As of December 31, 2021, there were no material events or uncertainties known to management that had a material impact on past performance or that could have a material impact on the future operations, in respect of the following:

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

V. KEY PERFORMANCE INDICATORS

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

	Years ended December 31	
Key performance indicator	**2021**	**2020**
Revenue growth rate	-35%	-26%
Net profit margin	-3%	-16%
Current ratio	1.02	0.99
Debt to equity ratio	0.92	1.30
Return on average stockholders' equity	-6%	-39%

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 April 12, 2021 approved the appointment of Reyes Tacandong & Co. as the Company's independent external auditors for the year 2021. On June 15, 2021, the stockholders of the Company ratified the appointment of said auditing firm as independent auditor of the Company for 2021.

Audit Related Fees

The following table sets out the aggregate fee billed for professional services rendered by Reyes Tacandong & Co. for CY 2021 and PYs 2020 and 2019.

Audit and Audit-Related Fees	**2021**	**2020**	**2019**
Regular Audit	₱1,674,400	₱1,506,400	₱ 1,370,000
Other Fees	100,000	150,640	238,100
Total Audit and Audit-Related Fees	**₱1,774,400**	**₱1,657,040**	**₱ 1,608,100**

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	81	2014
Gabriel A. Dee	Filipino	Vice Chairman	57	2018
Raymond K.H. See	Filipino	Director, President & CEO	54	2014
Rena M. Rico-Pamfilo	Filipino	Director	46	2020
Joseph Peter Y. Roxas	Filipino	Director	60	2016
Domingo C. Go	Filipino	Independent Director	61	2020
Dobbin A. Tan	Filipino	Independent Director	58	2016

ANTONIO C. PACIS - 81, 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 - 57, 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 - 54, 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 - 46, 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 - 60, 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 – 61, Filipino Citizen, Independent Director

Mr. Go is an alumnus of the Ateneo de Manila University where he graduated with the degree of Bachelor of Science in Management (Honors Program), and undertook special studies as the recipient of a one-year exchange scholarship program at the International Christian University in Tokyo, Japan. He obtained his Master of Business Administration from the University of the Philippines-Diliman.

Mr. Go is presently a Director of the Financial Executives Institute of the Philippines (FINEX) since 2020, and was also a Director of the FINEX Academy from 2020-2021. He has been a trustee of the Philippine Federation of Japan Alumni, Inc. since July 2015.

Previously, he served as the First Vice President/Head of the Equity Investments Department at the Metropolitan Bank & Trust Company (Metrobank), where he also formerly held positions at the Merchant Banking Division and the Account Management Group as well as concurrent positions in various investee companies of the Metrobank Group. He was a Director of Northpine Land, Inc., Toyota Manila Bay Corporatíon, Sumisho Motor Finance Corporatíon, and Sagara Metro Plastics Industrial Corporatíon.

Mr. Go is a Fellow of the Institute of Corporate Directors (ICD).

Executive/Principal Officers

Officer	Nationality	Position	Age	Year Position was Assumed
Raymond K.H. See	Filipino	President & CEO	54	2014
Lisa Angela Y. Dejadina	Filipino	SVP – Operational Excellence and Business Development	39	2014
Barbara Anne C. Migallos	Filipino	Corporate Secretary	67	2015
Maria Carolyn C. Angeles	Filipino	Treasurer	51	2021
Phoebe Ann S. Bayona	Filipino	Assistant Corporate Secretary and Compliance Officer	35	2021

EXECUTIVE OFFICERS

RAYMOND K.H. SEE – 54, 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 – 39, 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 – 67, 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.

MARIA CAROLYN C. ANGELES – 50, Filipino citizen, Treasurer

Ms. Angeles is a seasoned Certified Public Accountant with more than 25 years of experience. Prior to joining Alliance Select Foods International, Inc., Ms. Angeles worked for the Max's Group of Companies for eight years, where she rose from being an Accounting Head to Senior Finance Business Partner. Ms. Angeles is a member of the Philippine Institute of Certified Public Accountants and is accredited by the Bureau of Internal Revenue and Board of Accountancy.

Ms. Angeles graduated from Polytechnic University of the Philippines in 1992 with a degree in Bachelor in Accountancy. She received her CPA License in the same year.

PHOEBE ANN S. BAYONA – 35, Filipino citizen, Asst. Corporate Secretary and Compliance Officer

Ms. Bayona received her Juris Doctor degree from the Ateneo De Manila - School of Law in 2012, and was admitted to the Philippine Bar the year after.

Ms. Bayona is an experienced lawyer in the fields of Corporate, Tax, Mergers and Acquisitions, Labor, and Dispute Resolution. She is also a licensed lawyer in Vietnam, and has worked for reputable international law firms there for five years before taking on the role of corporate counsel, and eventually, Assistant Corporate Secretary and Compliance Officer in the Company.

Prior to taking up law, Ms. Bayona received her Bachelor of Science major in Marketing Management degree from De La Salle University-Manila.

Significant Employees

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

Involvement in Certain Legal Proceedings

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

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

- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

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

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

The pending and material legal proceedings involving the Company's Directors and Officers, as of December 31, 2021 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 v. 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.

Petitioners Yap-Chua and Respondents Vera Cruz and SyCip filed their respective Petitions for Review before the Secretary of Justice to assail the Resolution dated April 12, 2019, Petitioners Yap-Chua assailing the dismissal of the complaint against Respondents See and Pacis; while Respondents Vera Cruz and SyCip assailing the finding of probable cause against them.

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 as a result of the amendments introduced by the Revised Corporation Code of the Philippines which became effective in February 2019.

In 2021, the cases were refiled against Respondents Jonathan Dee, Grace Vera Cruz, and George SyCip before the Regional Trial Court.

Meanwhile, the Secretary of Justice issued a Resolution dated December 29, 2021, granting the petitions for review of Respondents Vera Cruz and SyCip and dismissing the charges against the said Respondents on the ground of finding no probable cause. The Resolution also directed the Prosecutor General to effect the withdrawal of any information filed against said Respondents. The petition for review of Petitioners Yap-Chua was also dismissed by the Secretary of Justice.

By reason of the Resolution of the Secretary of Justice, the prosecution in the case pending before the Regional Trial Court against Respondents Jonathan Dee, Grace Vera Cruz, and George SyCip, filed a Motion to Withdraw Information, dated February 14, 2022 and also praying for the dismissal of the case.

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 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 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"). on 16 December 2015, the date of the Meeting. The Company received the TRO on 16 December 2015, a few hours before the 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.

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 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.

On March 4, 2020, 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. The petition is still pending resolution before the Court of Appeals.

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). Thereafter the parties have filed their respective Answers, Replies and other subsequent pleadings. The Court of Appeals issued a Decision, dated June 21, 2021, confirming the finding of probable cause for simple estafa against the other defendants; and also confirming the dismissal of the complaint against Raymond K.H. See, Marie Grace T. Vera Cruz and Antonio C. Pacis on the ground that they were only connected with Alliance Select Foods International, Inc. after the alleged acts constituting estafa were made, clearly showing no participation therein.

Informations were filed before 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 ₱'000	Bonuses/Other Income Amounts in ₱'000
CEO and the four most highly compensated officers named above	2017	₱ 14,865	₱ 215
	2018	₱ 15,051	₱ 2,407
	2019	₱ 16,482	₱ 1,669
	2020	₱ 17,266	₱ 313
	2021	₱ 16,802	₱ 311
	2022 (est)	₱ 17, 529	₱ 336
Aggregate compensation paid to all officers and directors as a group unnamed	2017	₱ 19,417	₱ 679
	2018	₱ 21,953	₱ 3,951
	2019	₱ 23,181	₱ 2,476
	2020	₱ 22,639	₱ 1,034
	2021	₱ 22,639	₱1,324
	2022 (est)	₱ 25,091	P 1,436

The following are the Parent Company's top five (5) compensated executive officers, stated in no particular order:

Raymond K.H. See	President and CEO
Lisa Angela Y. Dejadina	Senior Vice President for Operations
Ma. Berniefel B. Sarmiento	Supply Chain Optimization Manager
Phoebe Ann S. Bayona	Asst. Corporate Secretary and Compliance Officer
Ma. Carolyn C. Angeles	Head of Finance

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, 2021:

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	Strongoak, Inc. 3rd Floor HRC Center 104 Rada Street Legaspi Village Makati City 1229	Stongoak, Inc.	Filipino	1,382,765,864	55.31%
Common	PCD Nominee Corporation 37th Fl., Tower One, Enterprise Center, Paseo de Roxas corner Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino)	Filipino	660,780,182	26.43%
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%
Common	Victory Fund Limited	Victory Fund Limited	Singaporean	138,474,015	5.54%
	Total			**2,359,281,226**	**94.37%**

Security ownership of Directors, Officers and Management as of December 31, 2021:

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. 2,041,000/through Glory Y. Roxas (member of immediate family) – through Eagle Equities, Inc.	Filipino	0.09%
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**		**0.09%**

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%
-	Maria Carolyn C. Angeles	0	0	Filipino	0.00%
-	Phoebe Ann S. Bayona	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 2021 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 2021 Integrated Annual Corporate Governance Report (IACGR) on June 28, 2021. The Company likewise posted the report on its 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 in a special meeting held on May 30, 2017.

The attendance of the Board members during Board of Directors meetings held in CY 2021 was as follows:

	Jan 28	**Apr 12**	**May 12**	**June 4**	**June 15 (ASM)**	**June 15 (Org Mtg)**	**Aug 11**	**Nov 12**	**Nov 19**	**Dec 20**	**Atten-dance**
Antonio C. Pacis	P	P	P	P	A	A	P	P	P	P	80%
Gabriel A. Dee	P	P	P	P	P	P	P	P	P	P	100%
Raymond K.H. See	P	P	P	P	P	P	P	P	P	P	100%
Rena M. Rico-Pamfilo	P	P	P	P	A	A	P	P	P	P	80%
Joseph Peter Y. Roxas	P	P	P	P	P	P	P	P	P	P	100%
Dobbin A. Tan	P	P	P	P	P	P	P	P	P	P	100%
Domingo C. Go	P	P	P	P	P	P	P	P	P	P	100%

** There were ten (10) meetings held during the year 2021.*

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's 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 Exhibit Table, 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
June 15, 2021	Alliance Select Holds 2021 Annual Stockholders' Meeting
June 15, 2021	Results of the 2021 Annual Stockholders' Meeting of FOOD.
June 15, 2021	Results of the 2021 Organizational Meeting of the Board of Directors of FOOD.
August 11, 2021	Board Meeting discussed the Financial Highlights for the six months ended June 30, 2021.
August 16, 2021	Press Release: Alliance Select Posts USD20 Million in Net Revenues for 1H2021
August 31, 2021	Resignation of Ma. Cristina C. Villaruz as Assistant Treasurer
November 12, 2021	Board Meeting discussed the Financial Highlights for the three months ended September 30, 2021.
November 15, 2021	Press Release: Alliance Select Posts USD31 Million in Net Revenues for 9M2021
November 19, 2021	Board Meeting taking up divestment of 80% equity investment held by Alliance Select Foods International, Inc. in subsidiary, Akaroa Salmon New Zealand Limited.
November 19, 2021	Acquisition/Disposition of Shares of Another Corporation: Divestment of 80% equity investment held by FOOD in its New Zealand-based subsidiary, Akaroa Salmon New Zealand Limited ("Akaroa Salmon").
November 19, 2021	Press Release: Alliance Select Focuses on Philippine Operations with Sale of New Zealand Subsidiary
December 13, 2021	FOOD's divestment of 80% equity investment in Akaroa Salmon New Zealand Limited was completed.

EXHIBIT TABLE

SECURITIES REGULATION CODE FORMS

Description
Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession
Instruments Defining the Rights of Security Holders, Including Indentures
Voting Trust Agreement
Annual Report to Security Holders, FORM 17-Q or Quarterly Report to Security Holders
Letter re: Change in Certifying Accountant
Letter re: Change in Accounting Principles
Report Furnished to Security Holders
Subsidiaries of the Registrant
Published Report Regarding Matters Submitted to Vote of Security Holders
Consents of Experts and Independent Counsel (a) Power of Attorney (b) Power of Attorney—Foreign Registrant

Please see Corporation's Audited Financial Statements for the recently completed calendar year from the Corporation's Independent Public Accountant, Reyes Tacandong & Company, and Sustainability Report for the recently completed year as presented by the Corporation.

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 ANGELA 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)

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

NAME	GOVERNMENT ISSUED ID	
Raymond K.H. See	Passport No. P2678380B	Valid until 29 July 2029
Lisa Angela Y. Dejadina	Driver's License No. N26-06-001272	Valid until 2023/01/05
Maria Carolyn C. Angeles	PRC License No. 88563	Valid until 26 June 2023
Phoebe Ann S. Bayona	Passport No. P6123254B	Valid until 19 Jan 2031

WITNESS MY HAND AND SEAL, this 11 MAY 2022 at Pasig City.

Doc. No. 210;
Page No. 43;
Book No. II;
Series of 2022.

GINO MARCO P. BAUTISTA
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 58507

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. 8216863/1/10/22 Pasig City
IBP No. 178188/2/14/22 Quezon City
Roll of Attorneys No. 58507
MCLE Compliance No. VI-0025935; 4-29-2019

Notarial Commission
Extended until June 30, 2022
Resolution Dated September 28,2021
B.M. No. 3795
Pasig City RTC

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, 2021 and 2020, 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, 2021 and 2020, 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 13th day of April 2022

REPUBLIC OF THE PHILPPINES)
PASIG CITY)

SUBSCIRBED AND SWORN to before me, Pasig City, on 25 APR 2022, the affiants exhibiting to me their government issued identifications as follows:

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

WITNESS MY HAND AND SEAL, this 25 APR 2022 at Pasig City.

Doc. No. 209;
Page No. 45;
Book No. II;
Series of 2022.

GINO MARCO P. BAUTISTA
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 58507

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. 5216863/1/27/22 Pasig City
IBP No. 178188/2/14/21 Quezon City
Roll of Attorneys No. 58507
MCLE Compliance No. VI-0025935; 4-29-2019

Notarial Commission
Extended until June 30, 2022
Resolution Dated September 28,2021
B.M. No. 3795
Pasig City RTC

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	1	9	1	3	8

COMPANY NAME

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

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

Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@allianceselectfoods.com	(02) 8673-8800	09176205726

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
237	June 15	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Raymond K.H. See	info@allianceselectfoods.com	(02) 7-747-3798	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.*

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

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, 2021 and 2020, 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, 2021, 2020 and 2019, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021, 2020 and 2019, 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 regard 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.

Impairment Assessment of Property, Plant and Equipment and Deferred Tax Assets

The Group's impairment assessment of property, plant and equipment and deferred tax assets were significant to our audit because the aggregate carrying amount of the Group's property, plant and equipment and deferred tax assets amounted to $20.89 million representing 55% of the total consolidated assets as at December 31, 2021. The assessment process also requires significant judgments and assumptions involving expected future financial performance of the Group. These include estimation of future cash flows that are projected using growth rates and discounted using pretax discount rate, which are highly dependent on management's strategies and business plans. Our audit procedures included, among others, review and evaluation of management's key assumptions used in the impairment analysis, financial projections and external data taking into consideration the historical information experience of the Group and financial impact associated with COVID-19. We also checked the adequacy of the Group's disclosures about the assumptions to which the outcome of the impairment assessment is most sensitive. We also reviewed the adequacy of the Group's disclosures in Notes 2, 3, 9 and 24 to the consolidated financial statements.

Accounting for Disposal and Deconsolidation of a Subsidiary

As disclosed in Note 4 to the consolidated financial statements, the Group has disposed of its 80%-owned subsidiary, Akaroa Salmon (NZ) Ltd. (Akaroa), for a total consideration of $3.63 million. The accounting for disposal and deconsolidation of Akaroa account balances is significant to our audit because the disposal resulted in a gain of $389,437 representing 27% reduction in the consolidated net loss for the year and derecognition of goodwill amounting to $2.05 million. Our audit procedures included, among others, the review of the significant terms and conditions of the disposal, assess compliance of both parties on the terms and conditions of the disposal and review of management's computation of gain on disposal. We gained understanding of the Group's consolidation process, assessed the reliability of the data used for the deconsolidation and checked the deconsolidated accounts and related balances of the disposed subsidiary. We also reviewed the adequacy of the Group's disclosures in accordance with PFRS 10, *Consolidated Financial Statements*, as included in Notes 2, 3, 4 and 19 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, 2021, 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, 2021 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 April 13, 2024
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. 8851714
Issued January 3, 2022, Makati City

April 13, 2022
Makati City, Metro Manila

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash	5	**$4,442,099**	$2,549,861
Trade and other receivables	6	**4,408,220**	5,443,846
Inventories	7	**5,335,281**	9,059,229
Other current assets	8	**2,939,939**	2,233,404
Total Current Assets		**17,125,539**	19,286,340
Noncurrent Assets			
Property, plant and equipment	9	**14,619,255**	16,722,712
Right-of-use (ROU) assets	22	**62,453**	3,790,118
Deferred tax assets	24	**6,272,392**	6,479,448
Goodwill	4	**–**	2,050,639
Other noncurrent assets	10	**–**	855,980
Total Noncurrent Assets		**20,954,100**	29,898,897
		$38,079,639	$49,185,237
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**$3,433,658**	$7,223,239
Loans payable	12	**11,297,040**	12,119,200
Current portion of lease liabilities	22	**52,460**	155,545
Due to a related party	13	**2,069,832**	–
Total Current Liabilities		**16,852,990**	19,497,984
Noncurrent Liabilities			
Noncurrent portion of:			
Loans payable	12	**916,667**	2,009,881
Lease liabilities	22	**14,268**	3,770,972
Net retirement benefits obligation	14	**417,262**	351,288
Deferred tax liabilities	24	**42,749**	20,910
Due to a related party	13	**–**	2,178,748
Total Noncurrent Liabilities		**1,390,946**	8,331,799
Total Liabilities		**18,243,936**	27,829,783
Equity			
Capital stock	15	**26,823,389**	26,823,389
Additional paid-in capital (APIC)	15	**1,486,546**	1,486,546
Deficit		**(7,303,949)**	(6,032,572)
Other comprehensive income		**1,221,450**	1,164,132
		22,227,436	23,441,495
Treasury stock	15	**(5,774)**	(5,774)
Equity attributable to equity holders of the Parent Company		**22,221,662**	23,435,721
Non-controlling interests	15	**(2,385,959)**	(2,080,267)
Total Equity		**19,835,703**	21,355,454
		$38,079,639	$49,185,237

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	**2021**	2020	2019
NET SALES	16	**$40,778,376**	$62,706,131	$84,882,803
COST OF GOODS SOLD	17	**(35,863,359)**	(59,778,016)	(76,705,419)
GROSS PROFIT		**4,915,017**	2,928,115	8,177,384
SELLING AND ADMINISTRATIVE EXPENSES	18	**(5,547,162)**	(10,122,735)	(8,563,943)
INTEREST EXPENSE	12, 13, 22	**(840,868)**	(1,253,181)	(2,035,297)
OTHER INCOME (CHARGES) - Net	19	**887,133**	(210,824)	(1,132,215)
LOSS BEFORE INCOME TAX		**(585,880)**	(8,658,625)	(3,554,071)
INCOME TAX EXPENSE	24	**471,662**	1,441,495	1,577,802
NET LOSS		**(1,057,542)**	(10,100,120)	(5,131,873)
OTHER COMPREHENSIVE INCOME				
Item that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		**35,822**	144,203	68,108
Item that will not be reclassified subsequently to profit or loss				
Effect of change in tax rate	14	**8,237**	–	–
Remeasurement gain on retirement benefits, net of tax	14	**–**	11,611	–
		44,059	155,814	68,108
TOTAL COMPREHENSIVE LOSS		**($1,013,483)**	($9,944,306)	($5,063,765)
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**($1,271,377)**	($10,235,521)	($5,084,520)
Non-controlling interests		**213,835**	135,401	(47,353)
		($1,057,542)	($10,100,120)	($5,131,873)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**($1,214,059)**	($10,099,704)	($5,093,041)
Non-controlling interests		**200,576**	155,398	29,276
		($1,013,483)	($9,944,306)	($5,063,765)
LOSS PER SHARE				
Basic and diluted loss per share	21	**($0.0005)**	($0.0041)	($0.0020)

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	**2021**	2020	2019
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock	15			
Balance at beginning and end of year		**$26,823,389**	$26,823,389	$26,823,389
APIC	15			
Balance at beginning and end of year		**1,486,546**	1,486,546	1,486,546
Retained Earnings (Deficit)				
Balance at beginning of year		**(6,032,572)**	4,202,949	9,287,469
Net loss		**(1,271,377)**	(10,235,521)	(5,084,520)
Balance at end of year		**(7,303,949)**	(6,032,572)	4,202,949
Other Comprehensive Income				
Item that will not be reclassified subsequently to profit or loss	14			
Cumulative Remeasurement Gains on Retirement Benefits Obligation				
Balance at beginning of year		**98,887**	87,276	87,276
Effect of change in tax rate		**8,237**	–	–
Remeasurement gain		**–**	11,611	–
Balance at end of year		**107,124**	98,887	87,276
Revaluation Reserves				
Balance at beginning of year		**275**	275	275
Effect of deconsolidation	4	**(275)**	–	–
Balance at end of year		**–**	275	275
Item that will be reclassified subsequently to profit or loss				
Cumulative Translation Adjustment				
Balance at beginning of year		**1,064,970**	940,764	872,656
Exchange differences on foreign currency translation		**49,356**	124,206	68,108
Balance at end of year		**1,114,326**	1,064,970	940,764
Total balance at end of year of other comprehensive income		**1,221,450**	1,164,132	1,028,315
Treasury Stock	15			
Balance at beginning and end of year		**(5,774)**	(5,774)	(5,774)
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**(2,080,267)**	(2,235,665)	(2,264,941)
Dividends declared		**(297,491)**	–	–
Disposal of a subsidiary	4	**(208,777)**	–	–
Total comprehensive income attributable to non-controlling interests		**200,576**	155,398	29,276
Balance at end of year		**(2,385,959)**	(2,080,267)	(2,235,665)
		$19,835,703	$21,355,454	$31,299,760

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**($585,880)**	($8,658,625)	($3,554,071)
Adjustments for:				
Depreciation and amortization	9	**1,312,574**	1,329,238	1,158,583
Reversal of allowance for impairment losses	6, 7	**(1,035,672)**	(362,796)	(673,181)
Interest expense	12, 13, 22	**840,868**	1,253,181	2,035,297
Loss (gain) on disposal of a subsidiary	4	**(389,437)**	–	2,422,707
Loss on inventory write-down	7	**237,407**	1,385,778	921,936
Net unrealized foreign exchange loss (gain)		**(232,416)**	196,441	(269,603)
Provisions for impairment losses	18	**222,627**	1,112,998	27,142
Retirement benefits costs	14	**85,265**	66,482	93,001
Loss (gain) on disposal/retirement of property, plant and equipment	9	**71,111**	(234,664)	(1,072,550)
Interest income	5	**(4,003)**	(950)	(75,099)
Equity in net loss (income) of an associate	10	**(3,934)**	(85,944)	4,853
Operating income (loss) before working capital changes		**518,510**	(3,998,861)	1,019,015
Decrease (increase) in:				
Trade and other receivables		**397,072**	5,622,580	(1,481,949)
Inventories		**4,233,769**	2,513,234	339,582
Other current assets		**(962,300)**	7,942,539	(2,040,006)
Other noncurrent assets		**8,417**	10,354	699,529
Increase (decrease) in trade and other payables		**(1,361,108)**	1,121,435	(1,447,288)
Net cash generated from (used for) operations		**2,834,360**	13,211,281	(2,911,117)
Income tax paid		**(370,839)**	(25,887)	(295,374)
Interest received		**4,003**	950	75,099
Net cash provided by (used in) operating activities		**2,467,524**	13,186,344	(3,131,392)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of:				
Subsidiaries, net of cash deconsolidated	4	**2,604,066**	–	5,861,197
Property, plant and equipment		**–**	234,664	2,226,080
Acquisitions of property, plant and equipment	9	**(1,021,241)**	(1,498,459)	(2,853,672)
Net cash provided by (used in) investing activities		**1,582,825**	(1,263,795)	5,233,605

(Forward)

	Note	Years Ended December 31		
		2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	28	**$32,142,216**	$28,839,550	$60,742,942
Payments of:	28			
Loans payable		**(33,445,755)**	($38,648,486)	($67,769,210)
Interest		**(570,205)**	(1,054,669)	(2,000,843)
Lease liabilities	22	**(333,448)**	(419,731)	(188,704)
Due to a related party		**–**	–	(91,530)
Advances from related parties	28	**–**	–	2,000,000
Net cash used in financing activities		**(2,207,192)**	(11,283,336)	(7,307,345)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		**49,081**	39,187	64,261
NET INCREASE (DECREASE) IN CASH		**1,892,238**	678,400	(5,140,871)
CASH AT BEGINNING OF YEAR		**2,549,861**	1,871,461	7,012,332
CASH AT END OF YEAR	5	**$4,442,099**	$2,549,861	$1,871,461
COMPONENTS OF CASH	5			
Cash on hand		**$11,021**	$12,905	$14,484
Cash in banks		**4,431,078**	2,536,956	1,856,977
		$4,442,099	$2,549,861	$1,871,461
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Recognition of:	22			
ROU assets		**$–**	$–	$4,157,391
Lease liabilities		**–**	–	4,148,900

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, 2021, 2020 and 2019:

	% of Ownership				
Name of Subsidiary	**2021**	2020	2019	Nature of Business	Principal Place of Business
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
PT Van De Zee (PT VDZ)	**49**	49	49	Fishing	Indonesia
Akaroa Salmon (NZ) Ltd. (Akaroa)*	**–**	80	80	Salmon farming and processing	New Zealand

**Divested in 2021*

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 IAFI and PT VDZ ceased operations in 2020 and 2016, respectively.

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 2019, the Group incurred net losses of $5.13 million mainly due to high interest expense arising from bank loans and nonrecurring loss from disposal of a subsidiary amounting to $2.42 million. In March 2020, the country experienced the novel coronavirus (COVID-19) pandemic resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. In response to the COVID-19, the Group starting in 2020, 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. Accordingly, the Group's net losses decreased from $10.10 million in

2020 to $1.06 million in 2021. The Group's interest expense on loans payable also decreased from $1.90 million in 2019, to $885,477 in 2020, and $489,890 in 2021.

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

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issuance by the Board of Directors (BOD) on April 13, 2022, 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.

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 net retirement benefits obligation which is measured at the present value of the defined benefits obligation less fair value of plan assets, and lease liabilities which are measured at the present value of future lease payments. 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:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications 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, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021. The Group applied the practical expedient in its consolidated financial statements for the year ended December 31, 2020.

  Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment. Accordingly, the Group has applied the amendment in the current year consolidated financial statements.

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, 2021 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 fist 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgments*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. 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, Akaroa and AMHI.

Business Combination and Goodwill

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the 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, 2021 and 2020, 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, 2021 and 2020, the Group's cash, trade and other receivables and other noncurrent receivables presented under "Other noncurrent assets" 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 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, 2021 and 2020, the Group's trade and other payables (excluding statutory payable and customers' deposits), loans payable, lease liabilities and due to a related party 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.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

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 net realizable value (NRV). Cost incurred in bringing each product to its present location and condition is accounted as follows:

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.

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

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 statements 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 joint ventures 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 in 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:

Asset Type	Number of Years
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 based on 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 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 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.

Deficit. Deficit represents the cumulative balance of the Group's results of operations as at reporting date. Deficit 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 cumulative remeasurement gains 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, 2021 and 2020, 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, 2021 and 2020, 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 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 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 over RCIT 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.

Earnings (Loss) per Share

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

Basic earnings (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, accounting 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, accounting 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 the 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 the 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, 2021 and 2020, the Parent Company has the ability to exercise control over these investees.

Determining the 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 the 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 the 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 the ECL. The Group's trade and other receivables are subject to the ECL model. While cash 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 available information, management assessed that the Group has security and valid claims over PFNZ's assets for the full recovery of the receivable in 2019.

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 pursuing the case.

The significant costs and the low probability of obtaining commensurate return on the claim made would not justify the pursuit of the claims against PFNZ. Accordingly, the Group recognized a provision for impairment loss on trade receivables from PFNZ amounting to $1.13 million in 2020 (see Note 6).

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

Classifying the 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. There were no reassessments made in 2021 and 2020.

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 price 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, 2021 and 2020.

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. The discount rates were derived from the weighted average cost of capital, which takes into account both debt and equity. Management has also considered the COVID-19 impact in the financial forecast used in the value in use calculation.

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 losses of the Group's nonfinancial assets as at December 31, 2021 and 2020 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 $3.70 million and $5.58 million as at December 31, 2021 and 2020, respectively, since the Group's management believes that there may be no sufficient future taxable income against which the benefits of these deferred tax assets can be utilized.

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.

Contingent liabilities are only disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

4. Disposal of Subsidiaries and Derecognition of Goodwill

In November 2021, the Parent Company disposed its interest in Akaroa to a third party for a total consideration of NZD 7.50 million ($5.06 million), inclusive of payments for dividends and other related costs. The disposal of Akaroa resulted in a gain on sale of $389,437 (see Note 19).

In October 2019, the Parent Company disposed of Spence to a third party for a total consideration of $10.72 million resulting in a loss of $2.42 million (see Note 19).

Also, as a result of these disposals, the Group derecognized goodwill of $2.05 million in 2021 relating to Akaroa and $7.45 million in 2019 relating to Spence.

The carrying amounts of the assets and liabilities of Akaroa and Spence as at November 30, 2021 and October 31, 2019, respectively, were excluded in the consolidated financial statements. Details of the assets and liabilities that were deconsolidated are as follows:

	Akaroa	Spence
Total assets	$8,713,610	$6,669,328
Total liabilities	(7,387,342)	(1,473,627)
Net assets disposed	$1,326,268	$5,195,701

The revenue and net income of Akaroa included in the consolidated statements of comprehensive income amounted to $7.89 million and $1.15 million, respectively, for the period ended November 30, 2021, revenue and net income of $6.58 million and $165,004, respectively, in 2020, and revenue and net loss of $8.02 million and $285,826, respectively, in 2019.

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 31, 2019.

5. Cash

This account consists of cash on hand and in banks.

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

Interest income from cash in banks amounted to $4,003, $950 and $75,099 in 2021, 2020 and 2019, respectively (see Note 19).

6. Trade and Other Receivables

This account consists of:

	Note	**2021**	2020
Trade receivable from:			
Third parties		**$4,262,092**	$5,149,544
Related parties	13	**234,185**	234,185
Receivable from PFNZ		**1,063,665**	1,063,665
Claims receivables		**960,732**	960,732
Advances to officers and employees		**10,533**	2,711
Others		**761,530**	1,118,367
		7,292,737	8,529,204
Allowance for impairment losses		**(2,884,517)**	(3,085,358)
		$4,408,220	$5,443,846

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

Trade receivables amounting to $1.91 million and $1.43 million are used to secure short-term loans from local banks as at December 31, 2021 and 2020, respectively (see Note 12).

Receivables from PFNZ pertain to a restructured debt, secured by PFNZ's tangible and intellectual properties. In 2020, the Group ceased to pursue its claims against PFNZ 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 $1.13 million in 2020.

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

Breakdown of allowance for impairment losses are as follows:

	2021	2020
Trade receivables	**$588,494**	$789,335
Receivable from PFNZ	**1,063,665**	1,063,665
Claims receivables	**960,732**	960,732
Other receivables	**271,626**	271,626
	$2,884,517	$3,085,358

Movements in the allowance for impairment losses are as follows:

	Note	**2021**	2020
Balance at beginning of year		**$3,085,358**	$2,038,252
Reversal		**(210,136)**	(63,629)
Provisions	18	**9,295**	1,110,735
Balance at end of year		**$2,884,517**	$3,085,358

7. Inventories

This account consists of:

	Note	**2021**	2020
At cost:			
Finished goods	17	**$2,343,741**	$2,647,572
Raw materials		**1,893,611**	5,057,132
Packaging supplies		**186,978**	261,448
		4,424,330	7,966,152
At NRV:			
Finished goods		**910,951**	1,038,584
Raw and packaging materials		**–**	54,493
		910,951	1,093,077
		$5,335,281	$9,059,229

The costs of inventories measured at NRV are as follows:

	Note	**2021**	2020
Finished goods	17	**$2,230,197**	$2,867,057
Raw and packaging materials		**207,566**	340,961
		$2,437,763	$3,208,018

Movements in the allowance for inventory write-down are as follows:

	Note	**2021**	2020
Balance at beginning of year		**$2,114,941**	$1,028,330
Provision	18	**237,407**	1,385,778
Reversal		**(825,536)**	(299,167)
Balance at end of year		**$1,526,812**	$2,114,941

Reversal of allowance for inventory write-down mainly pertains to inventories condemned and subsequently sold.

Inventories charged to cost of goods sold amounted to $26.13 million, $44.92 million and $60.03 million in 2021, 2020 and 2019, respectively (see Note 17).

8. Other Current Assets

This account consists of:

	2021	2020
Advances to suppliers	**$1,759,779**	$962,478
Input VAT	**1,073,189**	977,797
Prepayments:		
Taxes	**250,308**	122,085
Insurance	**73,977**	37,946
Rent	**39,060**	97,879
Others	**48,594**	126,855
	3,244,907	2,325,040
Allowance for impairment losses	**(304,968)**	(91,636)
	$2,939,939	$2,233,404

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	**2021**	2020
Balance at beginning of year		**$91,636**	$89,373
Provision	18	**213,332**	2,263
Balance at end of year		**$304,968**	$91,636

In 2021, the management has assessed that input VAT amounting to $213,332 is impaired. In 2020, the provision for impairment loss pertains to other prepayments amounting to $2,263 assessed to be impaired.

9. Property, Plant and Equipment

Movements in this account are as follows:

	December 31, 2021						
	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and Equipment	Total
Cost							
Balances at beginning of year	$8,723,817	$4,872,611	$9,337,158	$506,122	$381,678	$62,434	$23,883,820
Additions	–	389,984	527,641	98,739	1,669	3,208	1,021,241
Disposal/retirement	–	(7,741)	(295,385)	(110,239)	(203,990)	(25,610)	(642,965)
Effect of deconsolidation	–	(366,056)	(3,338,848)	(124,767)	(71,307)	–	(3,900,978)
Translation adjustment	100,541	–	–	–	–	–	100,541
Balances at end of year	8,824,358	4,888,798	6,230,566	369,855	108,050	40,032	20,461,659
Accumulated Depreciation and Amortization							
Balances at beginning of year	–	1,645,894	4,772,550	302,810	299,303	32,926	7,053,483
Depreciation and amortization	–	472,911	559,462	30,469	15,626	11,773	1,090,241
Disposal/retirement	–	(7,687)	(245,014)	(110,239)	(184,136)	(24,778)	(571,854)
Effect of deconsolidation	–	(32,039)	(1,667,058)	(92,737)	(45,257)	–	(1,837,091)
Balances at end of year	–	2,079,079	3,419,940	130,303	85,536	19,921	5,734,779
Allowance for Impairment Losses							
Balances at beginning and end of year	–	–	107,625	–	–	–	107,625
Carrying Amounts	$8,824,358	$2,809,719	$2,703,001	$239,552	$22,514	$20,111	$14,619,255

	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

The Group's transportation equipment with net carrying value of $1,630 and $8,163 are used as collateral to secure a chattel mortgage as at December 31, 2021 and 2020, respectively (see Note 12).

The depreciation and amortization charged to operations are as follows:

	Note	**2021**	2020	2019
Property, plant and equipment		**$1,090,241**	$1,090,764	$1,020,521
ROU assets	22	**217,859**	233,880	133,393
Other intangible assets	10	**4,474**	4,594	4,669
		$1,312,574	$1,329,238	$1,158,583
Charged to:				
Cost of goods sold	17	**$1,109,988**	$1,021,465	$817,814
Selling and administrative expenses	18	**202,586**	307,773	340,769
		$1,312,574	$1,329,238	$1,158,583

The Group recognized a loss on retirement of property, plant and equipment amounting to $71,111 in 2021 and gain on disposal/retirement of property, plant and equipment amounting to $234,664 and $1.07 million in 2020 and 2019, respectively (see Note 19).

The cost of fully depreciated property, plant and equipment still used in Group's operations amounted to $1.10 million and $1.64 million as at December 31, 2021 and 2020, respectively.

10. **Other Noncurrent Assets**

This account consists of:

	Note	**2021**	2020
Receivable from Wild Catch Fisheries, Inc. (WCFI)	13	**$2,183,281**	$2,183,281
Investments in joint ventures		**553,480**	553,480
Idle assets		**314,320**	314,320
Investment in an associate		**–**	202,885
Biological assets		**–**	575,202
Other intangible assets		**–**	156,671
Others		**–**	35,083
		3,051,081	4,020,922
Allowance for impairment losses		**(3,051,081)**	(3,164,942)
		$–	$855,980

Receivable from WCFI

Receivable from WCFI includes the receivable from the sale of a fishing vessel and advances for fish deposit. WCFI 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, 2021 and 2020 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, 2021 and 2020, 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 $13.91 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.

AKAROA, through which the Group has indirect ownership in SSNZ, was disposed of in 2021.

Details of the investment are as follows:

	Note	**2021**	2020
Acquisition cost		**$27,319**	$27,319
Accumulated equity in profits:			
Balance at beginning of year		**175,566**	89,622
Equity in net income (loss)	19	**(3,934)**	85,944
Balance at end of year		**171,632**	175,566
		198,951	202,885
Effect of deconsolidation		**(198,951)**	–
		$–	$202,885

The results of operations of SSNZ amounted to a net loss of $19,670 in 2021 and net income of $429,721 in 2020.

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	**2021**	2020
Cost		**$269,066**	$269,066
Accumulated Amortization			
Balance at beginning of year		**112,395**	110,310
Amortization	9	**4,474**	4,594
Translation adjustment		**735**	(2,509)
Balance at end of year		**117,604**	112,395
		151,462	156,671
Allowance for impairment losses		**(114,279)**	(114,279)
		37,183	42,392
Effect of deconsolidation		**(37,183)**	–
		$–	$42,392

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

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

As discussed in Note 4, the disposal of Akaroa resulted in the deconsolidation of Akaroa's assets and liabilities in the 2021 consolidated financial statements.

11. Trade and Other Payables

This account consists of:

	Note	**2021**	2020
Trade payables:			
Third parties		**$1,997,656**	$4,593,403
Related parties	13	**260,957**	260,957
Accrued expenses:			
Professional fees		**336,389**	699,745
Salaries, wages and other benefits		**46,499**	103,338
Interest		**44,662**	28,860
Customs, brokerage and demurrage		**–**	352,287
Warehousing		**–**	233,074
Others		**412,701**	799,316
Statutory payable		**170,247**	108,844
Customers' deposits		**143,003**	42,997
Others		**21,544**	418
		$3,433,658	$7,223,239

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

Accrued expenses are noninterest-bearing and are generally settled in the following month.

Other accrued expenses include accruals for business development expenses, security services, commission, and customers' claims.

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

	Nominal interest rate	**2021**	2020
Local banks	2.25% to 9.59%	**$10,795,942**	$11,985,420
Add current portion of long-term loans		**501,098**	133,780
		$11,297,040	$12,119,200

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 and transportation equipment as follows:

	Note	**2021**	2020
Trade receivables	6	**$1,914,829**	$1,431,864
Transportation equipment	9	**–**	1,642
		$1,914,829	$1,433,506

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

	2021	2020
Local banks	**$1,417,765**	$1,507,701
Foreign financing institution	**–**	635,960
	1,417,765	2,143,661
Less current portion	**501,098**	133,780
Noncurrent portion	**$916,667**	$2,009,881

Loans from local banks, which are denominated in Peso, bear annual interest rates ranging from 3.83% to 9.25%. As at December 31, 2020, 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 $1,630 and $6,521 as at December 31, 2021 and 2020, respectively (see Note 9).

Schedule of Principal Payments. Principal payments to be paid within the next financial year and within two to five years amounted to $501,098 and $916,667, respectively.

Interest Expense

Interest expense on loans payable amounted to $489,890, $885,477 and $1.90 million in 2021, 2020 and 2019, respectively.

13. Related Party Transactions

The Group, in the normal course of business, has regular transactions with its related parties as summarized below:

		Amount of Transactions		Outstanding Balance	
Related Party	Note	**2021**	2020	**2021**	2020
Trade and other receivables	6				
Joint Venture		**$–**	$–	**$234,185**	$234,185
Other noncurrent assets	10				
Joint Venture		**$–**	$–	**$2,183,281**	$2,183,281
Allowance for impairment		**–**	–	**(2,183,281)**	(2,182,863)
				$–	$418
Trade and other payables	11				
Payable to a Joint Venture		**$–**	($172,898)	**$260,957**	$260,957
Immediate Parent		**–**	(169,800)	**–**	–
				$260,957	$260,957
Due to a related party					
Immediate Parent		**($108,916)**	$178,748	**$2,069,832**	$2,178,748

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.

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.

Due to a Related Party. 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 in 2022. Effective November 2020, the interest rate was reduced to 4.57%. Movement in 2021 and 2020 pertains to the foreign currency adjustment.

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

Intercompany transactions eliminated in the consolidation pertain to due to/from related parties and rental. Total due to/from related parties eliminated as at December 31, 2021 and 2020 amounted to $5.78 million and $15.07 million, respectively. Total rental receivable and payable eliminated as at December 31, 2021 and 2020 amounted to $108,626.

Related interest expense aggregated $96,117, $88,294 and $39,092 in 2021, 2020 and 2019, 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 $486,863, $477,162 and $496,178 in 2021, 2020 and 2019, respectively. Retirement benefits amounted to $277,790, $33,446 and $36,744 in 2021, 2020 and 2019, 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 Group did not obtain an updated actuarial valuation in 2021 because management has assessed that the effect on the consolidated financial statements of the difference between the retirement benefits cost recognized by the Group and that resulting from an updated actuarial valuation is not significant. The latest actuarial valuation was as at December 31, 2020.

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

	2021	2020	2019
Current service cost	**$73,295**	$44,389	$82,822
Net interest expense	**11,970**	22,093	10,179
	$85,265	$66,482	$93,001

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:

	2021	2020
Present value of defined benefit obligation	**$453,958**	$394,900
Fair value of plan assets	**(36,696)**	(43,612)
	$417,262	$351,288

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

	2021	2020
Balance at beginning of year	**$394,900**	$327,657
Current service cost	**73,295**	44,389
Unrealized foreign exchange loss (gain) - translation adjustment	**(21,893)**	16,103
Interest cost	**11,970**	25,242
Retirement benefits paid	**(4,314)**	–
Remeasurement gains:		
Changes in financial assumptions	**–**	104,535
Experience adjustments	**–**	(123,026)
	$453,958	$394,900

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

	2021	2020
Balance at beginning of year	**$43,612**	$40,182
Retirement benefits paid	**(4,314)**	–
Translation adjustment	**(2,468)**	2,185
Remeasurement loss	**(1,522)**	(1,903)
Interest income	**1,388**	3,148
	$36,696	$43,612

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

	2021	2020
Cash	**$3,128**	$165
Debt instruments	**33,674**	43,447
Other assets	**5**	62
Fees payables	**(76)**	(4)
Withholding taxes payable	**(35)**	(58)
	$36,696	$43,612

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

	2021	2020	2019
Discount rate	**3.82%**	3.82%	5.05%
Expected rate of salary increases	**5.00%**	5.00%	6.00%

The sensitivity analyses on the retirement benefits obligation (RBO) as at December 31, 2021 and 2020 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.

	Basis Points	**2021**	2020
Discount rate	+1.00%	**($53,921)**	($46,159)
	-1.00%	**65,570**	56,131
Salary increase rate	+1.00%	**63,653**	54,490
	-1.00%	**(53,800)**	(46,055)
Employee turnover	+1.00%	**8,513**	7,288
	-1.00%	**(8,513)**	(7,288)

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

	2021	2020	2019
Balance at beginning of year	**$98,887**	$87,276	$87,276
Effect of change in tax rate	**8,237**	–	–
Remeasurement gain	**–**	11,611	–
Balance at end of year	**$107,124**	$98,887	$87,276

The cumulative remeasurement gains on retirement benefit obligation recognized in other comprehensive income follow:

	Accumulated Remeasurement Gain	**Deferred Tax**	**Net**
Balance as at January 1, 2021	**$164,740**	**($49,422)**	**$115,318**
Effect of change in tax rate	**–**	**8,237**	**8,237**
Balance as at December 31, 2021	**$164,740**	**($41,185)**	**$123,555**
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

The Group does not have expected contributions to the plan for the next annual reporting period.

The table below shows the maturity profile of the undiscounted benefit payments as at December 31, 2021:

	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, 2021 and 2020.

15. Equity

Capital Stock

Details of the Parent Company's capital stock as at December 31, 2021, 2020 and 2019 are as follows:

	Shares	Amount
Authorized		
Ordinary shares at ₱0.50 par value a share	3,000,000,000	₱1,500,000,000
Issued and Outstanding		
Balance at beginning and end of year	2,500,000,000	$26,823,389
Treasury shares at cost	(287,537)	(5,774)
	2,499,712,463	$26,817,615
Issued and Outstanding		
Balance at beginning and end of year	2,500,000,000	₱1,385,698,647
Treasury shares at cost	(287,537)	(143,769)
	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

As at December 31, 2021 and 2020, APIC amounted to $1.49 million.

The total number of shareholders of the Parent Company as at December 31, 2021 and 2020 is 237 and 240, respectively.

The Group's non-controlling interests represent ownership of the minority shareholders in the following entities as at December 31, 2021, 2020 and 2019:

	2021	2020	2019
AMHI	**1.11%**	1.11%	1.11%
PT IAFI & PT VDZ	**0.02%**	0.02%	0.02%
AKAROA	**–**	20%	20%

Non-controlling interests amounted to $2.39 million and $2.08 million as at December 31, 2021 and 2020, respectively.

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

	2020	2019
Total assets	$10,227,696	$7,266,881
Total liabilities	17,859,992	5,589,477
Equity (capital deficiency)	(7,632,296)	1,677,404
Net income (loss)	445,336	(218,546)

As at December 31, 2021, there was no subsidiary with significant non-controlling interest.

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, 2021 and 2020 follows:

	2021	2020
Debt	**$18,243,936**	$27,829,783
Equity	**19,835,703**	21,355,454
Debt-to-Equity Ratio	**$0.92:1**	$1.30:1

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, 2021 and 2020.

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 Sales

Net sales are disaggregated to the following major product lines:

	2021	2020	2019
Canned tuna	**$29,201,148**	$49,713,813	$59,902,745
Salmon	**8,451,595**	8,676,394	22,637,987
Fishmeal	**2,254,147**	2,042,190	–
Others	**871,486**	2,273,734	2,342,071
	$40,778,376	$62,706,131	$84,882,803

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

Net sales generated by the foreign subsidiaries comprise 19%, 10% and 24% of the total revenue of the Group in 2021, 2020 and 2019, respectively.

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

17. Cost of Goods Sold

This account consists of:

	Note	**2021**	2020	2019
Raw materials used		**$25,191,370**	$40,739,002	$62,679,025
Direct labor	20	**4,019,662**	6,176,152	8,717,521
Manufacturing overhead:				
Warehousing		**1,538,469**	2,029,501	1,928,449
Depreciation and amortization	9	**1,109,988**	1,021,465	817,814
Fuel, light and water		**840,699**	1,518,523	1,416,267
Labor	20	**743,413**	1,077,822	920,427
Rent	22	**9,930**	80,721	334,613
Others		**1,469,137**	2,953,152	2,537,795

(Forward)

	Note	**2021**	2020	2019
Total manufacturing costs		**₱34,922,668**	₱55,596,338	₱79,351,911
Finished goods, beginning		**5,514,629**	9,696,307	7,049,815
Total cost of goods manufactured		**40,437,297**	65,292,645	86,401,726
Finished goods, ending	6	**(4,573,938)**	(5,514,629)	(9,696,307)
		$35,863,359	$59,778,016	$76,705,419

Other manufacturing overhead consists of repairs and maintenance, outside services and insurance, among others.

18. Selling and Administrative Expenses

This account consists of:

	Note	**2021**	2020	2019
Salaries, wages and other benefits	20	**$1,612,485**	$1,686,419	$2,598,831
Outside services		**1,207,405**	1,412,765	936,660
Rent and utilities		**437,415**	262,673	350,196
Taxes and licenses		**274,685**	436,188	559,981
Loss on inventory write-down	7	**237,407**	1,385,778	921,936
Provisions for impairment losses		**222,627**	1,112,998	27,142
Insurance		**212,336**	180,512	254,708
Depreciation and amortization	9	**202,586**	307,773	340,769
Advertising, marketing and commissions		**120,006**	566,299	766,931
Customs, brokerage and demurrage		**83,237**	1,201,786	347,717
Freight and transportation		**60,274**	784,645	927,000
Materials and supplies		**36,894**	43,318	89,814
Others		**839,805**	741,581	442,258
		$5,547,162	$10,122,735	$8,563,943

Provisions for impairment losses pertains to trade and other receivables and other current assets (see Notes 6 and 8).

19. Other Income (Charges)

This account consists of:

	Note	**2021**	2020	2019
Gain (loss) on disposal of a subsidiary	4	**$389,437**	$–	($2,422,707)
Bank charges		**(111,462)**	(190,516)	(304,925)
Foreign exchange gain (loss)		**110,700**	(172,555)	323,919
Gain (loss) on disposal/retirement of property, plant and equipment	9	**(71,111)**	234,664	1,072,550
Interest income	5	**4,003**	950	75,099
Equity in net income (loss) of an associate	10	**(3,934)**	85,944	(4,853)
Others - net		**569,500**	(169,311)	128,702
		$887,133	($210,824)	($1,132,215)

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

20. Salaries, Wages and Other Benefits

This account consists of:

	Note	**2021**	2020	2019
Short-term employee benefits		**$6,290,295**	$8,873,911	$12,143,778
Retirement benefits	14	**85,265**	66,482	93,001
		$6,375,560	$8,940,393	$12,236,779
Charged to:				
Cost of goods sold	17	**$4,763,075**	$7,253,974	$9,637,948
Selling and administrative expenses	18	**1,612,485**	1,686,419	2,598,831
		$6,375,560	$8,940,393	$12,236,779

21. Loss Per Share

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

	2021	2020	2019
Net loss attributable to Parent Company	**($1,271,377)**	($10,235,521)	($5,084,520)
Weighted average number of ordinary shares outstanding	**2,499,712,463**	2,499,712,463	2,499,712,463
	($0.0005)	($0.0041)	($0.0020)

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, 2021, 2020 and 2019, 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	**2021**	2020	2019
Cost of goods sold	17	**$9,930**	$80,721	$334,613
Selling and administrative expenses		**115,124**	209,168	129,689
		$125,054	$289,889	$464,302

Long-term Leases

ASFII entered into a 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. As a result of the disposal of the Group's investment in AKAROA, previously recognized ROU assets and lease liabilities were deconsolidated.

Movements in ROU assets follow:

	Note	**2021**	2020
Cost			
Balance at beginning of year		**$4,157,391**	$4,157,391
Effect of deconsolidation		**(3,970,032)**	–
Balance at end of year		**187,359**	4,157,391
Accumulated amortization			
Balance at beginning of year		**367,273**	133,393
Amortization	9	**217,859**	233,880
Effect of deconsolidation		**(460,226)**	–
Balance at end of year		**124,906**	367,273
Carrying Amount		**$62,453**	$3,790,118

The balance of and movements in lease liabilities follow:

	2021	2020
Balance at beginning of year	**$3,926,517**	$4,059,680
Effect of deconsolidation	**(3,782,707)**	–
Rental payments	**(333,448)**	(419,731)
Interest	**254,861**	279,410
Effect of foreign exchange loss	**1,505**	7,158
Balance at end of year	**66,728**	3,926,517
Less current portion	**52,460**	155,545
Noncurrent portion	**$14,268**	$3,770,972

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	**2021**	2020
Interest		**$254,861**	$279,410
Amortization	9	**217,859**	233,880
Rental		**125,054**	289,889
		$597,774	$803,179

The future minimum lease payments and present value as at December 31, 2021 are as follows:

	Minimum Lease Payments	Present Value
Not later than one year	$56,157	$52,460
Later than one year but not more than five years	14,382	14,268
	$70,539	$66,728

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. The Parent Company started a partnering arrangement with the Mindanao State University (General Santos City campus) for a Bay of Gold scholarship, which aims to provide financial assistance to Marine Biology students of this campus.

In 2020, 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 in the light of the pandemic. In 2021, the Parent Company continued its support to the school by donating materials for their water connection system.

24. Income Taxes

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

	2021	2020	2019
Current	**$242,616**	$34,387	$156,085
Deferred	**229,046**	1,407,108	1,421,717
	$471,662	$1,441,495	$1,577,802

Deferred Tax

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

	2021	2020
Deferred tax assets:		
Allowance for impairment losses on:		
Trade and other receivables and other noncurrent assets	**$5,787,546**	$5,688,307
Property, plant and equipment	**25,352**	30,422
Allowance for inventory write-down	**359,803**	613,295
Retirement benefits obligation	**99,691**	99,837
Excess of depreciation and interest over rental payments	**–**	12,866
Unrealized foreign exchange loss	**–**	34,721
	$6,272,392	$6,479,448

	2021	2020
Deferred tax liabilities:		
Unrealized foreign exchange gain	**$24,351**	$–
Cumulative remeasurement gain on retirement benefits obligation	**14,918**	17,895
Accrued rent	**3,480**	3,015
	$42,749	$20,910

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

	2021	2020
NOLCO	**$2,009,171**	$2,086,630
Allowance on impairment on trade and other receivables and other noncurrent assets	**1,460,547**	3,126,050
Excess MCIT over RCIT	**206,893**	345,863
Allowance for inventory write-down	**17,520**	21,188
Retirement benefits obligation	**3,700**	5,550
Unrealized foreign exchange gain	**77**	(2,947)
Excess of depreciation and interest over rental payments	**42**	84
	$3,697,950	$5,582,418

The management has assessed that there will be no sufficient future taxable income against which the benefits of the above deferred tax assets can be utilized.

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
2021	$1,729,397	$–	$–	$1,729,397	2026
2020	6,166,022	–	–	6,166,022	2025
2019	304,015	–	–	304,015	2022
2018	485,396	–	(485,396)	–	2021
	$8,684,830	$–	($485,396)	$8,199,434	

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

Inception Year	Amount	Expired	Change in tax rate	Balance	Expiry Year
2021	$34,297	$–	$–	$34,297	2024
2020	34,385	–	(7,157)	27,228	2023
2019	145,368	–	–	145,368	2022
2018	166,110	(166,110)	–	–	2021
	$380,160	($166,110)	($7,157)	$206,893	

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 and 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 retrospectively became effective beginning July 1, 2020.

For financial reporting purposes, the changes in income tax rates were not used in preparing the financial statements as at and for the year ended December 31, 2020.

The effects of the reduction in tax rates in 2020 were applied in the 2021 tax expense, as required by PAS 12, *Income Tax*es. Details of adjustments are as follows:

	Current	Deferred	Total
Income tax expense	$251,196	($1,610,763)	($1,359,567)
Effect of change in tax rates	(8,580)	1,839,809	1,831,229
Adjusted income tax expense	$242,616	$229,046	$471,662

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

	2021	2020	2019
Benefit from income tax computed at statutory tax rate	**($146,470)**	($2,597,588)	($1,066,221)
Changes in unrecognized deferred tax assets	**(1,884,468)**	3,594,605	829,971
Effect of change in tax rates	**1,831,229**	–	–
Effect of consolidation	**327,239**	78,178	278,294
Tax effects of:			
Expired NOLCO	**121,349**	91,014	1,527,639
Expenses exempt from taxation	**57,437**	174,900	4,080
Income exempt from taxation	**(1,001)**	(494)	(1,794)
Interest expense	**237**	193	681
Expired MCIT	**166,110**	100,687	5,152
	$471,662	$1,441,495	$1,577,802

The Parent Company, BGB and AMHI were subjected to MCIT aggregating $34,297, $34,385 and $144,109 in 2021, 2020 and 2019, respectively.

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, 2021 and 2020.

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash	**$4,442,099**	**$4,442,099**	$2,549,861	$2,549,861
Trade and other receivables	**4,408,220**	**4,408,220**	5,443,846	5,443,846
	$8,850,319	**$8,850,319**	$7,993,707	$7,993,707

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
At amortized cost:				
Trade and other payables*	**$3,120,408**	**$3,120,408**	$7,071,398	$7,071,398
Loans payable	**12,213,707**	**12,213,707**	14,129,081	14,129,081
Lease liabilities	**66,728**	**66,728**	3,926,517	3,926,517
Due to a related party	**2,069,832**	**2,069,832**	2,178,748	2,178,748
	$17,470,675	**$17,470,675**	$27,305,744	$27,305,744

**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, Trade and Other Receivables (excluding Receivable from PFNZ), Trade and Other Payables (excluding Statutory Payable and Customers' Deposits) and Due to a Related Party. 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 2021 and 2020.

26. Financial Risk Management Objectives and Policies

The Group's financial instruments consist of cash, trade and other receivables, receivable from WCFI, trade and other payables (excluding statutory payable and customers' deposit), loans payable, lease liabilities and due to a related party. 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:

	2021	2020
Cash in bank	**$4,431,078**	$2,536,956
Trade and other receivables	**7,292,737**	8,529,204
Receivable from WCFI	**2,183,281**	2,183,281
	$13,907,096	$13,249,441

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, 2021 and 2020, the amount of cash in bank 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 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.

As at December 31, 2021 and 2020, the aging analysis of the Group's financial assets is as follows:

	2021					
		Past Due Accounts but not Impaired				
	Neither Past Due nor Impaired	**1 - 30 Days Past Due**	**31 - 60 Days Past Due**	**Over 60 Days**	**Impaired Financial Assets**	**Total**
Cash in banks	**$4,431,078**	**$–**	**$–**	**$–**	**$–**	**$4,431,078**
Trade and other receivables	**3,686,409**	**200,129**	**51,147**	**470,535**	**2,884,517**	**7,292,737**
Receivable from WCFI	**–**	**–**	**–**	**–**	**2,183,281**	**2,183,281**
	$8,117,487	**$200,129**	**$51,147**	**$470,535**	**$5,067,798**	**$13,907,096**

	2020					
		Past Due Accounts but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$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
Receivable from WCFI	–	–	–	–	2,183,281	2,183,281
	$6,981,934	$100,552	$222,419	$675,897	$5,268,639	$13,249,441

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.

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:

	2021		2020	
	Philippine Peso	**U.S. Dollar Equivalent**	Philippine Peso	U.S. Dollar Equivalent
Cash	**₱17,345,211**	**$341,616**	₱40,744,730	$848,442
Trade and other receivables	**15,734,964**	**309,902**	16,550,551	344,638
Trade and other payables	**19,202,524**	**378,196**	92,718,198	1,930,704
Lease liabilities	**3,365,199**	**66,728**	2,729,819	56,844
Loans payable	**55,750**	**1,098**	369,825	7,701

	2021		2020	
	New Zealand Dollar	**U.S. Dollar Equivalent**	New Zealand Dollar	U.S. Dollar Equivalent
Cash	**$33,216**	**$23,303**	$28,920	$20,750
Trade and other receivables	**–**	**–**	591,576	424,456
Trade and other payables	**75,294**	**52,824**	673,405	483,168
Loans payable	**–**	**–**	840,105	602,775
Lease liabilities	**–**	**–**	5,446,840	3,908,108
Due to a related party	**–**	**–**	318,723	228,684

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 4% change in 2021 and 2020, 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 the 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% change in the U.S. Dollar, with all the variables held constant, in 2021 and 2020:

	Effect on Income for the Year	
	2021	2020
Cash	**$14,597**	$34,768
Trade and other receivables	**12,396**	30,764
Trade and other payables	**17,241**	(96,555)
Loans payable	**44**	(24,419)
Lease liabilities	**2,669**	(158,598)
Due to a related party	**–**	(9,147)
	$46,947	($223,187)

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 $12.21 million and $14.13 million as at December 31, 2021 and 2020, 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.

	2021			
	Weighted Average Effective Interest Rate	**Within One Year**	**More than One Year**	**Total**
Trade and other payables*	**–**	**$3,120,408**	**$–**	**$3,120,408**
Loans payable	**3.00% - 9.59%**	**11,297,040**	**916,667**	**12,213,707**
Lease liabilities	**9.54%**	**52,460**	**14,268**	**66,728**
Due to a related party	**4.57% - 6.31%**	**2,069,832**	**–**	**2,069,832**
Future interest	**3.00% - 9.59%**	**125,289**	**78,034**	**203,323**
		$16,665,029	**$1,008,969**	**$17,673,998**

**Excluding statutory payable and customers' deposits*

	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 a related party	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' 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 2021, 2020 and 2019 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, 2021			
	Tuna	**Salmon**	**Rental**	**Total**
Segment revenue	**$32,326,781**	**$8,451,595**	**$140,685**	**$40,919,061**
Inter-segment revenue	**–**	**–**	**(140,685)**	**(140,685)**
Net revenue	**$32,326,781**	**$8,451,595**	**$–**	**$40,778,376**
Segment results				
Gain (loss) before income tax	**($833,216)**	**$419,201**	**($171,865)**	**($585,880)**
Provision for income tax	**251,039**	**221,641**	**(1,018)**	**471,662**
Net loss	**($1,084,255)**	**$197,560**	**($170,847)**	**($1,057,542)**
Total assets	**$28,192,247**	**$1,154,124**	**$8,733,268**	**$38,079,639**
Total liabilities	**$18,066,076**	**$55,991**	**$121,869**	**$18,243,936**
Net cash flows from:				
Operating activities	**$2,580,622**	**210,790**	**($323,888)**	**$2,467,524**
Investing activities	**1,667,239**	**(84,414)**	**–**	**1,582,825**
Financing activities	**(2,361,402)**	**(165,578)**	**319,788**	**(2,207,192)**
Other information:				
Depreciation and amortization	**$749,634**	**$562,940**	**$–**	**$1,312,574**

	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, 2021				
	Philippines	**Indonesia**	**USA**	**New Zealand**	**Total**
Segment sales	**$33,030,886**	**$–**	**$–**	**$7,888,175**	**$40,919,061**
Inter-segment revenue	**(140,685)**	**–**	**–**	**–**	**(140,685)**
Total net sales	**$32,890,201**	**$–**	**$–**	**$7,888,175**	**$40,778,376**
Segment noncurrent assets*	**$11,075,569**	**$–**	**$–**	**$–**	**$11,075,569**
Inter-segment noncurrent assets	**3,543,686**	**–**	**–**	**–**	**3,543,686**
Total noncurrent assets	**$14,619,255**	**$–**	**$–**	**$–**	**$14,619,255**

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

	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 revenue 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				
	Note	**2020**	**Effect of deconsolidation**	**Availments**	**Expense**	**Payments**	**Foreign exchange gain**	**2021**
Loans payable	12	**$14,129,081**	**($611,835)**	**$32,142,216**	**$–**	**($33,445,755)**	**$–**	**$12,213,707**
Due to a related party	13	**2,178,748**	**–**	**–**	**–**	**–**	**(108,916)**	**2,069,832**
Lease liabilities	22	**3,926,517**	**(3,782,707)**	**–**	**254,861**	**(333,448)**	**1,505**	**66,728**
Interest payable		**28,860**	**–**	**–**	**586,007**	**(570,205)**	**–**	**44,662**
		$20,263,206	**($4,394,542)**	**$32,142,216**	**$840,868**	**($34,349,408)**	**($107,411)**	**$14,394,929**

			Financing Cash Flows				
	Note	2019	Availments	Expense	Payments	Foreign exchange loss	2020
Loans payable	12	$23,938,017	$28,839,550	$–	($38,648,486)	$–	$14,129,081
Due to a related party	13	2,000,000	–	–	–	178,748	2,178,748
Lease liabilities	22	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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
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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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, on which we have rendered our report dated April 13, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that Alliance Select Foods International, Inc. has two hundred twenty-two (222) and two hundred twenty-five (225) stockholders owning one hundred (100) or more shares each as at December 31, 2021 and 2020, respectively.

REYES TACANDONG & CO.

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Partner
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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. 8851714
Issued January 3, 2022, Makati City

April 13, 2022
Makati City, Metro Manila

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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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 13, 2022. 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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and no material exceptions were noted.

REYES TACANDONG & CO.

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BIR Accreditation No. 08-005144-014-2020
Valid until January 1, 2023
PTR No. 8851714
Issued January 3, 2022, Makati City

April 13, 2022
Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021

Below is a schedule showing financial soundness indicators of the Group as at December 31, 2021, 2020 and 2019 and for the years ended December 31, 2021, 2020 and 2019.

Ratio	**Formula**	**2021**	2020	2019
Current ratio				
	Current assets	**$17,125,539**	$19,286,340	$36,785,169
	Divide by: Current liabilities	**16,852,990**	19,497,984	28,709,312
	Current Ratio	**1.02**	0.99	1.28
Acid test ratio				
	Current assets	**$17,125,539**	$19,286,340	$36,785,169
	Less: Inventories	**5,335,281**	9,059,229	12,659,074
	Other current assets	**2,939,939**	2,233,404	10,141,102
	Quick assets	**8,850,319**	7,993,707	13,984,993
	Divide by: Current liabilities	**16,852,990**	19,497,984	28,709,312
	Acid Test Ratio	**0.53**	0.41	0.49
Solvency ratio				
	Loss before tax	**($585,880)**	($8,658,625)	($3,554,071)
	Add: Depreciation and amortization	**1,312,574**	1,329,238	1,158,583
	Net income (loss) before depreciation and amortization	**726,694**	(7,329,387)	(2,395,488)
	Divide by: Total liabilities	**18,243,936**	27,829,783	36,508,252
	Solvency Ratio	**0.04**	(0.26)	(0.07)
Debt-to-equity ratio				
	Total liabilities	**$18,243,936**	$27,829,783	$36,508,252
	Divide by: Total equity	**19,835,703**	21,355,454	31,299,760
	Debt-to-Equity Ratio	**0.92**	1.30	1.17
Asset-to-equity ratio				
	Total assets	**$38,079,639**	$49,185,237	$67,808,012
	Divide by: Total equity	**19,835,703**	21,355,454	31,299,760
	Asset-to-Equity Ratio	**1.92**	2.30	2.17
Interest rate coverage ratio				
	Loss before tax	**($585,880)**	($8,658,625)	($3,554,071)
	Add: interest expense	**840,868**	1,253,181	2,035,297
	Pretax income (loss) before interest	**254,988**	(7,405,444)	(1,518,774)
	Divide by: Interest expense	**840,868**	1,253,181	2,035,297
	Interest Rate Coverage Ratio	**0.30**	(5.91)	(0.75)

Ratio	Formula	2021	2020	2019
Return on equity				
	Net loss attributable to equity holders of the Parent Company	**($1,271,377)**	($10,235,521)	($5,084,520)
	Equity:			
	Beginning of year	**21,355,454**	31,299,760	36,290,739
	End of year	**19,835,703**	21,355,454	31,299,760
	Divide by: Average equity	**20,595,579**	26,327,607	33,795,250
	Return on Equity	**(0.06)**	(0.39)	(0.15)
Return on assets				
	Net loss	**($1,057,542)**	($10,100,120)	($5,131,873)
	Total assets:			
	Beginning of year	**49,185,237**	67,808,012	77,038,652
	End of year	**38,079,639**	49,185,237	67,808,012
	Divide by: Average assets	**43,632,438**	58,496,625	72,423,332
	Return on Assets	**(0.02)**	(0.17)	(0.07)
Net profit margin				
	Net loss	**($1,057,542)**	($10,100,120)	($5,131,873)
	Sales	**40,778,376**	62,706,131	84,882,803
	Net Profit Margin	**(0.03)**	(0.16)	(0.06)

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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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 13, 2022.

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 Parent Company's Retained Earnings Available for Dividend Declaration for the year ended December 31, 2021
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68 as at December 31, 2021
- Conglomerate Map as at December 31, 2021

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.

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PTR No. 8851714
Issued January 3, 2022, Makati City

April 13, 2022
Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2021

Deficit available for dividend declaration at beginning of year, as adjusted	($11,722,661)
Less net loss actually realized during the year:	
Net loss during the year closed to retained earnings	332,829
Movement in deferred tax assets and liabilities	242,253
Deficit available for dividend declaration at end of year	($12,297,743)

Reconciliation:	
Deficit at end of year	($6,066,947)
Net deferred tax assets at end of year	(6,230,796)
Deficit available for dividend declaration at end of year	($12,297,743)

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

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE 68
DECEMBER 31, 2021

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SCHEDULE A

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

FINANCIAL ASSETS
DECEMBER 31, 2021

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	–	$4,431,078	$4,003
Trade receivables	–	4,262,092	–
Receivable from PFNZ	–	1,063,665	–
Due from related parties	–	234,185	–
Other nontrade receivables	–	761,530	–
	–	$10,752,550	$4,003

SCHEDULE B

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, 2021

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	$2,711	$7,822	$–	$–	$10,533	$–	$10,533

SCHEDULE C

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, 2021

Name and Designation of Debtor	Balance at Beginnning of Year	Additions	Amounts Collected	Amounts Written off	Other changes Additions (Deductions)	Current	Not Current	Balance at End of Year
Due from related parties:								
Parent	$11,446,461	$–	$–	$–	$–	$11,446,461	$–	$11,446,461
Subsidiaries	3,627,159	393,012	–	–	–	4,020,171	–	4,020,171
	$15,073,620	$393,012	$–	$–	$–	$15,466,632	$–	$15,466,632

SCHEDULE D

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

LONG-TERM DEBT

DECEMBER 31, 2021

Title of Issue and Type of Obligation	Amount Shown as Current	Amount Shown as Long-Term	Total
Bank loans – secured	$11,297,040	$916,667	$12,213,707

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

SCHEDULE E

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

INDEBTEDNESS TO RELATED PARTY (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2021

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Parent	$2,178,748	$–

Note: The terms, interest rate, and other relevant information are shown in Note 13 of the Consolidated Financial Statements.

SCHEDULE G

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CAPITAL STOCK

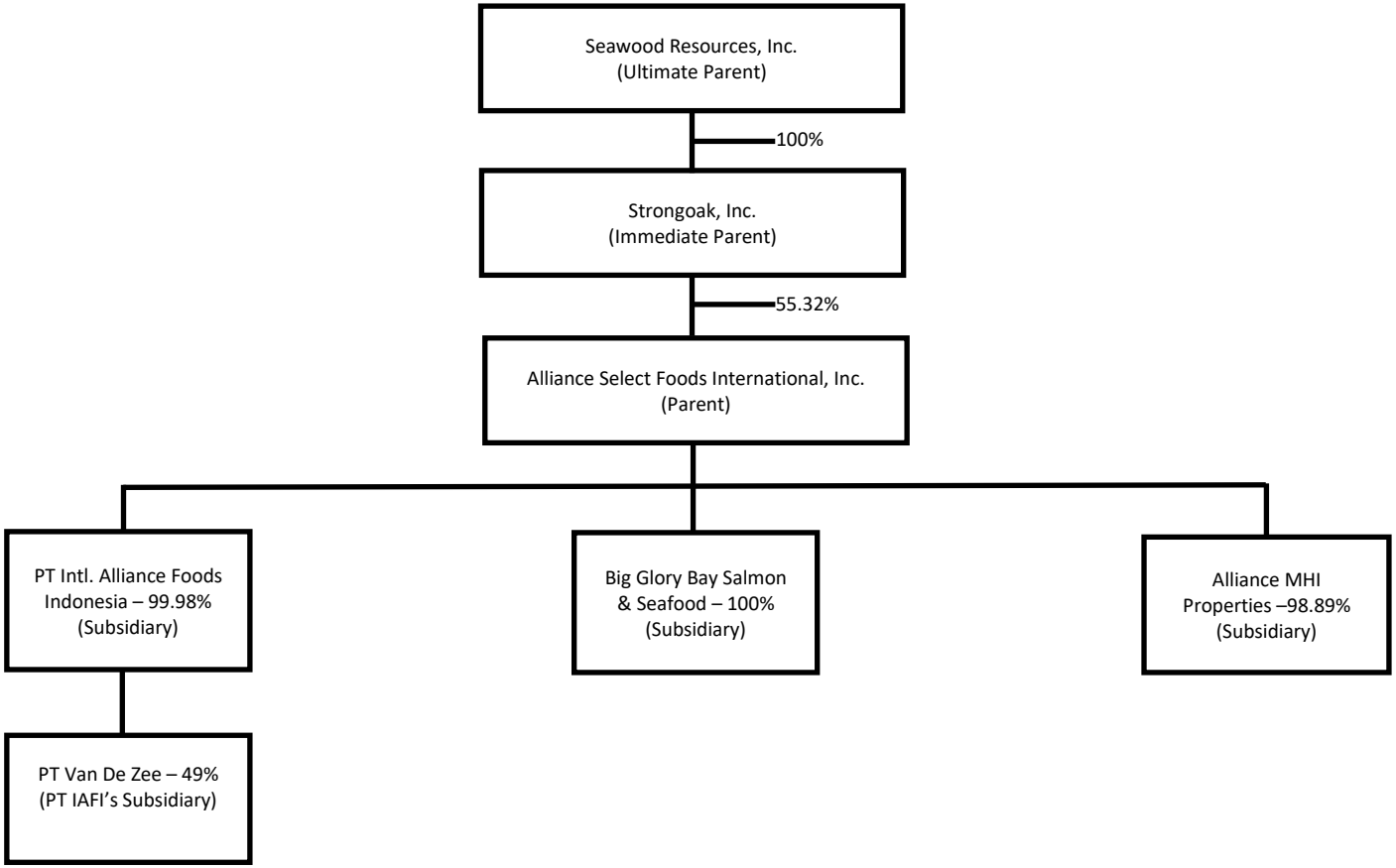
DECEMBER 31, 2021

				Number of shares held by		
Title of Issue	***Number of Shares Authorized***	***Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption***	***Number of Shares Reserved for Options,warrants, Conversion and Other Rights***	***Related Parties***	***Directors, Officers and employees***	***Others***
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, 2021



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 227-409-243-000
Name	: ALLIANCE SELECT FOODS INTERNATIONAL, INC.
RDO	: 127
Form Type	: 1702
Reference No.	: 462200047309830
Amount Payable (Over Remittance)	: -2,078,432.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2021
Date Filed	: 04/18/2022
Tax Type	: IT

[BIR Main | eFPS Login | User Menu | Help]

Guidelines and Instructions | Help

Reference No : 462200047309830
Date Filed : April 18, 2022 05:57 PM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No.
1702-RT
January 2018(ENCS)
Page 1

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual
Taxpayer Subject Only to REGULAR Income Tax Rate
Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".
Two Copies MUST be filed with the BIR and one held by the taxpayer.

1702-RT 01/18ENCS P1

1 For ◉ Calendar ○ Fiscal

2 Year Ended (MM/20YY) 12 2021

3 Amended Return? ○ Yes ◉ No

4 Short Period Return? ○ Yes ◉ No

5 Alphanumeric Tax Code (ATC)
IC055 Minimum Corporate Income Tax (MCIT) ☑
IC010 DOMESTIC CORPORATION IN GENERAL ☑

Part I - Background Information

6 Taxpayer Identification Number (TIN) 227 - 409 - 243 - 000

7 RDO Code 127

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
ALLIANCE SELECT FOODS INTERNATIONAL, INC.

9A Registered Address *(Indicate complete registered address)*
SUITE 3104A WEST TOWER PHIL. STOCK EXCHANGE CENTRE CITY OF PASIG, NCR, SECOND DIS

9B ZipCode 1605

10 Date of Incorporation/Organization (MM/DD/YYYY) 09/01/2003

11 Contact Number: NO VALUE FROM SOURCE

12 Email Address: mccvillaruz@allianceselectfoods.com

13 Method of Deductions ◉ Itemized Deductions [Section 34 (A-J), NIRC] ○ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*	1,358,553
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*	3,436,985
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15)* *(From Part IV Item 56)*	(2,078,432)

Add Penalties

17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		(2,078,432)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

○ To be refunded ○ To be issued a Tax Credit Certificate (TCC) ◉ To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

22 Number of

Signature over printed name of President/Principal Officer/Authorized Representative				Signature over printed name of Treasurer/Assistant Treasurer				Attachments
Title of Signatory		TIN		Title of Signatory		TIN		4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

Attachments

Add Attachment

Remove Attachment

Prev Page: 01 of 04 Next

Print Payment Details Proceed to Payment

Guidelines and Instructions | Help

Reference No : 462200047309830
Date Filed : April 18, 2022 05:57 PM
Batch Number : 0

BIR Form No.
1702-RT
January 2018(ENCS)
Page 2

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
227 - 409 - 243 - 000	ALLIANCE SELECT FOODS INTERNATIONAL, INC.

Part IV - Computation of Tax	(Do NOT enter Centavos)
27 Sales/Receipts/Revenues/Fees	1,600,534,868
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	1,600,534,868
30 Less: Cost of Sales/Services	1,552,966,631
31 Gross Income from Operation *(Item 29 Less Item 30)*	47,568,237
32 Add: Other Taxable Income Not Subjected to Final Tax	88,287,075
33 Total Taxable Income *(Sum of Items 31 and 32)*	135,855,312

Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	212,903,640	
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0	
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code)* *(From Part VI Schedule III Item 8)*	0	
37 Total Deductions *(Sum of Items 34 to 36)*	212,903,640	
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*		
38 Optional Standard Deduction *(40% of Item 33)*	0	

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	(77,048,328)
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	0
42 MCIT Due *(2% of Item 33)*	1,358,553
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)* *(To Part II Item 14)*	1,358,553

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	2,976,599
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	336,416
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	123,970
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	

53		0
54		0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	3,436,985
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(2,078,432)

Part V - Tax Relief Availment	
57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

Attachments

Add Attachment

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Reference No : 462200047309830
Date Filed : April 18, 2022 05:57 PM
Batch Number : 0

BIR Form No.
1702-RT
January 2018(ENCS)
Page 3

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	Registered Name
227 - 409 - 243 - 000	ALLIANCE SELECT FOODS INTERNATIONAL, INC.

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	1,982,916
6 Entertainment, Amusement and Recreation	5,634,451
7 Fringe Benefits	0
8 Interest	28,400,401
9 Losses	3,520,777
10 Pension Trust	0
11 Rental	8,300,024
12 Research and Development	0
13 Salaries, Wages and Allowances	54,913,541
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	10,183,522
16 Transportation and Travel	3,777,293
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	0
c Security Services	0
d OUTSIDE SERVICES	49,318,006
e INSURANCE	8,002,166
f REALIZED LOSS ON FOREIGN EXCHANGE	7,185,383
g ADVERTISING, MARKETING AND COMMISSION	5,327,384
h BANK CHARGES	4,638,042
i OTHERS	21,719,734

Add | Delete | Add Attachment

18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	212,903,640

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0

2			0
3			0
4			0

Add Delete Add Attachment

5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4)* *(To Part IV Item 35)*	0

Attachments

Add Attachment

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Prev Page: 03 of 04 Next

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Guidelines and Instructions | Help

Reference No : 462200047309830
Date Filed : April 18, 2022 05:57 PM
Batch Number : 0

BIR Form No.
1702-RT
January 2018(ENCS)
Page 4

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
227 - 409 - 243 - 000	ALLIANCE SELECT FOODS INTERNATIONAL, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	135,855,312
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	212,903,640
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	(77,048,328)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4	2021	77,048,328	0
5	2020	284,739,792	0
6		0	0
7		0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	77,048,328
5	0	0	284,739,792
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2020	0	1,077,946	1,077,946
2	2019	0	7,050,998	7,050,998
3	2018	0	8,347,669	8,347,669

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	1,077,946
2	0	0	0	7,050,998
3	0	0	0	8,347,669

Total Excess MCIT Applied *(Sum of Items 1F to 3F)* *(To Part IV Item 47)*	0

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per books	29,477,117
	Add: Non-deductible Expenses/Taxable Other Income	
2	PROVISION FOR IMPAIRMENT LOSS ON INVENTORIES	5,851,012
3	OTHERS	4,898,271
3.1	PROVISION FOR IMPAIRMENT LOSS ON TRADE RECEIVABLES	460,205
3.2	DONATIONS	169,674
3.3	INTEREST EXPENSE	46,837
3.4	RETIREMENT BENEFIT COSTS	4,221,555
	Add Delete Add Attachment	
4	Total *(Sum of Items 1 to 3)*	40,226,400
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	DIVIDEND INCOME FROM FOREIGN SUBSIDIARY	58,837,684
6	OTHERS	58,437,044
6.1	GAIN ON REVERSAL OF IMPAIRMENT	44,873,206
6.2	EXCESS OF AMORTIZATION AND INTEREST OVER RENTALS	1,368,583
6.3	INTEREST INCOME	187,350
6.4	UNREALIZED GAIN ON FOREIGN EXCHANGE	12,007,905
	Add Delete Add Attachment	
	B) Special Deductions	
7		0
8		0
	Add Delete Add Attachment	
9	Total (Sum of Items 5 to 8)	117,274,728
10	Net Taxable Income/(Loss) (Item 4 Less Item 9)	(77,048,328)

Attachments

Add Attachment

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	1	9	1	3	8

COMPANY NAME

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

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

Suite 3104-A, West Tower, Philippine Stock Exchange, Exchange Road, Ortigas Ave., Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
psbayona@allianceselectfoods.com	(02) 8-637-8800	0917-620-5726

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
237	15th day of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Raymond K.H. See	info@allianceselectfoods.com	(02) 8-637-8800	0917-620-5726

CONTACT PERSON'S ADDRESS

Suite 3104-A, West Tower, Philippine Stock Exchange, Exchange Road, Ortigas Ave., 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.*

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Separate Financial Statements

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, 2021 and 2020, 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, 2021, 2020 and 2019 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, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

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 despite operating 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 April 13, 2024
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. 8851714
Issued January 3, 2022, Makati City

April 13, 2022
Makati City, Metro Manila

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

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash	4	**$4,345,932**	$2,036,583
Trade and other receivables	5	**4,376,082**	4,358,766
Inventories	6	**5,326,238**	8,584,651
Due from related parties	13	**4,336,166**	4,974,663
Other current assets	7	**2,751,850**	1,875,562
Total Current Assets		**21,136,268**	21,830,225
Noncurrent Assets			
Investments in subsidiaries	8	**6,471,798**	8,798,598
Property, plant and equipment	9	**5,147,975**	5,413,878
Net deferred tax assets	24	**6,230,796**	6,473,049
Other noncurrent assets	10	**1,699,263**	1,738,885
Total Noncurrent Assets		**19,549,832**	22,424,410
		$40,686,100	$44,254,635
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**$3,425,072**	$5,911,593
Current portion of:			
Loans payable	12	**11,297,040**	11,892,842
Lease liabilities	22	**203,689**	186,341
Due to Parent Company	13	**2,069,832**	–
Total Current Liabilities		**16,995,633**	17,990,776
Noncurrent Liabilities			
Noncurrent portion of:			
Loans payable	12	**916,667**	1,501,151
Lease liabilities	22	**14,268**	231,468
Due to Parent Company	13	**–**	2,178,748
Net retirement benefit obligation	14	**398,763**	332,789
Total Noncurrent Liabilities		**1,329,698**	4,244,156
Total Liabilities		**18,325,331**	22,234,932
Equity			
Capital stock	15	**26,823,389**	26,823,389
Additional paid-in capital (APIC)	15	**1,486,546**	1,486,546
Deficit		**(6,066,947)**	(6,399,776)
Other comprehensive income	14	**123,555**	115,318
		22,366,543	22,025,477
Treasury stock - at cost	15	**(5,774)**	(5,774)
Total Equity		**22,360,769**	22,019,703
		$40,686,100	$44,254,635

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	**2021**	2020	2019
NET SALES	16	**$32,326,854**	$54,039,860	$62,232,185
COST OF GOODS SOLD	17	**(30,620,037)**	(52,567,789)	(57,332,771)
GROSS PROFIT		**1,706,817**	1,472,071	4,899,414
SELLING AND ADMINISTRATIVE EXPENSES	18	**(3,436,256)**	(7,236,625)	(4,796,877)
GAIN ON DISPOSAL OF INVESTMENT IN A SUBSIDIARY	8	**1,305,576**	–	983,994
INTEREST EXPENSE	12	**(583,153)**	(940,513)	(1,938,307)
OTHER INCOME (CHARGES) - Net	19	**1,602,380**	(418,836)	570,999
INCOME (LOSS) BEFORE INCOME TAX		**595,364**	(7,123,903)	(280,777)
PROVISION FOR INCOME TAX	24			
Current		**20,282**	28,631	135,944
Deferred		**242,253**	1,316,847	1,007,593
		262,535	1,345,478	1,143,537
NET INCOME (LOSS)		**332,829**	(8,469,381)	(1,424,314)
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to profit or loss				
Effect of change in tax rate	14	**8,237**	–	–
Remeasurement gain on retirement benefits cost, net of tax	14	**–**	11,611	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**$341,066**	($8,457,770)	($1,424,314)
INCOME (LOSS) PER SHARE				
Basic and diluted income (loss) per share	21	**$0.00013**	($0.00339)	($0.00057)

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2021**	2020	2019
CAPITAL STOCK	15			
Balance at beginning and end of year		**$26,823,389**	$26,823,389	$26,823,389
APIC	15			
Balance at beginning and end of year		**1,486,546**	1,486,546	1,486,546
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of year		**(6,399,776)**	2,069,605	3,493,919
Net income (loss)		**332,829**	(8,469,381)	(1,424,314)
Balance at end of year		**(6,066,947)**	(6,399,776)	2,069,605
OTHER COMPREHENSIVE INCOME	14			
Balance at beginning of year		**115,318**	103,707	103,707
Effect of change in tax rate		**8,237**	–	–
Remeasurement gain on retirement benefit obligation		**–**	11,611	–
Balance at end of year		**123,555**	115,318	103,707
TREASURY STOCK – at cost				
Balance at beginning and end of year	15	**(5,774)**	(5,774)	(5,774)
		$22,360,769	$22,019,703	$30,477,473

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	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**$595,364**	($7,123,903)	($280,777)
Adjustments for:				
Gain on disposal of investment in a subsidiary	8	**(1,305,576)**	–	(983,994)
Depreciation and amortization	9	**861,097**	740,806	584,738
Interest expense	12	**603,820**	973,157	1,979,226
Loss on inventory write-down	6	**118,176**	1,384,937	874,601
Unrealized foreign exchange loss (gain)	19	**(97,403)**	145,127	128,697
Retirement benefits cost	14	**85,265**	62,866	89,825
Loss on retirement of property and equipment	19	**71,111**	–	–
Interest income	4	**(58,251)**	(110,220)	(138,094)
Provision for impairment losses	18	**9,295**	46,500	–
Gain on reversal of allowance	13	**–**	(446,182)	(18,128)
Gain on disposal of transportation equipment	9	**–**	–	(3,110)
Operating income (loss) before working capital changes		**882,898**	(4,326,912)	2,232,984
Decrease (increase) in:				
Trade and other receivables		**(26,611)**	5,345,368	(318,689)
Inventories		**3,140,237**	1,549,687	(92,132)
Other current assets		**(821,462)**	7,603,573	(1,833,701)
Other noncurrent assets		**137,025**	(232,514)	(77,405)
Increase (decrease) in trade and other payables		**(2,641,406)**	1,431,504	(1,748,161)
Net cash generated from (used for) operations		**670,681**	11,370,706	(1,837,104)
Income taxes paid		**(75,108)**	(103,924)	(173,488)
Interest received		**58,251**	110,220	138,094
Net cash flows from operating activities		**653,824**	11,377,002	(1,872,498)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of:				
Investments in subsidiaries	8	**3,632,376**	–	10,224,940
Property, plant and equipment	9	**–**	–	11,896
Additions to property, plant and equipment	9	**(666,305)**	(815,283)	(2,052,555)
Collections from related parties		**483,593**	1,126,554	604,939
Net cash flows from investing activities		**3,449,664**	311,271	8,789,220

(Forward)

	Note	Years Ended December 31		
		2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Bank loans	27	**($33,322,502)**	($38,693,300)	($68,325,571)
Interest	27	**(558,762)**	(1,008,672)	(1,968,462)
Lease liabilities	22	**(55,091)**	(52,662)	(49,109)
Promissory notes		**–**	–	(3,000,000)
Proceeds from:				
Availment of loans	27	**32,142,216**	28,839,550	60,647,571
Advances from Parent Company	13	**–**	–	2,000,000
Issuance of promissory notes		**–**	–	3,000,000
Net cash flows from financing activities		**(1,794,139)**	(10,915,084)	(7,695,571)
NET INCREASE (DECREASE) IN CASH		**2,309,349**	773,189	(778,849)
CASH AT BEGINNING OF YEAR		**2,036,583**	1,263,394	2,042,243
CASH AT END OF YEAR		**$4,345,932**	$2,036,583	$1,263,394
COMPONENTS OF CASH	4			
Cash on hand		**$1,583**	$2,895	$1,988
Cash in banks		**4,344,349**	2,033,688	1,261,406
		$4,345,932	$2,036,583	$1,263,394
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Rental payable offset against due from related parties	13	**$154,904**	$148,074	$134,510
Recognition of:				
Lease liabilities		**–**	–	652,392
Right-of-use (ROU) assets		**–**	–	633,208

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, 2021 and 2020:

	% of Ownership			
Name of Subsidiary	**2021**	2020	Nature of Business	Principal Place of Business
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	Salmon farming and processing	New Zealand

**Divested in 2021*

BGB. BGB has plant facilities that are located in Barrio Tambler, 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 IAFI and PT VDZ ceased operations in 2020 and 2016, respectively.

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

Since March 2020, the country has 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 incurred a net loss of $8.5 million in 2020. 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. Accordingly, the Company reported a net income of $332,829 in 2021.

It is not practicable to estimate the potential impact of the prevailing COVID-19 pandemic after the reporting date. 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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issuance by the Board of Directors (BOD) on April 13, 2022, 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 (PFRSs). This financial reporting framework includes all applicable PFRSs, Philippine Accounting Standards (PASs), 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 PFRSs 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, and lease liabilities which are measured at the present value of future lease payments. 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; and

- 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 –

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications 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, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021. The Company applied the practical expedient in its financial statements for the year ended December 31, 2020.

  Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment. Accordingly, the Company has applied the amendment in the current year 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 PFRSs Issued but Not Yet Effective

Relevant amended PFRSs, which are not yet effective as at December 31, 2021 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 will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include 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 will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. 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 applied the amendments.

- 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 component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendments. Earlier application is permitted.

- Amendment 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgments*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. 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.

Under prevailing circumstances, the adoption of the foregoing amended PFRSs 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, 2021 and 2020, 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, 2021 and 2020, the Company's cash, trade and other receivables, due from related parties and refundable lease deposits (presented under "Other noncurrent assets") 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, 2021 and 2020, 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:

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.

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

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:

Asset Type	Number of Years
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 as at reporting date. 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, 2021 and 2020, 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, 2021 and 2020, 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.

The Company contributes to the retirement fund based on the actuarial valuation report. The contributions to the retirement plan consist of annual normal cost and amortization of any unfunded past service liability. The Company is not required to contribute when the fair value of plan assets exceeds the present value of 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 the 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 2021, 2020, and 2019.

The carrying amounts of the Company's cash in banks, due from related parties and refundable lease deposits (presented under "Other noncurrent assets") 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 2021, 2020 and 2019.

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

Estimating the 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 2021, 2020 and 2019. 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 the 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 the 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:

	2021	2020
Cash on hand	**$1,583**	$2,895
Cash in banks	**4,344,349**	2,033,688
	$4,345,932	$2,036,583

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

Interest income was derived from the following:

	Note	**2021**	2020	2019
Cash		**$3,784**	$1,556	$5,501
Due from related parties	13	**54,467**	108,664	132,593
		$58,251	$110,220	$138,094

5. Trade and Other Receivables

This account consists of:

	Note	**2021**	2020
Trade receivables from:			
Third parties		**$4,167,198**	$3,975,226
Related party	13	**234,185**	234,185
Others		**500,594**	849,002
		4,901,977	5,058,413
Allowance for impairment losses		**(525,895)**	(699,647)
		$4,376,082	$4,358,766

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	**2021**	2020
Balance at beginning of year		**$699,647**	$653,147
Reversal of impairment		**(183,047)**	–
Provision for impairment loss	18	**9,295**	46,500
Balance at end of year		**$525,895**	$699,647

Trade receivables amounting to $1.91 million and $1.43 million are used to secure short-term loans from local banks as at December 31, 2021 and 2020, respectively (see Note 12).

6. Inventories

This account consists of:

	Note	**2021**	2020
At cost:			
Finished goods	17	**$2,343,741**	$2,558,035
Raw and packaging materials		**1,893,611**	4,996,732
Parts and supplies		**186,978**	241,962
At NRV -			
Finished goods		**901,908**	787,922
		$5,326,238	$8,584,651

The costs of inventories stated at NRV are as follows:

	Note	**2021**	2020
Finished goods	17	**$2,202,285**	$2,798,967
Raw and packaging materials		**138,835**	33,272
		$2,341,120	$2,832,239

Movements in the allowance for inventory write-down are as follows:

	Note	**2021**	2020
Balance at beginning of year		**$2,044,317**	$909,801
Reversal		**(723,281)**	(250,421)
Provision	18	**118,176**	1,384,937
Balance at end of year		**$1,439,212**	$2,044,317

Reversal of allowance for inventory write-down mainly pertains to inventories condemned and subsequently sold.

Inventories charged to cost of goods sold amounted to $23.07 million, $42.37 million, and $47.00 million in 2021, 2020 and 2019, respectively (see Note 17).

7. Other Current Assets

This account consists of:

	2021	2020
Advances to suppliers	**$1,699,779**	$926,674
Input VAT	**807,351**	706,919
Prepayments:		
Insurance	**73,977**	36,082
Rental	**39,060**	99,279
Taxes	**36,139**	54,826
Subscriptions	**33,092**	21,627
Others	**62,452**	30,155
	$2,751,850	$1,875,562

8. Investments in Subsidiaries

Details of investments are as follows:

Name of Subsidiaries	**2021**	2020
BGB	**$6,177,761**	$6,177,761
PT IAFI	**4,999,000**	4,999,000
AMHI	**294,037**	294,037
Akaroa	**–**	2,326,800
	11,470,798	13,797,598
Allowance for impairment loss	**(4,999,000)**	(4,999,000)
	$6,471,798	$8,798,598

In 2021, the Company sold its interest in Akaroa for a total consideration of NZD 7.50 million ($5.06 million), inclusive of payments for dividends and other related costs. The disposal of Akaroa resulted in a gain on sale of $1.31 million.

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.

Dividends. In 2021, the Company earned and received dividend from Akaroa amounting to $1.19 million (see Note 19).

Financial Information

The summarized financial information of subsidiary with significant non-controlling interest are as follows:

	2020	2019
Total assets	$5,221,606	$7,266,881
Total liabilities	2,574,551	5,589,477
Equity	2,647,055	1,677,404
Net income (loss)	253,749	(218,546)

As at December 31, 2021, there is no subsidiary with significant non-controlling interest.

9. Property, Plant and Equipment

The composition of and movements in this account are as follows:

	2021								
	Building	**Machinery and Equipment**	**Leasehold Improvements**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Plant Furniture, Fixtures and equipment**	**Fishmeal Facility**	**ROU Assets**	**Total**
Cost									
Balance at beginning of year	**$1,435,102**	**$4,795,169**	**$239,581**	**$349,403**	**$448,467**	**$67,445**	**$1,601,900**	**$633,208**	**$9,570,275**
Additions	**3,937**	**556,520**	**2,232**	**98,739**	**1,669**	**3,208**	**–**	**–**	**666,305**
Retirement	**(3,991)**	**(295,385)**	**(3,751)**	**(110,239)**	**(203,990)**	**(25,610)**	**–**	**–**	**(642,966)**
Balance at end of year	**1,435,048**	**5,056,304**	**238,062**	**337,903**	**246,146**	**45,043**	**1,601,900**	**633,208**	**9,593,614**
Accumulated Depreciation and Amortization									
Balance at beginning of year	**783,165**	**2,257,374**	**77,802**	**212,046**	**307,013**	**55,040**	**56,355**	**306,196**	**4,054,991**
Depreciation and amortization	**87,488**	**460,091**	**24,177**	**28,753**	**15,584**	**11,773**	**80,133**	**153,098**	**861,097**
Retirement	**(3,937)**	**(245,014)**	**(3,751)**	**(110,239)**	**(184,136)**	**(24,778)**	**–**	**–**	**(571,855)**
Balance at end of year	**866,716**	**2,472,451**	**98,228**	**130,560**	**138,461**	**42,035**	**136,488**	**459,294**	**4,344,233**
Allowance for Impairment Losses									
Balance at beginning and end of year	**–**	**101,406**	**–**	**–**	**–**	**–**	**–**	**–**	**101,406**
Carrying Amount	**$568,332**	**$2,482,447**	**$139,834**	**$207,343**	**$107,685**	**$3,008**	**$1,465,412**	**$173,914**	**$5,147,975**

	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

The cost of fully depreciated property, plant and equipment still used in Company's operations amounted to $815,392 and $1.1 million as at December 31, 2021 and 2020, respectively.

Transportation equipment with carrying amounts $1,630 and $8,163 as at December 31, 2021 and 2020, respectively are held as security to long-term loans (see Note 12).

In 2021, the Company retired several property and equipment resulting in a loss of $71,111 (see Note 19).

In 2019, the Company disposed a transportation equipment with carrying amount of $8,786 and recognized a gain amounting to $3,110 (see Note 19).

Depreciation and amortization charged to operations are as follows:

	Note	**2021**	2020	2019
Cost of goods sold	17	**$779,411**	$650,515	$485,259
Selling and administrative expenses	18	**81,686**	90,291	99,479
		$861,097	$740,806	$584,738

10. Other Noncurrent Assets

This account consists of:

	Note	**2021**	2020
Receivable from Wild Catch Fisheries, Inc. (WCFI)	13	**$2,183,281**	$2,183,281
Refundable lease deposits	22	**1,699,263**	1,738,885
Idle assets		**314,320**	314,320
Investments in joint ventures	13	**280,243**	280,243
		4,477,107	4,516,729
Allowance for impairment losses		**(2,777,844)**	(2,777,844)
		$1,699,263	$1,738,885

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, 2021 and 2020. 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	**2021**	2020
Trade payables to:			
Third parties		**$1,908,478**	$3,672,746
Related parties	13	**260,957**	260,957
Accrued expenses		**952,751**	1,881,543
Statutory payable		**159,883**	53,350
Customers' deposits		**143,003**	42,997
		$3,425,072	$5,911,593

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

Details of accrued expenses are as follows:

	Note	**2021**	2020
Professional fees		**$297,995**	$357,682
Customs, brokerage and demurrage		**122,852**	352,287
Salaries, wages and other benefits		**47,212**	97,903
Outside services		**45,254**	342,063
Interest	27	**44,662**	28,860
Warehousing		**–**	233,074
Others		**394,776**	469,674
		$952,751	$1,881,543

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	**2021**	2020
Local banks	USD	2.25% to 9.59%	**$10,795,942**	$11,886,292
Current portion of long-term loans			**501,098**	6,550
			$11,297,040	$11,892,842

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 and transportation equipment as follows:

	Note	**2021**	2020
Trade receivables	5	**$1,914,829**	$1,431,864
Transportation equipment	9	**–**	1,642
		$1,914,829	$1,433,506

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

	2021	2020
Local banks	**$1,417,765**	$1,507,701
Less current portion	**501,098**	6,550
	$916,667	$1,501,151

Loans from local banks bear annual interest rates ranging from 3.55% to 9.25%.

Loan Security. The long-term loans are secured by transportation equipment with carrying amounts of $1,630 and $6,521 as at December 31, 2021 and 2020 respectively (see Note 9).

Interest Expense

Interest expense is recognized from the following:

	Note	**2021**	2020	2019
Short-term loans		**$435,535**	$720,290	$1,775,591
Due to Parent Company	13	**96,117**	115,118	63,927
Long-term loans		**42,912**	92,366	21,123
Lease liabilities	22	**29,256**	45,383	56,475
Notes payable	13	**–**	–	62,110
		$603,820	$973,157	$1,979,226

Interest expense on lease liabilities amounting to $20,667, $32,644 and $40,919 in 2021, 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.

		Amount of Transaction		Outstanding Balance	
Related Party	Note	**2021**	2020	**2021**	2020
Trade Receivables	5				
Joint venture		**$–**	$–	**$234,185**	$234,185
Due from Related Parties					
Subsidiaries		**($608,922)**	($1,274,628)	**$10,568,873**	$11,177,795
Allowance for impairment loss		**(29,575)**	446,182	**(6,232,707)**	(6,203,132)
				$4,336,166	$4,974,663
Other Noncurrent Assets					
Joint ventures	10	**$–**	$–	**$2,463,524**	$2,463,524
Subsidiary		**(101,537)**	89,788	**1,624,064**	1,725,601
Allowance for impairment loss		**–**	–	**(2,463,524)**	(2,463,524)
				$1,624,064	$1,725,601
Trade Payables	11				
Joint venture		**$–**	($172,898)	**$260,957**	$260,957
Parent Company		**–**	(163,300)	**–**	–
				$260,957	$260,957
Due to Parent Company		**($108,916)**	$178,748	**$2,069,832**	$2,178,748

Trade Receivables. The receivable from FDCP pertains to return of purchased tin cans with damages.

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 in 2020.

Interest income recognized on these advances follows (see Note 4):

Due from:	Interest Rate	**2021**	2020	2019
BGB	1.00%-3.00%	**$38,470**	$79,286	$97,985
Akaroa	7.00%	**11,806**	14,162	21,128
AMHI	7.50%	**4,191**	15,216	13,480
		$54,467	$108,664	$132,593

The Company has a management agreement with Spence. Management fees amounted to $343,264 in 2019 (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. The outstanding balances are unsecured, noninterest-bearing and have no repayment terms. These are settled in cash, except for rental payable amounting to $154,904 and $148,074 which was offset against due from AMHI in 2021 and 2020, 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 in 2019 (see Note 12).

Due to Parent Company. 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 $96,117, $115,118 and $63,927 in 2021, 2020 and 2019, 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 $486,863, $477,162, and $496,178 in 2021, 2020 and 2019, respectively. Post-employment benefits amounted to $277,790, $33,446 and $36,744 in 2021, 2020 and 2019, 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, 2021 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):

	2021	2020	2019
Service cost:			
Current service cost	**$73,295**	$41,579	$80,279
Net interest expense	**11,970**	21,287	9,546
	$85,265	$62,866	$89,825

The amounts of net retirement benefit obligation presented in the separate statements of financial position are as follows:

	2021	2020
Present value of defined benefit obligation	**$435,459**	$376,401
Fair value of plan assets	**(36,696)**	(43,612)
	$398,763	$332,789

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

	2021	2020
Balance at beginning of year	**$376,401**	$311,912
Current service cost	**73,295**	41,579
Unrealized foreign exchange loss (gain)	**(21,893)**	16,965
Interest cost	**11,970**	24,436
Retirement benefits paid	**(4,314)**	–
Remeasurement loss (gain):		
Arising from experience adjustments	**–**	(123,026)
Arising from changes in financial assumptions	**–**	104,535
Balance at end of year	**$435,459**	$376,401

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

	2021	2020
Balance at beginning of year	**$43,612**	$40,182
Retirement benefits paid	**(4,314)**	–
Unrealized foreign exchange gain (loss)	**(2,468)**	2,185
Loss on plan assets	**(1,522)**	(1,903)
Interest income	**1,388**	3,148
Balance at end of year	**$36,696**	$43,612

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

	2021	2020
Cash	**$3,128**	$165
Debt instruments	**33,674**	43,447
Other assets	**5**	62
Fees payables	**(76)**	(4)
Withholding taxes payable	**(35)**	(58)
	$36,696	$43,612

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

	2021	2020	2019
Discount rate	**3.82%**	3.82%	5.05%
Expected rate of salary increases	**5.00%**	5.00%	6.00%

The sensitivity analysis on the defined benefits obligations is as follows:

	Basis Points	**2021**	**2020**
Discount rate	+1.00%	**($53,921)**	**($46,159)**
	-1.00%	**65,570**	**56,131**
Salary increase rate	+1.00%	**63,653**	**54,490**
	-1.00%	**(53,800)**	**(46,055)**
Employee turnover	+1.00%	**8,513**	**7,288**
	-1.00%	**(8,513)**	**(7,288)**

The cumulative remeasurement gain on retirement benefit obligation recognized in other comprehensive income follows:

	Cumulative Remeasurement Gain	**Deferred Tax**	**Net**
Balance as at January 1, 2021	**$164,740**	**($49,422)**	**$115,318**
Change in tax rate	**–**	**8,237**	**8,237**
Balance as at December 31, 2021	**$164,740**	**($41,185)**	**$123,555**
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

The table below shows the maturity profile of the undiscounted benefit payments as at December 31, 2021:

	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, 2021 and 2020.

15. Equity

Details of the Company's capital stock as at December 31, 2021 and 2020 are as follows:

	Shares	Amount
Authorized		
Ordinary shares at ₱0.50 par value	3,000,000,000	₱1,500,000,000
Issued and Outstanding		
Issued	2,500,000,000	$26,823,389
Treasury stock at cost	(287,537)	(5,774)
Issued and outstanding	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

As at December 31, 2021 and 2020, APIC amounted to $1.49 million.

The Company has 237 and 240 stockholders as at December 31, 2021 and 2020, 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:

	2021	2020
Debt	**$18,325,331**	$22,234,932
Equity	**22,360,769**	22,019,703
Debt-to-Equity Ratio	**0.82:1**	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, 2021 and 2020.

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:

	2021	2020	2019
Canned tuna	**$29,201,221**	$51,766,126	$59,589,381
By-products	**2,254,147**	2,042,190	2,342,071
Whole fish	**871,486**	231,544	300,733
	$32,326,854	$54,039,860	$62,232,185

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:

	2021	2020	2019
International	**$29,170,529**	$51,549,428	$59,508,091
Local	**3,156,325**	2,490,432	2,724,094
	$32,326,854	$54,039,860	$62,232,185

17. Cost of Goods Sold

This account consists of:

	Note	**2021**	2020	2019
Raw materials used		**$22,260,065**	$38,701,735	$49,914,051
Direct labor	20	**2,261,135**	4,408,028	4,568,102
Manufacturing overhead:				
Warehousing		**1,538,469**	2,029,501	1,926,508
Indirect labor		**934,607**	1,548,884	1,315,670
Depreciation and amortization	9	**779,411**	650,515	485,259
Rental	22	**528,720**	7,821	6,908
Fuel		**411,517**	552,683	644,972
Light and water		**290,769**	549,144	585,328
Others		**804,368**	455,566	798,895
Total manufacturing costs		**29,809,061**	48,903,877	60,245,693
Finished goods, beginning	6	**5,357,002**	9,020,914	6,107,992
Total cost of goods manufactured		**35,166,063**	57,924,791	66,353,685
Finished goods, ending	6	**(4,546,026)**	(5,357,002)	(9,020,914)
		$30,620,037	$52,567,789	$57,332,771

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	**2021**	2020	2019
Salaries, wages and other benefits	20	**$1,109,118**	$1,178,194	$1,161,195
Outside services		**996,102**	1,165,137	556,632
Taxes and licenses		**205,682**	391,325	503,993
Insurance		**161,624**	103,557	92,621
Rental and utilities		**148,421**	223,644	179,762
Representation and entertainment		**113,802**	315,236	239,368
Loss on inventory write-down	6	**118,176**	1,384,937	874,601
Advertising, marketing and commission		**107,600**	146,280	253,206
Retirement benefit costs	14	**85,265**	62,866	89,825
Customs, brokerage and demurrage		**82,659**	1,200,486	468,220
Depreciation and amortization	9	**81,686**	90,291	99,479
Freight and transportation		**76,292**	416,587	172,204
Materials and supplies		**21,440**	28,674	27,207
Provision for impairment loss on trade and other receivables	5	**9,295**	46,500	–
Donations		**3,427**	74,400	–
Others		**115,667**	408,511	78,564
		$3,436,256	$7,236,625	$4,796,877

19. Other Income (Charges)

This account consists of:

	Note	**2021**	2020	2019
Dividend income	8	**$1,188,376**	$–	$–
Unrealized foreign exchange gain (loss)		**97,403**	(145,127)	(128,697)
Bank charges		**(93,677)**	(179,353)	(270,469)
Gain (loss) on:	9			
Retirement of property and equipment		**(71,111)**	–	–
Disposal of transportation equipment		**–**	–	3,110
Interest income	4	**58,251**	110,220	138,094
Realized foreign exchange gain (loss)		**13,230**	(53,586)	416,725
Management fees	13	**6,474**	–	343,264
Others - net		**403,434**	(150,990)	68,972
		$1,602,380	($418,836)	$570,999

20. Salaries, Wages and Other Benefits

This account consists of:

	Note	**2021**	2020	2019
Short-term employee benefits	17,18	**$3,370,253**	$5,586,222	$5,729,297
Post-employee benefits	14	**85,265**	62,866	89,825
		$3,455,518	$5,649,088	$5,819,122

21. Income (Loss) Per Share

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

	2021	2020	2019
Net income (loss) for the year	**$332,829**	($8,469,381)	($1,424,314)
Weighted average number of ordinary shares outstanding	**2,499,712,463**	2,499,712,463	2,499,712,463
	$0.00013	($0.00339)	($0.00057)

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury stock.

In 2021, 2020 and 2019, 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	**2021**	2020	2019
Cost of goods sold	17	**$528,720**	$7,821	$6,908
Selling and administrative expenses		**112,549**	165,516	124,261
		$641,269	$173,337	$131,169

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, 2017, 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. The contract was renewed in 2018 with same terms.

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 $1.70 million and $1.74 million as at December 31, 2021 and 2020, 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	**2021**	2020
Balance at beginning of year		**$417,809**	$547,604
Offsetting with due from a related party		**(154,904)**	(148,074)
Rental payments		**(55,091)**	(52,662)
Interest	12	**29,256**	45,383
Effect of foreign exchange loss (gain)		**(19,113)**	25,558
Balance at end of year		**217,957**	417,809
Less current portion		**203,689**	186,341
Noncurrent portion		**$14,268**	$231,468

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	**2021**	2020	2019
Rental		**$641,269**	$173,337	$131,169
Amortization	9	**153,098**	153,098	153,098
Interest	12	**29,256**	45,383	56,475
		$823,623	$371,818	$340,742

The future minimum lease payments and present value as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	Minimum Lease Payments	**Present Value**	Minimum Lease Payments	Present Value
Within one year	**$214,060**	**$203,689**	$216,505	$186,341
After one year but not more than five years	**14,382**	**14,268**	242,603	231,468
	228,442	**217,957**	459,108	417,809
Finance charges	**(10,485)**	**–**	(41,299)	–
	$217,957	**$217,957**	$417,809	$417,809

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 started partnering 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 2020, in light of the pandemic, the 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 in the light of the pandemic. In 2021, the Company continued its support to the school by donating materials for their water connection system.

24. Income Taxes

Current Tax

The current income tax expense in 2021, 2020 and 2019 represents MCIT amounting to $20,282 $28,631 and $135,944, 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% 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 retrospectively became effective beginning July 1, 2020.

The income tax rates used in preparing the separate financial statements as at and for the year ended December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively.

The effects of the reduction in tax rates were applied in the 2021 tax expense, as required by PAS 12, *Income Tax*es. Details of adjustments are as follows:

	Current	Deferred	Total
Income tax expense	$27,439	($1,353,937)	($1,326,498)
Effect of change in tax rate	(7,157)	1,596,190	1,589,033
Adjusted income tax expense	$20,282	$242,253	$262,535

Deferred Tax

The components of the Company's net deferred tax assets are as follows:

	2021	2020
Allowance for impairment losses on:		
Other noncurrent assets	**$4,097,895**	$4,917,474
Due from PT IAFI	**1,558,177**	560,939
Receivables	**131,474**	209,894
Property, plant and equipment	**25,352**	30,422
Allowance for inventory write-down	**359,803**	613,295
Retirement benefit obligation recognized in:		
Profit or loss	**99,691**	99,837
Other comprehensive income	**(15,252)**	(17,895)
Unrealized foreign exchange loss (gain)	**(24,351)**	46,217
Excess of amortization and interest over rental payments	**(1,993)**	12,866
	$6,230,796	$6,473,049

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:

	2021	2020
NOLCO	**$1,827,651**	$1,726,326
MCIT	**184,857**	327,392
Allowance for impairment of Due from PTI AFI	**–**	1,300,000
	$2,012,508	$3,353,718

As at December 31, 2021, the Company has NOLCO amounting to $1.56 million and $5.75 million which can be claimed as deduction from taxable income until 2026 and 2025, respectively.

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	Change in tax rate	Balance	Expiry Year
2021	$27,439	$–	$–	$27,439	2024
2020	28,631	–	(7,157)	21,474	2023
2019	135,944	–	–	135,944	2022
2018	162,817	(162,817)	–	–	2021
	$354,831	($162,817)	($7,157)	$184,857	

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate and at effective income tax rate follows:

	2021	2020	2019
Provision for (benefit from) income tax computed at statutory tax rate	**$148,841**	($2,137,171)	($84,233)
Change in tax rates	**1,589,033**	–	–
Change in unrecognized deferred tax assets	**(1,341,210)**	3,217,774	(9,056)
Tax effects of:			
Nontaxable income	**(297,094)**	–	–
Interest income already subjected to final tax	**(946)**	(467)	(1,650)
Nondeductible expenses	**857**	170,188	681
Nondeductible interest expense	**237**	193	–
Expired NOLCO	**–**	–	1,237,375
Expired MCIT	**162,817**	94,961	420
Provision for income tax computed at effective tax rate	**$262,535**	$1,345,478	$1,143,537

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, 2021 and 2020.

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash	**$4,345,932**	**$4,345,932**	$2,036,583	$2,036,583
Trade and other receivables	**4,376,082**	**4,376,082**	4,358,766	4,358,766
Due from related parties	**4,336,166**	**4,336,166**	4,974,663	4,974,663
Refundable lease deposits	**1,699,263**	**1,699,263**	1,738,885	1,738,885
	$14,757,443	**$14,757,443**	$13,108,897	$13,108,897
Financial Liabilities				
At amortized cost:				
Trade and other payables*	**$3,122,186**	**$3,122,186**	$5,815,246	$5,815,246
Loans payable	**12,213,707**	**12,213,707**	13,393,993	13,393,993
Lease liabilities	**217,957**	**217,957**	417,809	417,809
Due to Parent Company	**2,069,832**	**2,069,832**	2,178,748	2,178,748
	$17,623,682	**$17,623,682**	$21,805,796	$21,805,796

**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) and Due to Parent Company. The carrying amounts of these financial instruments (except 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.

Refundable Lease Deposits, Lease Liabilities and Loans Payable. The fair value of these financial assets and liabilities approximate the carrying amounts. Management assessed that the effect of discounting is not material. 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 2021, 2020 and 2019.

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.

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:

	2021		2020	
	Philippine Peso	**U.S. Dollar Equivalent**	Philippine Peso	U.S. Dollar Equivalent
Cash	**₱13,970,430**	**$273,930**	₱35,105,870	$731,022
Trade and other receivables	**20,834,724**	**408,524**	8,750,415	182,213
Due from related parties	**125,854,383**	**2,467,733**	118,507,942	2,467,733
Refundable lease deposits	**83,506,474**	**1,699,263**	83,506,474	1,783,885
Trade and other payables*	**39,268,674**	**769,974**	70,264,180	1,463,136
Lease liabilities	**11,115,807**	**217,957**	20,064,442	417,809
Loans payable	**55,998**	**1,098**	808,611	16,838
Due to Parent Company	**105,561,432**	**2,069,832**	104,630,000	2,178,748

** 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 2% and 4% change in USD exchange rates, with all other variables held constant, in 2021 and 2020, respectively:

	Effect on Income Before Tax	
	2021	2020
Cash	**$5,479**	$31,434
Trade and other receivables	**8,170**	7,835
Due from related parties	**49,355**	106,113
Refundable lease deposits	**33,985**	74,772
Trade and other payables*	**(15,399)**	(62,915)
Lease liabilities	**(4,359)**	(17,966)
Loans payable	**(22)**	(724)
Due to Parent Company	**(40,000)**	(80,000)
	$37,209	$58,549

**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 Company does not have any variable interest financial instruments carried at amortized cost as at December 31, 2021 and 2020.

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:

	2021	2020
Cash in banks	**$4,344,349**	$2,033,688
Trade and other receivables	**4,901,977**	5,058,413
Due from related parties	**10,568,873**	11,177,795
Receivable from WCFI	**2,183,281**	2,183,281
Refundable lease deposits	**1,699,263**	1,738,885
	$23,697,743	$22,192,062

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.

	Neither Past Due nor Impaired			
	High Grade (12-month ECL)	**Standard Grade (Lifetime ECL - not credit-impaired)**	**Impaired (Lifetime ECL - credit impaired)**	**Total**
Cash in banks	**$4,344,349**	**$–**	**$–**	**$4,344,349**
Trade and other receivables	**–**	**4,376,082**	**525,895**	**4,901,977**
Due from related parties	**–**	**4,336,166**	**6,232,707**	**10,568,873**
Receivable from WCFI	**–**	**–**	**2,183,281**	**2,183,281**
Refundable lease deposits	**1,699,263**	**–**	**–**	**1,699,263**
	$6,043,612	**$8,712,248**	**$8,941,883**	**$23,697,743**

	Neither Past Due nor Impaired			
	High Grade (12-month ECL)	Standard Grade (Lifetime ECL - not credit-impaired)	Impaired (Lifetime ECL - credit impaired)	Total
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	–	4,974,663	6,203,132	11,177,795
Receivable from WCFI	–	–	2,183,281	2,183,281
Refundable lease deposits	1,738,885	–	–	1,738,885
	$3,772,573	$9,333,429	$9,086,060	$22,192,062

As at December 31, 2021 and 2020, 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, due from related parties and receivable from WCFI 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.

- *Impaired.* Impaired 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, 2021			
	Contractual Cash Flows			
	Weighted Average Effective Interest Rate	**Less than 1 Year**	**1 to 5 Years**	**Total**
Trade and other payables*	**–**	**$3,122,186**	**$–**	**$3,122,186**
Loans payable	**2.25% - 3.55%**	**11,297,040**	**916,667**	**12,213,707**
Lease liabilities	**9.54%**	**214,060**	**14,382**	**228,442**
Due to Parent Company	**4.57% - 6.31%**	**2,069,832**	**–**	**2,069,832**
Future interest	**2.25% - 9.59%**	**125,289**	**78,034**	**203,323**
		$16,828,407	**$1,009,083**	**$17,837,490**

** Excluding customers' deposits and statutory payable*

	December 31, 2020			
	Contractual Cash Flows			
	Weighted Average Effective Interest Rate	Less than 1 Year	1 to 5 Years	Total
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*

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	**Availments**	**Payments**	**Interest Expense**	**Foreign Exchange Loss**	**Offsetting**	**2021**
Loans payable	**$13,393,993**	**$32,142,216**	**($33,322,502)**	**$–**	**$–**	**$–**	**$12,213,707**
Due to Parent Company	**2,178,748**	**–**	**–**	**–**	**(108,916)**	**–**	**2,069,832**
Lease liabilities	**417,809**	**–**	**(55,091)**	**29,256**	**(19,113)**	**(154,904)**	**217,957**
Interest payable	**28,860**	**–**	**(558,762)**	**574,564**	**–**	**–**	**44,662**
	$16,019,410	**$32,142,216**	**($33,936,355)**	**$603,820**	**($128,029)**	**($154,904)**	**$14,546,158**

		Financing Cash Flows		Non-cash Changes			
	2019	Availments	Payments	Interest Expense	Foreign Exchange Loss	Offsetting	2020
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

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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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 3104-A, West Tower
Philippine Stock Exchange
Exchange Road, Ortigas Ave., 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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, on which we have rendered our report dated April 13, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two hundred twenty-two (222) and two hundred twenty-five (225) stockholders owning one hundred (100) or more shares each as at December 31, 2021 and 2020, respectively.

REYES TACANDONG & CO.

WILSON P. TEO
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Tax Identification No. 191-520-944-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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. 8851714
Issued January 3, 2022, Makati City

April 13, 2022
Makati City, Metro Manila

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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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, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 13, 2022. 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, 2021 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 April 13, 2024
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. 8851714
Issued January 3, 2022, Makati City

April 13, 2022
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, 2021

Deficit available for dividend declaration at beginning of year, as adjusted	($11,722,661)
Less net loss actually realized during the year:	
Net income during the year closed to retained earnings	332,829
Movement in deferred tax assets	242,253
Deficit available for dividend declaration at end of year	($12,297,743)

Reconciliation:	
Deficit at end of year	($6,066,947)
Net deferred tax assets at end of year	(6,230,796)
Deficit available for dividend declaration at end of year	($12,297,743)