



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. CS200319138

CERTIFICATE OF INCREASE OF CAPITAL STOCK

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the certificate of increase of capital stock of the

ALLIANCE TUNA INTERNATIONAL, INC.

copy annexed, from P300,000,000.00 divided into 300,000,000 shares with the par value of P1.00 each, to P700,000,000.00 divided into 700,000,000 shares with the par value of P1.00 each, approved by majority of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on December 14, 2005 certified to by the Chairman and the Secretary of the stockholders' meeting and a majority of the Board of Directors of the corporation, was approved by the Commission on the date indicated hereunder in accordance with the provision of Section 38 of the Corporation Code of the Philippines (Batas Pambansa Blg. 68), approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 17th day of July, Two Thousand Six.


BENITO A. CATARAN
Director

Company Registration and Monitoring Department

OK FOR PAYMENT

P
FAAD CPRD

COVER SHEET

Atty. Rana

BY ACD BY
DATE 6-19-06 DATE

CS 2003191380
S.E.C. Registration Number

CRMD

ALLIANCE
TUNA
INTERNATIONAL
INC.

(Company's Full Name)

SUITE 1205 EAST TOWER PHILIP
PINE STOCK EXCHANGE CENTRE

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

Exchange Road, Ortigas Center, Pasig City 1605

0417-8072209 JUEL

Ma. Erlinda R. Calañi / Grace Bogillo

Contact Person

(02) 635-5241 to 44

Company Telephone Number

12-31

Month Day

Fiscal Year

1A-AM - ABZ

FORM TYPE

Any day of March

Month Day

Annual Meeting

Secondary License Type, if Applicable

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

AMENDED ADI FB/LAUS

Amended Articles Number/Section

9

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

101-2006-0000-123

File Number

AM 2006-0000-124

Document I.D.

RECORDS
LCR: 100

Cashier

ICS = 400M

FF = 800,000.

URF = 8,000.

ABZ = 510

808,910

510 AMI

809,000

STAMPS

NOTE:

1. WITH FOREIGN EQUITY

2. WITH OTHER AMENDMENTS

ALL ENTITIES

Bank
6-21-06
ACD
6-21-06
5-15-06

6-20

SEC 9:20:06-20-2006913

0006407115 #

CENTRAL RECEIVING
UNIVERSITY
Received by *[Signature]*

'06 JUN 20 A9:33

Mr. Obediente
5/23

**CERTIFICATE OF INCREASE OF CAPITAL STOCK
OF
ALLIANCE TUNA INTERNATIONAL, INC.**

KNOW ALL MEN BY THESE PRESENTS:

That, we, the undersigned, the Chairman and the Secretary of the stockholder's meeting and majority of the members of the Board of Directors of the above-named corporation, organized and existing under and by virtue of the laws of the Philippines do hereby CERTIFY:

1. That at the meeting of the stockholders of the said corporation held at the principal office on December 14, 2005, at which meeting there was a quorum, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock in person or by proxy, approved the increase of the corporation's authorized capital stock from Three Hundred Million Pesos

(P 300,000,000.00)
divided into Three Hundred Million

(300,000,000)

shares, with a par value of One peso (P 1.00)

per share to SEVEN HUNDRED MILLION PESOS

(P 700,000,000.00)

divided into Seven Hundred Million

(700,000,000)

shares with a par value of One peso (P 1.00) per share;

2. That the increase was likewise approved by at least majority of the directors at the meeting held on December 14, 2005;

3. That of the net increase in the authorized capital stock of Four Hundred Million Pesos (P 400,000,000.00)

the amount of One Hundred One Million Ninety-nine Thousand

Six Hundred Ten Pesos (P 101,099,610.00)

has been actually subscribed by the subscribers indicated hereunder, and of said subscription,

the amount of One Hundred One Million Ninety-nine Thousand

Six Hundred Ten Pesos (P 101,099,610.00)

[Signature]

has been actually paid in ~~cash / real property / machineries and equipment /~~ stock dividend /
~~via conversion of liabilities into equity~~; as follows:

<u>Name of Subscriber</u>	<u>Nationality</u>	<u>Subscribed</u>		<u>Amount Paid (stock dividend)</u>
		<u>No. of Shares</u>	<u>Amount</u>	
1. Alliance Pilipinas International Holdings, Inc.	<u>Thai</u>	79,679,999	79,679,999.00	79,679,999.00
2. Mingjing Holdings, Inc.	Fil	21,384,120	21,384,120.00	21,384,120.00
3. Alvin Y. Dee	Fil	9,960	9,960.00	9,960.00
4. Jonathan Y. Dee	Fil	9,960	9,960.00	9,960.00
5. Joanna Dee-Laurel	Fil	9,959	9,959.00	9,959.00
6. San Lorenzo Ruiz Fishing Industry, Inc.	Fil	5,612	5,612.00	5,612.00
Total		<u>101,099,610</u>	<u>101,099,610.00</u>	<u>101,099,610.00</u>

4. That the actual indebtedness of the corporation as of the date of the stockholder's meeting amounts to Php 159,739,917

5. That no bonded indebtedness has been incurred, created or increased as of the date of the stockholders' meeting;

6. That the requirements of Sec. 38 of the Corporate Code of the Philippines has been complied with;

Republic of the Philippines)
MARIKINA CITY) S.S.

TREASURER'S AFFIDAVIT

JOANNA DEE-LAUREL, after first being sworn deposes and says:

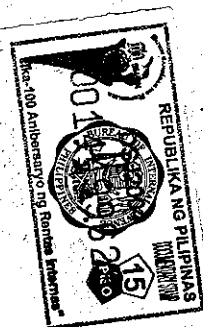
That he/she was elected treasurer by the stockholders of ALLIANCE TUNA INTERNATIONAL, INC., to act as such until his/her successor has been duly elected and qualified in accordance with the by-laws of the corporation, and that he/she has been authorized to receive for the corporation all subscriptions paid in by the subscribers for the capital; that out of the net increase in capital stock, shares worth One Hundred One Million Ninety-nine Thousand Six Hundred Ten Pesos (P 101,099,610.00) has been actually subscribed and that of said subscription, One Hundred One Million Ninety-nine Thousand Six Hundred Ten Pesos (P 101,099,610.00) in cash / ~~real property / machineries and equipment / stock dividend / via conversion of liabilities into equity~~, has been actually paid to him/her for the benefit and to the credit of the corporation; and that at least twenty-five per centum (25%) of the net increase in authorized capital has been subscribed and that at least twenty-five per centum (25%) of such subscription has been actually paid to him for the benefit and to the credit of the corporation and that said payment represents fresh and additional paid in capital of the corporation.

Joanna Dee-Laurel
JOANNA DEE-LAUREL

TREASURER

SUBSCRIBED AND SWORN to before me this 23 day of MAY 2006
affiant exhibiting to me his Community Tax Certificate No. 09774833 issued at
Mandaluyong City on January 06, 2006

Doc. No. 012;
Page No. 63;
Book No. 464;
Series of 2006

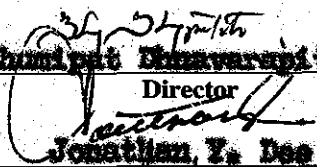


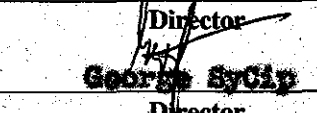
NOTARY PUBLIC

M. S. ...
ATTY. ...
NOTARY PUBLIC
PTR No. ...
Roll No. 33948

IN WITNESS WHEREOF, we have hereunto set our hands this MAY 22 2006 day of _____

20 _____, at PAGE CITY, Philippines.


Jonathan Y. Deo
Director

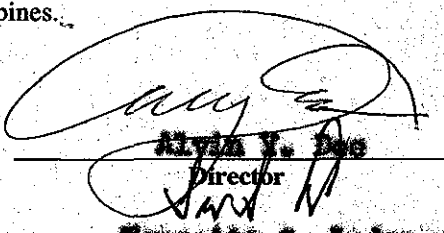

George SyCip
Director

Director

Director

Director

Director


Teresita S. Ladanga
Director

Director

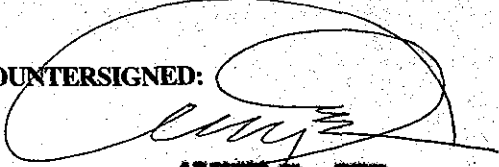
Director


Director

Director

Director

COUNTERSIGNED:


ALVIN Y. DEO
CHAIRMAN OF STOCKHOLDERS' MEETING


NA. ERLYNDA B. CALAROT
SECRETARY OF STOCKHOLDERS' MEETING

* PRINT NAME BELOW THE SIGNATURE.



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. **CS200319138**

**CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION**

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the amended articles of incorporation of the

ALLIANCE TUNA INTERNATIONAL, INC.
[Amending Articles VI and VII thereof]

copy annexed, adopted on June 06, 2006 and December 14, 2005 by a majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock and certified under oath by the Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 17th day of July, Two Thousand Six.


BENITO A. CATARAN
Director

Company Registration and Monitoring Department

**AMENDED ARTICLES OF INCORPORATION
OF
ALLIANCE TUNA INTERNATIONAL, INC.
(Name of Corporation)**

Know All Men By These Presents:

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a stock corporation under the laws of the Republic of the Philippines.

THAT WE HEREBY CERTIFY:

FIRST: That the name of this corporation shall be:

ALLIANCE TUNA INTERNATIONAL, INC.

SECOND: A. That the primary purpose of this corporation is to engage in the business of manufacturing goods such as CANNED TUNA & OTHER PROCESSED SEAFOODS and to trade the same on wholesale basis.

B. That the corporation shall have all the express powers of a corporation as provided for under Section 36 of the Corporation Code of the Philippines.

THIRD: That the place where the principal office of the corporation is to be established is at:

Suite 1205, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center,
Pasig City, Metro Manila.

FOURTH: That the term for which the corporation is to exist is fifty (50) years from and after the date of issuance of the certificate of incorporation.

FIFTH: That the names, nationalities, and residences of the incorporators are as follows:

Name	Nationality	Residence (Complete Address)
Alvin Y. Dee	Filipino	1205 East Tower PSEC, Ortigas Center, Pasig City
Jonathan Y. Dee	Filipino	1205 East Tower PSEC, Ortigas Center, Pasig City
Joanna Dee-Laurel	Filipino	1205 East Tower PSEC, Ortigas Center, Pasig City
Teresita S. Ladanga	Filipino	1205 East Tower PSEC, Ortigas Center, Pasig City
Arak Ratboriharn	Thai	3300/12 Elephant Tower, Tower A 14/F, Phaholyothin Road, Chatujak, Bangkok, Thailand

SIXTH: That the number of directors of the corporation shall be seven (7), two (2) of whom shall be independent. (As amended on June 6, 2006)

SEVENTH: That the authorized capital stock of the corporation is SEVEN HUNDRED MILLION PESOS (Php700,000,000.00) in lawful money of the Philippines, divided into Seven Hundred Million (700,000,000) shares, with the par value of One Peso (Php1.00) per share. (As amended on January 19, 2004 and further amended on December 14, 2005)

No stockholders of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital or its treasury stock. (As amended on June 6, 2006)

EIGHT: That the subscribers to the capital stock and the amount paid-in to their subscriptions are as follows:

Name	Nationality	No. of shares Subscribed	Amount Subscribed	Amount Paid
Alvin Y. Dee	Filipino	20,000	P 20,000.00	P 20,000.00

Jonathan Y. Dee	Filipino	20,000	20,000.00	20,000.00
Joanna Dee-Laurel	Filipino	19,999	19,999.00	19,999.00
Teresita S. Ladanga	Filipino	1	1.00	1.00
Arak Ratboriharn	Thai	340,000	340,000.00	40,000.00
Total		400,000	P 400,000.00	P 100,000.00

NINTH: That JOANNA DEE-LAUREL has been elected by the subscribers as Treasurer of the corporation to act as such until her successor is duly elected and qualified in accordance with the by-laws; and that as such Treasurer, she has been authorized to receive for and in the name and for the benefit of the corporation, all subscriptions paid by the subscribers.

TENTH: That the corporation manifests its willingness to change its corporate name in the event another person, firm or entity has acquired a prior right to use the said firm name or one deceptively or confusingly similar to it.

IN WITNESS WHEREOF, we have set our hands this 25th day of August 2003 at Pasig City, Metro Manila.

(Sgd.)
ALVIN Y. DEE

(sgd.)
JONATHAN Y. DEE

(Sgd.)
JOANNA DEE-LAUREL

(sgd.)
TERESITA S. LADANGA

(Sgd.)
ARAK RATBORIHARN

WITNESSES:

(Sgd.)

(Sgd.)

ACKNOWLEDGMENT

Republic of the Philippines } S.c.
Pasig City }

BEFORE ME, a Notary Public in and for Pasig City, Philippines, this 25th day of August, 2003 personally appeared:

<u>Name</u>	<u>Comm. Tax Cert. No.</u>	<u>Date & Place Issued</u>
Alvin Y. Dee	02191479	01.06.03/Mandaluyong City
Jonathan Y. Dee	02191480	01.06.03/Mandaluyong City
Joanna Dee-Laurel	02191481	01.06.03/Mandaluyong City
Teresita S. Ladanga	23421483	03.26.03/Marikina City
Arak Ratboriharn	Passport # E545253	12.02.02/Bangkok, Thailand

all known to me and to me known to be the same persons who executed the foregoing Article of Incorporation and they acknowledged to me that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above written.

(Sgd.)

MARIA ROSARIO Z. DEL ROSARIO
Notary Public Until December 31, 2004
PTR No. 1589324; Pasig City; 4-09-03
IBP No. 584900; Rizal Chapter; 3-12-03

Doc. No. 135 ;
Page No. 28 ;
Book No. I ;
Series of 2003.



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. **CS200319138**

**CERTIFICATE OF FILING
OF
AMENDED BY-LAWS**

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

ALLIANCE TUNA INTERNATIONAL, INC.

copy annexed, adopted on June 06, 2006 by a majority vote of the Board of Directors and by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 17th day of July, Two Thousand Six.


BENITO A. CATARAN
Director

Company Registration and Monitoring Department

**AMENDED BY-LAWS OF
ALLIANCE TUNA INTERNATIONAL, INC.**

ARTICLE I

SUBSCRIPTION, ISSUANCE AND TRANSFER OF SHARES

Section 1. *Subscriptions* – Subscribers to the capital stock of the corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscriptions shall not earn interest unless determined by the Board of Directors.

No stockholders of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital or its treasury stock. (As amended on June 6, 2006) ✓

Section 2. *Certificate* – The stockholders shall be entitled to one or more certificates for fully paid stock subscription in his name in the books of the corporation. The certificates shall contain the matters required by law and the Articles of Incorporation. They shall be in such form and design as may be determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the President, countersigned by the Secretary or Assistant Secretary, and sealed with the corporate seal.

Section 3. *Transfer of Shares* – Subject to the restrictions, terms and conditions contained in the Articles of Corporation, shares may be transferred, sold, assigned, or pledged by delivery of the certificates duly indorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfer shall be valid and binding on the corporation only upon record thereof in the books of the corporation. The Secretary shall cancel the stock certificates and issue new certificates to the transferee.

No share of stock against which the corporation holds unpaid claim shall be transferable in the books of the corporation.

All Certificates surrendered for transfer shall be stamped “Cancelled” on the face thereof, together with the date of cancellation, and attached to the corresponding stub with the certificate book.

Section 4. *Lost Certificates* – In case any stock certificate is lost, stolen, or destroyed, a new certificate may be issued in lieu thereof in accordance with the procedure prescribed under Section 73 of the Corporation Code.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. *Annual / Regular Meetings* - The annual/regular meetings of stockholders shall be held at the principal office every 15th day of June of each year, if a legal holiday, then on the day following.

Section 2. *Special Meeting* - The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) President.

Section 3. *Place of Meeting* - Stockholders meetings, whether regular or special, shall be held in the principal office of the corporation or at any place designated by the Board of Directors in the city or municipality where the principal office of the corporation is located.

Section 4. *Notice of Meeting* - Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known address. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 5. *Quorum* - Unless otherwise provided by law, in all regular or special meetings of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

Section 6. *Conduct of Meeting* - Meeting of the stockholders shall be presided over by the President, or in his absence, by a chairman to be chosen by the stockholders. The Secretary shall act as Secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting.

Section 7. *Manner of Voting* - At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary before the time set for the meeting. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and

recorded with the Secretary, prior to a scheduled meeting or by their personal presence at the meeting.

Section 8. Closing of Transfer Books or fixing of Record Date – For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed for ten (10) working days immediately preceding such meeting.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Powers of the Board – The corporate powers, business and property of the corporation shall be exercised, conducted and controlled by the Board of seven (7) Directors elected annually at the regular meeting of the stockholders and by officers elected by said Board. The Board of Directors shall also have the following powers: (as amended on June 6, 2006)

- (a) From time to time, make and change rules and regulations not inconsistent with these by-laws for the management of the corporation's business and affairs.
- (b) To purchase, receive, take or otherwise acquire for and in the name of the Corporation, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient.
- (c) To invest the funds of the Corporation in other corporations or for purposes other than those for which the Corporation was organized, subject to such stockholders' approval as may be required by law.
- (d) To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness including without limitation, notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders' approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the Corporation.
- (e) To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the Corporation.

- (f) To prosecute, maintain, defend, compromise or abandon any lawsuit in which the Corporation or its officers are either plaintiffs or defendants in connection with the business of the Corporation.
- (g) To delegate, from time to time, any of the powers of the Board which may be lawfully delegated in the course of the current business of the Corporation to any standing or special committee or to any officer or agent, and to appoint any agent of the Corporation with such powers and upon such terms as may be deemed fit.
- (h) To implement these by-laws and to act on any matter not covered by these by-laws, provided such matter does not require the approval or consent of the stockholders under the Corporation Code.
- (i) To create, by a resolution passed by a majority of all members of the Board, an Executive Committee of three (3) members, which may be composed of the Chairman of the Board, the Vice-Chairman, the President and Chief Executive Officer. (As amended on as amended on June 6, 2006)

The Executive Committee, when the Board is not in session, shall have and may exercise the powers of the Board in the management of the business and affairs of the Corporation. The Board shall have the power at any time to remove and replace the members of, and fill vacancies in, the Executive Committee. (As amended on June 6, 2006)

- (j) To create, by resolution passed by a majority of all members of the Board, one or more standing or special committees of directors with such powers and duties as may be specified in the enabling resolution which shall include but shall not be limited to a Nomination Committee, Audit Committee and Compensation and Remuneration Committee. (As amended on June 6, 2006)

Section 1-A. Independent Directors

- (a) Two of the seven (7) directors provided in Section 1, above shall be independent directors. For this purpose, an independent director shall mean a person other than an officer or employee of the Corporation, its parent or its subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.
- (b) The conduct of the election of independent directors shall be in accordance with the standard election procedures for regular directors as provided by these By-laws.

- (c) It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors.
- (d) Specific slots for independent directors shall not be filled up by unqualified nominees.
- (e) In case of failure of election for independent directors, a separate election shall be called to fill up the vacancy. (as amended on June 6, 2006)

Section 2. Election and Term. – The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

Section 2-A. Qualifications of Director - Any stockholder having at least one (1) share registered in his name may be elected Director, provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged -

- (a) If he is an officer, a manager or controlling person of, or the owner (either of the record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the corporation owns at least 30% of the capital stock) engaged in a business which the Board, by at least three-fourths (¾) vote, determines to be competitive or antagonistic to that of the Corporation; or,
- (b) If he is an officer, manager or (b) controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgement of the Board, by at least three-fourths (¾) votes, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
- (c) If the Board, in the exercise of its judgment in good faith, determine by at least three-fourths (¾) vote that he is the nominee of any person set forth in (a) or (b).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationship. (as amended on June 6, 2006)

Section 3. Vacancies – Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy

must be filled by the stockholders at a regular meeting or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purposes, after giving notice as prescribed in these by-laws.

Section 4. Meeting – Regular meetings of the Board of Directors shall be held once a month on such dates and at such places as the Chairman of the Board, or upon the request of a majority of the Directors.

Section 5. Notice – Notice of the regular or special meetings of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telegram, or by written message. A director may waive this requirement, either expressly or impliedly.

Section 6. Quorum – A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

Section 7. Conduct of the Meetings – Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Secretary, shall act as secretary of every meeting, if not present, the Chairman of the meeting, shall appoint a secretary of the meeting.

Section 8. Compensation – By resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation 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 stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

ARTICLE IV

OFFICER

Section 1. Election / Appointment – Immediately after their election, the Board of Directors shall formally organize by electing the President, the Vice-President, the Treasurer, the Secretary and the Assistant Secretary at said meeting.

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more compatible positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

Section 2. *President* – The President shall be the Chief Executive Officer of the corporation and shall exercise the following functions:

- a.) To preside at the meeting of the stockholders;
- b.) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation;
- c.) To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;
- d.) To implement the administrative and operational policies of the corporation under his supervision and control;
- e.) To appoint, remove, suspend or discipline employees of the corporation, prescribe their duties and determine their salaries;
- f.) To oversee the preparation of the budgets and statements of accounts of the corporation;
- g.) To represent the corporation at all functions and proceedings;
- h.) To execute on behalf of the corporation of all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors.
- i.) To make reports to the Board of Directors and stockholders;
- j.) To sign certificates of stock;
- k.) To perform other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 3. *The Vice-President* – He shall, if qualified, act as President in the absence of the latter. He shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.

Section 4. *The Secretary* – The Secretary must be a resident and a citizen of the Philippine. He shall have the following specific powers and duties:

- a.) To record the minutes and transactions of all meetings of the Directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law.
- b.) To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred.

- c.) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same.
- d.) To attend to the giving and serving of all notices of the corporation required by laws or these by-laws to be given.
- e.) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations.
- f.) To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election.
- g.) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

Section 5. *The Treasurer* – The Treasurer of the corporation shall have the following duties:

- a) To keep full and accurate accounts of receipts and disbursements in the books of the corporation.
- b) To have custody of, and be responsible for, all the funds, securities and bonds of the corporation.
- c) To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the corporation which may come under his control.
- d) To render annual statements showing the financial condition of the corporation and such other financial reports as the Board of Directors, or the President may, from time to time require.
- e) To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies.
- f) To exercise such powers and perform such duties and functions as may be assigned to him by the President.

Section 6. *Term of Office* – The term of office of all officers shall be one (1) year and until their successor are duly elected and qualified.

Section 7. *Vacancies* – If any position of the officers becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, by majority vote, may elect a successor who shall hold office for the unexpired term.

Section 8. *Compensation* – The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

ARTICLE V

OFFICES

Section 1. The principal office of the corporation shall be located at the place stated in Article III of the Articles of Incorporation. The corporation may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.

ARTICLE VI

AUDIT OF BOOKS, FISCAL YEAR AND DIVIDENDS

Section 1. *External Auditor* – At the regular stockholders' meeting, the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation.

Section 2. *Fiscal Year* – The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

Section 3. *Dividends* – Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

ARTICLE VII

AMENDMENTS

Section 1. These by-laws may be amended or repealed or new by-laws adopted by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for the purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing

**SECRETARY'S CERTIFICATE
OF AMENDMENTS OF BY-LAWS OF
ALLIANCE TUNA INTERNATIONAL, INC.**

I, **Ma. Erlinda R. Calañgi**, of legal age, Filipino, being the duly elected and incumbent Corporate Secretary of **ALLIANCE TUNA INTERNATIONAL, INC.** (the "Corporation"), a corporation duly organized and existing under the Philippines laws, with business address at Suite 1205, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, hereby certify under oath that:

1. At the special meeting of the Board of Directors of the Corporation held on June 6, 2006, at which meeting all members of the Board were present and voting throughout, the following resolutions were unanimously passed:

RESOLVED, as it is hereby resolved, that Article Seven of the Articles of Incorporation and Article I, Section 1 of the Corporation's By-Laws be amended by adding the following paragraph:

ARTICLE I

**SUBSCRIPTION, ISSUANCE AND
TRANSFER OF SHARES**

Section 1. *Subscriptions.* Subscribers to the capital stock of the corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscriptions shall not earn interest unless determined by the Board of Directors.

No stockholders of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the Corporation, whether issued from its unissued capital or its treasury stock.

not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

ARTICLE VIII

SEAL

Section 1. Form and Inscription – The Corporate seal shall be determined by the Board of Directors.

ARTICLE IX

ADOPTION CLAUSE

The foregoing by-laws were adopted by all the stockholders of the corporation on August 25, 2003 at the principal office of the corporation.

In witness whereof, we, the undersigned stockholders present at said meeting and voting thereat in favor of the adoption of said by-laws, have hereunto subscribed our names this 25th day of August 2003 at Pasig City.

*(Note: 1. If filed with Articles of Incorporation, these by-laws should be signed by all incorporators;
2. If filed after incorporation, should be signed by majority of the subscribers and should submit director's certificate for the adoption of the by-laws.)*

Sgd. **ALVIN Y. DEE**

Sgd. **JONATHAN Y. DEE**

Sgd. **JOANNA DEE-LAUREL**

Sgd. **TERESITA S. LADANGA**

Sgd. **ARAK RATBORIHARN**

RESOLVED, as it is hereby resolved, that Article III, Section 1 of the Corporation's By-Laws on the powers of the Board of Directors be amended to read as follows:

ARTICLE III

BOARD OF DIRECTORS

Section 1. Powers of the Board. – The corporate powers, business and property of the corporation shall be exercised, conducted and controlled by the Board of seven (7) Directors elected annually at the regular meeting of the stockholders and by officers elected by said Board. The Board of Directors shall also have the following powers: (Amendments underscored)

and by adding the following provisions in said Article III, Section 1:

- (i) To create, by a resolution passed by a majority of all members of the Board, an Executive Committee of three (3) members which may be composed of the Chairman of the Board, the Vice-Chairman, the President and Chief Executive Officer.

The Executive Committee, when the Board is not in session, shall have and may exercise the powers of the Board in the management of the business and affairs of the Corporation. The Board shall have the power at any time to remove and replace the members of, and fill vacancies in, the Executive Committee.

- (j) To create, by resolution passed by a majority of all members of the Board, one or more standing or special committees of directors with such powers and duties as may be specified in the enabling resolution which shall include, but shall not be limited to, a Nomination Committee, Audit Committee and Compensation & Remuneration Committee.

RESOLVED, as it hereby resolved, that Article III of the Corporation's By-Laws be amended by inserting the following additional sections:

Section 1-A. Independent Directors

- (a) Two of the seven (7) directors provided in Section 1, above shall be independent directors. For this purpose, an independent director shall mean a person other than an officer or employee of the Corporation, its parent or its subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.
- (b) The conduct of the election of independent directors shall be in accordance with the standard election procedures for regular directors as provided by these By-laws.
- (c) It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors.
- (d) Specific slots for independent directors shall not be filled up by unqualified nominees.
- (e) In case of failure of election for independent directors, a separate election shall be called to fill up the vacancy.

Section 2-A. Qualifications of Director - Any stockholder having at least one (1) share registered in his name may be elected Director, provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged -

- (a) If he is an officer, a manager or controlling person of, or the owner (either of the record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the corporation owns at least 30% of the capital stock) engaged in a

business which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation; or,

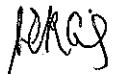
(b) If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgement of the Board, by at least three-fourths (3/4) votes, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

(c) If the Board, in the exercise of its judgement in good faith, determine by at least three-fourths (3/4) vote that he is the nominee of any person set forth in (a) or (b).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relationship.

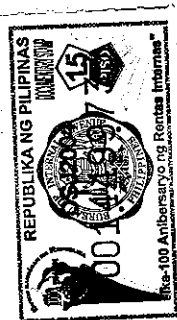
2. At the special stockholders' meeting of the Corporation held on June 6, 2006, at which meeting stockholders owning more than a majority of the outstanding capital stock of the Corporation were present in person, the stockholders of the Corporation approved the amendments to Article 1, Section 1, Article III, Section 1, and the addition of Sections 1-A and 2-A to the Article III of the Corporation's By-Laws.


IN WITNESS WHEREOF, I have hereunto signed these presents this 19 JUN 2006 at MARIKINA CII


MA. ERLINDA R. CALANGI
Corporate Secretary

Subscribed and sworn to before me on the date and in the place above-written. The Affiant exhibiting to me her Community Tax Certificate No. 08967173 issued on January 10, 2006 in Mabini, Batangas.

Doc. No. 362
Page No. 77
Book No. 410
Series of 2006.




ATTY. MARCIANO S. BACALLA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2006
PTR No. 1258699 / JAN. 02, 2006
IBP No. 04237 LIFE TIME
ROLL No. 33948

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**DIRECTOR'S CERTIFICATE OF AMENDMENT
of ARTICLES OF INCORPORATION and BY-LAWS of
ALLIANCE TUNA INTERNATIONAL, INC.**

We, the undersigned members of the Board of Directors and Corporate Secretary, hereby certify that the Articles of Incorporation of **Alliance Tuna International, Inc.** (the Corporation), a corporation duly organized and existing under the laws of the Republic of the Philippines, with business address at Suite 1205, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, was amended increasing the authorized capital stock to Php700,000,000.00 by an affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock at a meeting held for that purpose at the principal office of the Corporation on December 14, 2005 and approved likewise by the unanimous vote of the members of the Board of Directors.

We also certify that the Articles of Incorporation and By-Laws were further amended by an affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock at a meeting held for that purpose at the principal office of the Corporation on June 6, 2006 and approved by the unanimous vote of the members of the Board of Directors on June 6, 2006 wherein the following were amended:

- Article 6 of Articles of Incorporation and Article III, Section 1 of By-Laws increasing the number of the members of the Board of Directors from five (5) to seven (7) members.
- 2nd paragraph of Article 7 of Articles of Incorporation and 2nd paragraph of Section 1, Article I of By-Laws denying pre-emptive rights of shareholders to subscribe for, purchase, or receive any part of the shares of the Corporation.
- Article III, Section 1(i to j) of By-Laws on the creation of executive and special committees.
- The addition of Sections 1-A (independent directors) and 2-A (directors' qualifications and non-compete clause on directors' qualifications) of By-Laws .

COMPANY REGISTRATION AND MONITORING DEPARTMENT

1. Name of Corporation : **ALLIANCE TUNA INTERNATIONAL, INC.** ✓
 2. Application : Increase of Capital Stock
 3. Form of Payment : Stock Dividend ✓
 4. Date of Stockholders Meeting : December 14, 2005 ✓
 Record Date : December 31, 2005 ✓

5. Capital Structure :

	PRESENT	INCREASE	TOTAL
Authorized, Par P1.00 ✓	300,000,000.00	400,000,000.00	700,000,000.00
Subscribed *	203,011,271.00	101,099,610.00	304,110,881.00
Paid-Up Capital *	203,011,271.00	101,099,610.00	304,110,881.00

* Per audited financial statements as of December 31, 2005 ✓

6. Verification :

a). List of subscriber/s :

Name	No. of Shares Subscribed	Amount Subscribed & Paid
Alliance Pilipinas International Holdings, Inc. ✓	79,679,999	79,679,999.00
Mingjng Holdings, Inc. ✓	21,384,120	21,384,120.00
Alvin Y. Dee ✓	9,960	9,960.00
Jonathan Y. Dee	9,960	9,960.00
Joanna Dee - Laurel ✓	9,959	9,959.00
San Lorenzo Ruiz Fishing Industry, Inc. ✓	5,612	5,612.00
TOTAL >	101,099,610	101,099,610.00

b). Summary of the company's audited balance sheet as of December 31, 2005 is presented below:

ASSETS

Total Assets 475,397,066.00 ✓

LIABILITIES & STOCKHOLDERS' EQUITY

Total Liabilities 159,739,917.00 ✓

Stockholders' Equity :

Capital Stock	203,011,271.00 ✓	
Retained Earnings	112,645,878.00 ✓	
Total Stockholders' Equity		<u><u>315,657,149.00</u></u> ✓
Total Liabilities & Stockholders' Equity		<u><u>475,397,066.00</u></u>

19 JUN 2006

IN WITNESS WHEREOF, we have hereunto set our hands this _____
at Pasig City, Metro Manila, Philippines.

Bhumipat De Navarapitak
BHUMIPAT DE NAVARAPITAK
Chairman
Thailand Passport No. E423687

Alvin Y. Dee
ALVIN Y. DEE
Vice-Chairman
TIN 102-920-664

Jonathan Y. Dee
JONATHAN Y. DEE
Director
TIN 105-698-807

Teresita S. Ladanga
TERESITA S. LADANGA
Director
TIN 100-369-468

George Sy CIP
GEORGE SYCIP
Director
US Passport No. 05638712

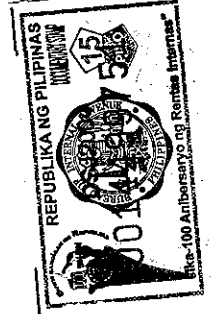
Attested by:

MA. ERLINDA R. CALAÑGI
MA. ERLINDA R. CALAÑGI
Corporate Secretary
TIN 101-840-335

19 JUN 2006

SUBSCRIBED AND SWORN to before me this _____ **PASIG CITY**
City, Metro Manila. The affiants exhibited to me their respective Tax
Identifications/Passports as indicated above.

Doc. No. 363 :
Page No. 73 :
Book No. LIV :
Series of 2006.



Marciano S. Pacalla Jr.
ATTY. MARCIANO S. PACALLA JR
NOTARY PUBLIC
UNTIL DEC. 31, 2006
PTR No. 1258697, JUN 02, 2006
IBP No. 04237 LIFE TIME
ROLL No. 35948

c). Documents submitted :

- 1). Audited financial statements as of December 31, 2005 certified by an SEC accredited CPA, Bernadette J. Sanchez of C.L. Manabat & Co., CPAs
- 2). Long - form Audit Report as of December 31, 2005 certified by Bonifacio F. Lamacang, Jr. of C.L. Manabat & Co., CPAs (with Statement of Representation on file)
- 3). Supplemental Audit Report as of December 31, 2005 dated February 16, 2006 signed by Bonifacio F. Lamacang, Jr. of C.L. Manabat & Co., CPAs(with Statement of Representation on file)
- 4). Secretary's certificate executed under oath on May 17, 2006 by Ma. Erlinda R. Calangi, corporate secretary showing / stating the following:
 - a. List of stockholders of record as of December 31, 2005 with corresponding present shareholdings and stock dividend allocation
 - b. Treatment of nominal shares and fractional shares
- 5). List of stockholders as of December 14, 2005

7. Remarks:

The audited financial statements as of December 31, 2005 shows a retained earnings balance of P101,193,757.00 (net of share equity in net earnings of an associate of P 11,452,121.00) which is sufficient to cover the stock dividend under consideration worth P 101,099,610.00

The allocation of the stock dividend was likewise reviewed and found in order

Foreign equity before and after the increase remains at 78.81 %

Subject corporation was registered with the Commission on September 01, 2003

8. Recommending approval:

In view of the foregoing, the increase in the authorized capital stock of the corporation may be given due course insofar as the subscription of **P 101,099,610.00** worth of shares and the full payment thereon of by way of stock dividend are concerned

Submitted by:

Ariel C. Ordiales
ARIEL C. ORDIALES

Securities Financial Specialist III

Reviewed and Approved by:

Yolanda L. Tapaes
YOLANDA L. TAPALES
Assistant Director

Financial Analysis & Audit Division

July 07, 2006

Re-submitted: July 11, 2006

SEC COPY

SEC Number CS200319138
File Number _____

ALLIANCE TUNA INTERNATIONAL, INC.
(Company's Full Name)

Suite 1205, Philippine Stock Exchange Center, Exchange Road,
Ortigas Center, Pasig City
(Company's Local Address)

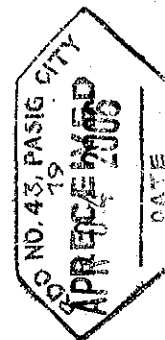
635-5241
(Telephone Number)

Financial Statements
(Type of Report)

N/A
Amendment Designation (If Applicable)

December 31, 2005
Period Ended Date

N/A
(Secondary License Type and File Number)



6721

C.L. Manabat & Co.

C.L. Manabat & Co.
5th Floor, Salamin Building
197 Salcedo St. Legaspi Village
Makati City - 1229
Philippines

Tel: +63 (2) 812 0535
Fax: +63 (2) 810 5047

BOA/PRC Reg. No. 0003.
SEC Accreditation No. 0001-F

To the Board of Directors and Stockholders
ALLIANCE TUNA INTERNATIONAL, INC.
Suite 1205, Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

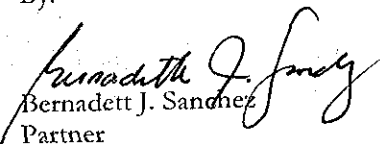
Gentlemen:

We examined the financial statements of Alliance Tuna International, Inc. for the year ended December 31, 2005, on which we have rendered the attached report dated February 16, 2006.

In compliance with SRC Rule 68, we are stating that the said Company has a total number of five (5) stockholders owning one hundred (100) or more shares each.

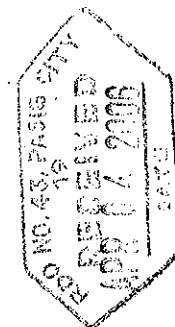
C.L. Manabat & Co.
TIN 005299331

By:


Bernadett J. Sanchez
Partner

TIN 110406292
CPA License No. 0087273
SEC Accreditation No. 0150-A
PTR No. 4194676
January 10, 2006

Makati City, Philippines
February 16, 2006





**ALLIANCE TUNA
INTERNATIONAL, INC.**

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

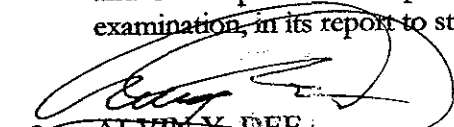
**Securities and Exchange Commission
EDSA, Mandaluyong City**

The management of **Alliance Tuna International, Inc.** is responsible for all information and representations contained in the financial statements for the years ended December 31 2005 and 2004. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

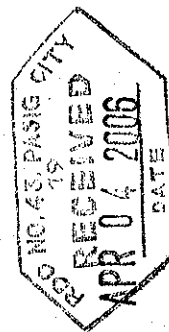
The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

C.L. Manabat & Co., the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.


ALVIN Y. DEE
Vice Chairman of the Board

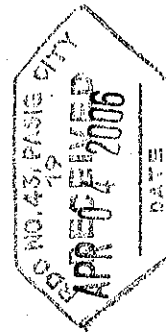

JONATHAN Y. DEE
President & Chief Executive Officer


GRACE S. DOGILLO
AVP-Finance



**ALLIANCE TUNA
INTERNATIONAL, INC.**

**Financial Statements
December 31, 2005 and 2004
and
Independent Auditors' Report**



Suite 1205, Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City

C.L. Manabat & Co.

C.L. Manabat & Co.
5th Floor, Salamin Building
197 Salcedo St. Legaspi Village
Makati City - 1229
Philippines

Tel: +63 (2) 812 0535
Fax: +63 (2) 810 5047

BOA/PRC Reg. No. 0003
SEC Accreditation No. 0001-F

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
ALLIANCE TUNA INTERNATIONAL, INC.
Suite 1205, Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

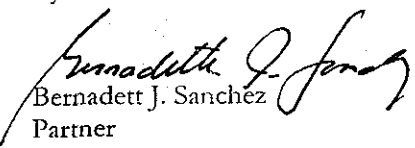
We have audited the accompanying balance sheets of Alliance Tuna International, Inc. as of December 31, 2005 and 2004, and the related statements of income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance Tuna International, Inc. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

C.L. Manabat & Co.
TIN 005299331

By:


Bernadett J. Sanchez

Partner

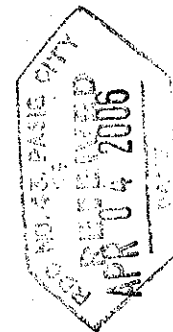
TIN 110-06292

CPA License No. 0087273

SEC Accreditation No. 0150-A ✓

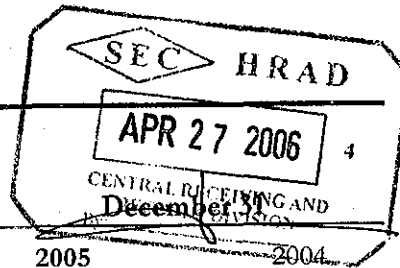
PTR No. 4194676

January 10, 2006



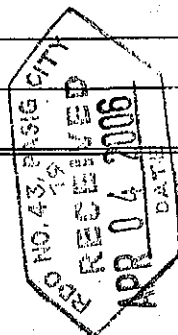
Makati City, Philippines
February 16, 2006

ALLIANCE TUNA INTERNATIONAL, INC.
BALANCE SHEETS



	Notes	2005	2004
ASSETS			
Current Assets			
Cash and cash equivalents	3	P 14,436,933	P 43,159,386
Trade and other receivables - net	4	155,916,669	86,858,094
Inventories - net	6	177,808,795	185,033,334
Prepayments and other current assets	7	28,224,667	4,847,590
Total Current Assets		376,387,064	319,898,404
Non-current Assets			
Investment in associate	5	24,896,297	-
Due from related parties	17	5,260,321	1,655,714
Property and equipment - net	8, 11	39,263,084	30,704,686
Other non-current assets	9, 17	29,590,300	30,453,493
		99,010,002	62,813,893
		P475,397,066	P382,712,297
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	P 84,587,703	P 32,645,442
Income tax payable	18	-	9,144,142
Current portion of loans payable	11	2,399,103	22,008,210
Total Current Liabilities		86,986,806	63,797,794
Non-current Liabilities			
Deferred tax liability	18	-	58,294
Loans payable - long-term	11	1,851,695	4,372,299
Due to related parties	17	70,901,416	54,159,359
		72,753,111	58,589,952
Equity			
Capital stock	12	203,011,271	201,000,000
Deposit for future capital stock subscriptions		-	2,000,000
Retained earnings		112,645,878	57,324,551
		315,657,149	260,324,551
		P475,397,066	P382,712,297

See Notes to Financial Statements.

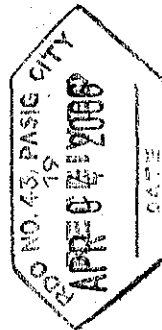


ALLIANCE TUNA INTERNATIONAL, INC.
STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31

	Note	Capital Stock	Deposit for Future Stock Subscriptions	Retained Earnings	Total
Issuance of capital stock	12	P201,000,000	P -	P -	P201,000,000
Net income				57,324,551	57,324,551
Deposit for future capital stock subscriptions			2,000,000	-	2,000,000
Balance, December 31, 2004		201,000,000	2,000,000	57,324,551	260,324,551
Transfer to issued capital		2,000,000	(2,000,000)		
Net income				55,321,327	55,321,327
Issuance of capital stock		11,271			11,271
Balance, December 31, 2005		P203,011,271	P -	P112,645,878	P315,657,149

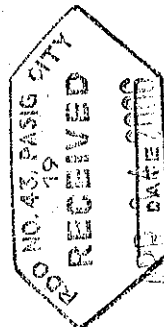
See Notes to Financial Statements.



ALLIANCE TUNA INTERNATIONAL, INC.**STATEMENTS OF INCOME**

For the Years Ended December 31

	Notes	2005	2004
Sales	13	P1,203,609,999	P1,002,301,494
Cost of Goods Manufactured and Sold	14, 17	1,076,114,195	877,642,242
Gross Profit		127,495,804	124,659,252
Other Operating Income			
Interest income	3, 13	232,043	1,074,676
Operating Expenses	15	66,009,411	51,847,037
Other Operating Expenses			
Foreign exchange loss		7,977,327	377,150
Bank charges		2,158,015	1,719,576
		10,135,342	2,096,726
Income from Operations		51,583,094	71,790,165
Share in equity in net earnings of an associate	5, 13	11,452,121	-
Finance Cost			
Interest expense	11, 17	7,772,182	5,263,178
Income Before Tax		55,263,033	66,526,987
Income Tax Expense (Benefit)	18	(58,294)	9,202,436
Net Income		P 55,321,327	P 57,324,551

See Notes to Financial Statements.

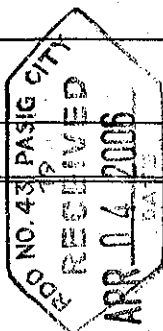
ALLIANCE TUNA INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31

	2005	2004
Cash Flows from Operating Activities		
Income before tax	P55,263,033	P66,526,987
Adjustments for:		
Depreciation and amortization	5,529,172	2,003,710
Unrealized foreign exchange gain	(1,623,219)	(182,170)
Unrealized foreign exchange loss	3,578,172	-
Share in equity in net earnings of an associate	(11,452,121)	-
Provision for inventory obsolescence	415,280	-
Provision for doubtful accounts	125,078	-
Interest income	(232,043)	(1,074,676)
Interest expense	7,772,182	5,263,178
Operating cash flow before working capital changes	59,375,534	72,537,029
(Increase) Decrease in:		
Trade and other receivables	(72,047,369)	(86,658,457)
Inventories	6,809,259	(185,033,334)
Prepayments and other current assets	(23,790,446)	(4,847,590)
Increase in trade and other payables	53,264,393	32,627,975
Cash generated from (used in) operations	23,611,371	(171,374,377)
Income taxes paid	(9,144,142)	-
Net cash from (used in) operating activities	14,467,229	(171,374,377)
Cash Flows from Investing Activities		
Acquisition of property and equipment	(14,087,570)	(32,708,396)
Acquisition of shares of stock of an associate	(13,444,176)	-
Decrease (Increase) in due from related parties	(3,604,607)	(1,655,714)
Interest income received	232,043	1,074,676
(Increase) Decrease in other non-current assets	874,464	(30,453,493)
Net cash used in investing activities	(30,029,846)	(63,742,927)
Cash Flows from Financing Activities		
Increase in due to related parties	16,742,057	74,183,209
Interest paid	(7,772,182)	(5,263,178)
Payment of loans	(22,129,711)	-
Proceeds from issuance of capital stock	-	201,000,000
Proceeds from loans payable	-	6,356,659
Deposit for future capital stock subscriptions	-	2,000,000
Net cash from (used in) financing activities	(13,159,836)	278,276,690
Net Increase in Cash and Cash Equivalents	(28,722,453)	43,159,386
Cash and Cash Equivalents, Beginning	43,159,386	-
Cash and Cash Equivalents, End	P14,436,933	P43,159,386

See Notes to Financial Statements.



ALLIANCE TUNA INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Alliance Tuna International, Inc. (herein referred to as the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission on September 1, 2003. The Company's primary purpose is to engage in the business of manufacturing and exporting canned tuna and other processed seafoods.

The Company is 79% and 21% owned by Alliance Pilipinas International Holdings, Inc. (a Thai company) and Mingjing Holdings, Inc. (a Filipino company), respectively. The registered office address of the Company is at the Suite 1205, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City. Its plant facilities are located in Barrio Tumbler, General Santos City.

The Company was registered with the Board of Investments (BOI) on August 24, 2004 under the Omnibus Investments Code of 1987, otherwise known as Executive Order No. 226, on a non-pioneer status as new export producer of Canned Tuna and its By-product (fishmeal). As a registered enterprise, the Company is entitled to certain incentives such as income tax holiday for four (4) years from the date of registration, tax credit on raw materials and supplies used for export products, and additional deduction for labor expense, subject to certain requirements under the terms of its BOI registration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

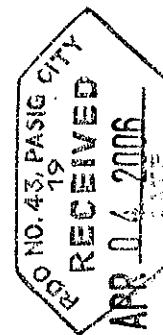
The financial statements have been prepared on the historical cost basis in accordance with Philippine Financial Reporting Standards (PFRS) for the first time. The disclosures required by PFRS 1 concerning the transition from Philippine Generally Accepted Accounting Principles (GAAP) to PFRS are discussed in Note 19.

These financial statements are presented in Philippine peso because that is the currency of the primary economic environment in which the Company operates.

Adoption of New Accounting Standards

The Company adopted the following Philippine Accounting Standards (PAS), which became effective on January 1, 2005:

- | | |
|--------------------------|---|
| a. PAS 1 (Revised 2003) | - Presentation of Financial Statements |
| b. PAS 2 (Revised 2003) | - Inventories |
| c. PAS 8 (Revised 2003) | - Accounting Policies, Changes in Accounting Estimates and Errors |
| d. PAS 10 (Revised 2003) | - Events After the Balance Sheet Date |
| e. PAS 16 (Revised 2003) | - Property, Plant and Equipment |
| f. PAS 17 (Revised 2003) | - Leases |
| g. PAS 19 | - Employee Benefits |
| h. PAS 21 | - The Effects of Changes in Foreign Exchange Rates |



- i. PAS 24 (Revised 2003) - Related Party Disclosures
- j. PAS 28 (Revised 2003) - Investments in Associates
- k. PAS 32 - Financial Instruments: Disclosures and Presentations
- l. PAS 39 - Financial Instruments: Recognition and Measurement
- m. PAS 36 (Revised 2004) - Impairment of Assets
- n. PFRS 1 - First Time Adoption of PFRS

These new standards prescribe new accounting measurement and disclosure practices applicable to the Company. The effects of these new standards on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

PAS 1 (Revised 2003), "Presentation of Financial Statements," provides framework within which an entity assesses how to present fairly the effects of transactions and other events. It provides the criteria for classifying liabilities as current or non-current, prohibits the presentation of items of income and expense as extraordinary items, specifies disclosures about the judgments made by the management in applying accounting policies, the key sources of estimation uncertainty at the balance sheet date that have significant risks.

The adoption of PAS 1 resulted principally in additional disclosures.

PAS 2 (Revised 2003), "Inventories," clarifies the scope to exclude producers of agricultural and forest products, agricultural produce after harvest, minerals and mineral products. The standard reduces the alternatives for the measurement of inventories, prohibiting the use of Last-In, First-Out (LIFO) formula. It requires disclosure of the carrying amount of inventories carried at fair value less cost to sell and the amount of any write-downs to inventories recognized as an expense in the period.

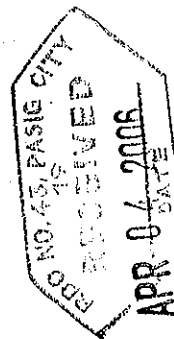
The adoption of PAS 2 resulted principally in additional disclosures.

PAS 8 (Revised 2003), "Accounting Policies, Changes in Accounting Estimates and Errors," eliminates the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. The standard defines material omissions and misstatements and describes how to apply the concept of materiality when applying accounting policies and correcting errors.

The adoption of PAS 8 resulted principally in additional disclosures.

PAS 10 (Revised 2003), "Events After the Balance Sheet Date," clarifies that dividends declared after balance sheet date are not to be recognized as a liability at the balance sheet date.

The adoption of PAS 10 resulted principally in additional disclosures.



PAS 16 (Revised 2003), "Property, Plant and Equipment," prescribes the accounting treatment for property, plant and equipment and related disclosure requirements. The standard contains a limited revision to provide additional guidance and clarification on recognition and measurement of items of property, plant and equipment. It provides guidance on initial and subsequent recognition as well as measurement after recognition. It requires depreciation for each significant part of an item of property, plant and equipment. The standard also provides guidance on the determination of the carrying amount of the assets, the residual value, depreciation period and derecognition principles to be observed.

The adoption of PAS 16 resulted principally in additional disclosures.

PAS 17 (Revised 2003), "Leases," provides limited revision to clarify the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of lessors.

The adoption of PAS 17 resulted principally in additional disclosures.

PAS 19, "Employee Benefits," applies to all employee benefits offered by an employer to employees and their dependents and beneficiaries. This standard applies to employee benefits under: (i) formal plans and agreements between an enterprise and its employees, (ii) national, local, industry or multi-employer plans, and (iii) informal practices giving rise to a constructive obligation. This standard also identifies the following categories of employee benefits such as short-term employee benefits, post employment benefits, other long-term employee benefits and termination benefits.

The adoption of PAS 19 resulted principally in additional disclosures.

PAS 21, "The Effects of Changes in Foreign Exchange Rates," prescribes the accounting treatment for foreign currency transactions and provides guidance on the translation method and on determining the functional and presentation currencies of a reporting entity. The standard removes the limited option in the previous version of SFAS 21/IAS 21 to capitalize exchange differences resulting from a severe devaluation or depreciation of a currency against which there is no means of hedging. Under the standard, such exchange differences are now recognized in profit or loss since capitalization of such exchange differences is no longer permitted in any circumstances.

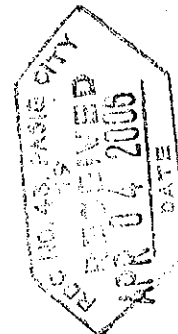
The adoption of PAS 21 resulted principally in additional disclosures.

PAS 24 (Revised 2003), "Related Party Disclosures," provides additional guidance and clarity in the scope of the standard, the definitions and the disclosures for related parties. It requires disclosure of the compensation of key management personnel.

The adoption of PAS 24 resulted principally in additional disclosures.

PAS 28 (Revised 2003), "Investment in Associates," prescribes the investor's accounting for investments in associates over which it has significant influence.

The adoption of PAS 28 resulted principally in additional disclosures.



PAS 32, "Financial Instruments: Disclosures and Presentation," prescribes the requirements for the presentation of financial instruments and identifies the information that should be disclosed about them. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. The standard requires disclosure of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments. This standard also requires disclosure of information about the nature and extent of an entity's use of financial instruments, the business purposes they serve, the risks associated with them, and management policies for controlling those risks.

PAS 39, "Financial Instruments: Recognition and Measurement," prescribes the principles for recognizing, measuring, and disclosing information about financial assets and financial liabilities. PAS 39 supplements the disclosure provision of PAS 32, Financial Instruments: Disclosures and Presentation.

The adoption of PAS 32 and PAS 39 resulted principally in additional disclosures.

PAS 36 (Revised 2004), "Impairment of Assets," prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss. The standard also specifies when an entity should reverse an impairment loss previously recognized. The revised standard clarifies the elements that should be reflected in the calculation of an asset's value in use. PAS 36 prescribes the frequency of impairment testing for intangible assets and goodwill as a consequential amendment to the adoption of PFRS 3, "Business Combinations."

The adoption of PAS 36 resulted principally in additional disclosures.

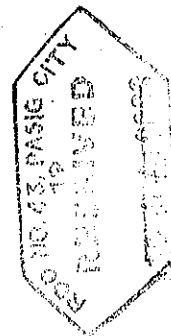
PFRS 1, "First Time Adoption of PFRS," sets out the procedures that an entity must follow when it adopts PFRS for the first time as the basis for preparing its general purpose financial statements. It provides guidance on the accounting policies, reporting periods, recognition, derecognition, reclassification and measurement of assets and liabilities. The standard sets out optional and mandatory exemptions from the general restatement and measurement principles of assets and liabilities.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognized when there is a transfer of risks and rewards of ownership, which coincides with the transfer of the legal title or the passing of possession to the buyer.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.



Leases

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

The Company as Lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Financial Assets

Financial assets are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of change in value.

Receivables

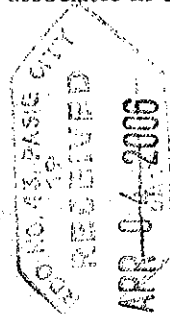
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Provisions for doubtful accounts is established for items specifically identified to be doubtful of collection.

Investments in Associates

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results of operations and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Company's interest in those associates are not recognized.



Any excess of the cost of acquisition over the Company's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill. Any deficiency of the cost of acquisition below the Company's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit and loss in the period of acquisition.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving average method for finished goods, and the first-in, first-out method for raw materials and parts and supplies. Costs of inventories consist of all costs of purchase, costs of conversion, handling costs and other costs incurred in bringing the inventories to their present condition and location. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs to be incurred in marketing, selling and distribution.

The Company provides allowance for inventory obsolescence due to deterioration, age and technological changes. Provision for inventory obsolescence is determined by using specific identification at the time of physical count.

Property and Equipment

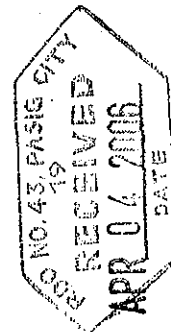
Property and equipment are initially measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

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

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of property and equipment:

Machinery and equipment	15 years
Leasehold improvements	7 years
Office furniture, fixtures and other equipment	5 years
Transportation equipment	5 years

Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.



Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates of 32% in 2004 and from January to October 2005 and 35% from November to December 2005.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

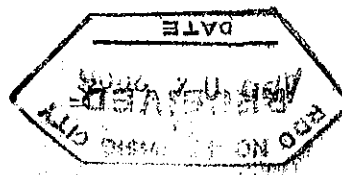
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



APR 04 2006

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial Liability and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade Payables and Provisions

Trade payables are not interest bearing and are stated at their nominal value.

The Company recognizes a provision if a present obligation has arisen as a result of a past event, payment is probable and the amount can be measured reliably. The amount recognized is the best estimate of the expenditure required to settle the present obligation at balance sheet date, that is, the amount the Company would rationally pay to settle the obligation to a third party.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Bank Borrowings

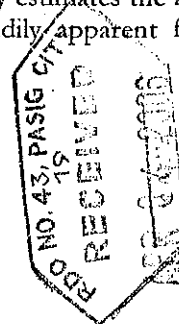
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Foreign Currencies

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

Accounting Estimates

In the process of preparing the financial statements, the Company estimates the appropriate carrying value of certain assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from those estimates.



Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control with the Company are also considered related parties.

3. CASH AND CASH EQUIVALENTS

	2005	2004
Cash on hand and in banks	P14,436,933	P39,159,386
Cash equivalents	-	4,000,000
	P14,436,933	P43,159,386

Cash equivalents include time deposits in local banks with annual interests ranging from 2% to 5% and maturity period of 30 days in 2005 and 2004.

4. TRADE AND OTHER RECEIVABLES - net

	2005	2004
Trade	P144,283,722	P82,447,138
Non-trade	7,535,552	4,410,956
Others	4,222,473	-
	156,041,747	86,858,094
Less: Allowance for doubtful accounts	125,078	-
	P155,916,669	P86,858,094

The average credit period taken on sales of goods is 32 days. No interest is being charged on receivables even if it exceeds credit period.

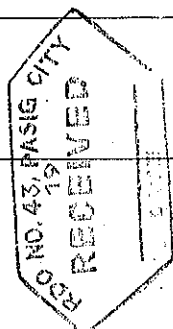
The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

5. INVESTMENT IN ASSOCIATE

	2005
Acquisition cost	P13,444,176
Share in equity in net earnings of an associate	* 11,452,121
	P24,896,297

Aggregated amounts relating to associate:

	2005	2004
Total assets	P149,653,285	P150,792,692
Total liabilities	174,954,125	210,445,593
Revenues	179,441,718	161,763,353
Profit	34,368,338	3,546,872



APR 04 2006

On September 1, 2005, the Company bought the 40% share of Container Printers PTE. LTD from FDCP Inc., a can making company located in General Santos City. FDCP, Inc. is Alliance Tuna International, Inc. (ATII's) major supplier of tin cans.

6. INVENTORIES - net

	2005	2004
Finished goods – Canned tuna	P127,869,130	P149,812,358
Finished goods – Fish meal	197,731	-
Raw materials	23,808,635	32,257,843
Inventories in-transit	22,844,999	-
Parts and supplies	3,503,580	2,963,133
	178,224,075	185,033,334
Less: Allowance for inventory obsolescence	415,280	-
	P177,808,795	P185,033,334

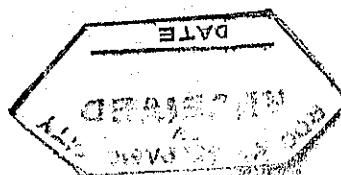
7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2005	2004
Deposit – Fish Supplier and Others	P24,041,579	P3,948,081
Prepaid expenses	4,183,088	899,509
	P28,224,667	P4,847,590

Deposits - Fish Supplier represents advances made to the Company's fish supplier. This is required upon the closing of the contract with the fish supplier. This is liquidated against the total cost of fish delivered to the plant.

8. PROPERTY AND EQUIPMENT - net

	Leaschold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture and Fixture	Total
Cost						
January 1	P 7,463,628	P11,243,598	P11,901,166	P2,019,301	P 80,703	P32,708,396
Additions	8,375,814	2,948,976	863,300	1,795,042	104,438	14,087,570
December 31	15,839,442	14,192,574	12,764,466	3,814,343	185,141	46,795,966
Accumulated Depreciation and Amortization						
January 1	678,244	250,648	874,571	196,625	3,622	2,003,710
Provision	1,610,833	852,770	2,434,446	605,740	25,383	5,529,172
December 31	2,289,077	1,103,418	3,309,017	802,365	29,005	7,532,882
Carrying Amount						
December 31, 2005	P13,550,365	P13,089,156	P 9,455,449	P3,011,978	P156,136	P39,263,084
Carrying Amount						
December 31, 2004	P 6,785,384	P10,992,950	P11,026,595	P1,822,676	P77,081	P30,704,686



APR 04 2006

Management believes that there are no indications of impairment on the Company's property and equipment.

9. OTHER NON-CURRENT ASSETS

	2005	2004
Lease deposit (Note 17)	P26,159,959	P26,148,688
Input value added tax	2,668,944	4,155,477
Others	761,397	149,328
	P29,590,300	P30,453,493

10. TRADE AND OTHER PAYABLES

	2005	2004
Trade	P65,233,878	P15,869,876
Accrued expenses:		
Management fees	5,714,184	4,089,418
Freight	4,446,006	759,323
Salaries and wages	2,980,034	1,722,953
Professional fees	296,140	398,251
Commission	174,008	676,710
Others	4,663,126	823,073
Customers' deposits	-	6,950,100
Others	1,080,327	1,355,738
	P84,587,703	P32,645,442

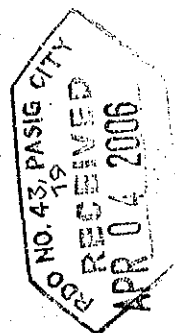
Accrued others consist of accrual of interest, rentals, trucking fees and paid leaves.

11. LOANS PAYABLE

This represents loans availed from RCBC and International Exchange Bank to finance the purchase of certain Company's transportation equipment. The loan bears interest ranging from 12% to 14% per annum payable on a monthly basis and matures in August 2007 and November 2007, respectively.

The carrying amount of transportation equipment under mortgaged amounted to P9.46 million and P11.03 million in 2004.

Total interest expense arising from the loans amounted to P701,500 in 2005 and P254,071 in 2004.



12. CAPITAL STOCK

	2005	2004
Authorized:		
300,000,000 common shares of P1 each	P300,000,000	P300,000,000
Issued and fully paid:		
Balance, beginning	P203,000,000	P201,000,000
Issuance	11,271	-
Balance, end	P203,011,271	P201,000,000

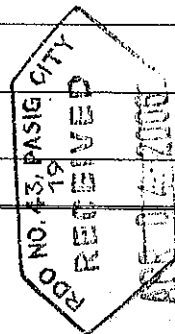
13. REVENUE

Details of the Company's revenue follows:

	2005	2004
Sales of goods	P1,203,609,999	P1,002,301,494
Interest income	232,043	1,074,676
Share in equity in net earnings of an associate (Note 5)	11,452,121	-
	P1,215,294,163	P1,003,376,170

14. COST OF GOODS MANUFACTURED AND SOLD

	2005	2004
Materials used	P857,267,725	P857,416,817
Direct labor (Note 16)	72,748,334	63,156,849
Manufacturing overhead		
Fishmeal	29,467,372	27,075,929
Fuel	23,916,571	17,370,219
Rental	16,955,573	14,157,302
Indirect labor	10,439,648	9,582,041
Repairs and maintenance	5,851,118	5,632,521
Light and water	4,809,241	3,501,542
Freight and handling	4,523,593	4,040,694
Laboratory	3,598,856	3,010,202
Warehousing	3,256,184	7,033,763
Depreciation and amortization (Note 8)	2,773,735	1,165,933
Security fees	2,616,293	2,541,914
Outside services	2,532,981	3,296,979
Consumables	2,336,044	2,465,097
Professional fees	1,475,784	799,966
Representation and entertainment	1,360,383	1,157,087
Travel and communication	1,207,236	1,269,094
Others	7,034,296	2,780,651
Total manufacturing costs	1,054,170,967	1,027,454,600
Finished goods, beginning	149,812,358	-
Cost of goods available for sale	1,203,983,325	1,027,454,600
Finished goods, end	127,869,130	149,812,358
Cost of goods manufactured and sold	P1,076,114,195	P 877,642,242



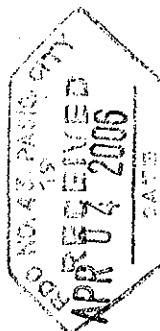
15. OPERATING EXPENSES

	2005	2004
Salaries, wages and other benefits (Note 16)	P16,586,670	P15,305,022
Transportation and travel	7,711,039	5,416,676
Management fees	5,714,184	7,374,243
Representation and entertainment	4,437,836	3,813,926
Business development expenses	4,594,108	2,594,917
Rental	4,320,451	3,110,036
Utilities and communication	3,456,619	2,937,146
Commission	2,846,866	1,226,993
Depreciation and amortization (Note 8)	2,755,437	837,777
Freight and handling	2,221,095	870,237
Outside services	1,378,839	1,572,684
Other personnel expenses	989,362	1,397,489
Materials and supplies	732,769	674,271
Repairs and maintenance	660,976	439,112
Fuel and oil	621,536	604,415
Membership dues	548,459	259,954
Taxes and licenses	519,054	1,654,720
Provision for inventory obsolescence	415,280	-
Condominium dues	326,175	211,946
Insurance	292,195	260,393
Provision for doubtful accounts	125,078	-
Warehouse expense	-	250,000
Others	4,755,383	1,035,080
	P66,009,411	P51,847,037

Management fee represents the amount paid to the stockholders which is equivalent to P5,000,000 or ten percent (10%) of the Company's annual earnings before interest, taxes, depreciation and amortization (EBITDA), whichever is higher.

16. STAFF COST

	2005	2004
Salaries and wages	P88,276,025	P86,775,323
Employees' benefits	3,729,932	1,268,588
	P92,005,957	P88,043,911



17. RELATED PARTY TRANSACTIONS

	2005	2004
Due from Related Parties		
Alliance Pilipinas Holdings, Inc.	P4,010,422	P -
First Dominion Prime Holdings, Inc. (FDPHI)	1,249,899	1,483,046
FDCP, Inc. (FDCP)	-	172,668
	P5,260,321	P1,655,714
Due to Related Parties		
Maranaw Canning Corporation (Maranaw)	P56,000,000	P50,100,000
FDCP Inc.	10,613,400	-
Clearwater Tuna Corporation (Clearwater)	4,288,016	4,059,359
	P70,901,416	P54,159,359

Significant transactions with related parties are as follows:

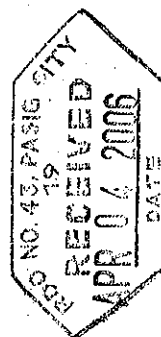
- a. The Company obtained advances from Maranaw and Clearwater with an annual interest rate of 10% on the first P50 million and 8% on the excess. It likewise obtained advances in US Dollars from FDCP, Inc. with an interest rate of 6%.

Interest expense related to advances from related parties amounted to P6,901,594 in 2005 and P4,956,249 in 2004.

- b. On October 18, 2004, the Company entered into a Memorandum of Agreement with First Dominion Prime Holdings Inc. (FDPHI) to purchase the debt of FDPHI from certain creditors at net present value of P985,430. In return, the Company will receive a total of P1,483,046 from FDPHI on a quarterly basis over a period of 10 years.
- c. The Company entered into a contract with Maranaw for the operating lease of the latter's land, plant, machinery and equipment in Barrio Tumbler, General Santos City at a monthly rental of P967,307. The lease term is five (5) years up to February 28, 2009, renewable by mutual agreement of both parties. The Company is required to pay P123,148,688 as deposit, of which P26,148,688 was paid in 2004. The balance will be settled through the issuance of stocks to certain designated parties.

Also, the Company leases from Maranaw an office condominium unit where its head office is located for a period of two (2) years, renewable by mutual agreement of both parties. The lease is classified as operating lease with monthly rental of P147,150.

Total rent expense amounted to P13,373,484 and P11,438,870 in 2005 and 2004, respectively.



Total future minimum lease payments arising from the above lease agreements for each of the following periods follow:

	2005	2004
Within one year	P13,373,484	P11,438,870
Beyond one year but not beyond five years	36,757,666	48,365,350
	P50,131,150	P59,804,220

- d. The Company, in the ordinary course of business, purchases tin cans used as raw materials from FDCP at an arm's length.

Purchases of tin cans from FDCP amounted to P186,374,136 and P162,308,220 in 2005 and 2004, respectively.

Remuneration of Key Management Personnel

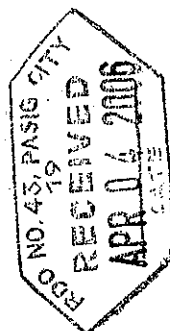
The remuneration of the key management personnel and directors of the Company is set out below in aggregate for each of the categories specified in PAS 24, "Related Party Disclosures."

	2005	2004
Short-term:		
Salaries and fees	P 9,758,895	P9,404,312
Employees' benefits	781,921	357,246
	P10,540,816	P9,761,558

18. INCOME TAXES

Components of income tax expense are as follows:

	2005	2004
Current tax expense	P -	P9,144,142
Deferred income tax (benefit) expense relating to additional (reversal) of temporary difference	(58,294)	58,294
	(P58,294)	P9,202,436



A numerical reconciliation between tax expense and the product of accounting income multiplied by 32% from January to October 2005 and 35% from November to December 2005 and 32% for 2004 follows:

	2005	2004
Accounting income	P55,263,033	P66,526,987
Tax expense	P17,960,485	P21,288,635
Tax effect of expenses that are not deductible:		
Operating expenses	28,071,770	156,655
Tax effect of income that is subject to tax holiday and lower rate:		
Income under income tax holiday	(42,234,902)	(11,912,967)
Share in equity in net earnings of an associate	(3,721,939)	-
Interest income	(75,414)	(329,887)
Reversal of deferred tax liability	(58,294)	-
	(P 58,294)	P 9,202,436

19. EXPLANATION OF TRANSITION TO PFRSs

This is the first year that the Company has presented its financial statements under PFRS. The following disclosures are required in the year of transition. The last financial statements under the Philippine GAAP were for the year ended December 31, 2004 and the date of transition to PFRSs is therefore January 1, 2004.

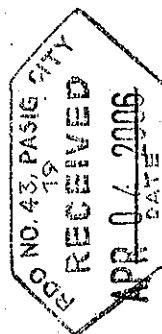
In preparing its PFRS financial statements, the Company's management believes that previous generally accepted accounting principles are consistent with its accounting policies under PFRS and did not result in any retroactive adjustment in the financial statements.

As required by PAS 16, management reviewed the useful life, residual values, depreciation method, capitalization policy and accounting policy of the Company's property and equipment.

As required by PAS 21, management determines the functional currency and translates foreign currency items into functional currency and reports the effects of such translation in accordance with this standard.

As required by PAS 36, management ensured that its assets are carried at no more than their recoverable amount.

As required by PAS 32 and PAS 39, management reviewed all financial assets and financial liabilities and properly classified and measured these items in accordance with the standard.



20. SUBSEQUENT EVENT

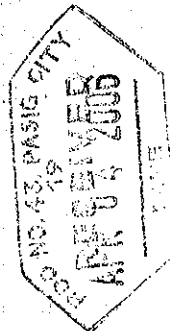
On December 14, 2005, the Stockholders of the Company approved the resolutions to increase the authorized capital stock from P300 million to P700 million at par value of P1 per share in year 2006 in order to raise additional working capital and to declare a stock dividend equivalent to 50% of the total outstanding and issued shares or 101,505,635.50 shares shall be declared and distributed pro rata to all stockholders of record at the close of business on December 31, 2005.

The above resolutions are pending approval with the SEC.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management and authorized for issue on February 16, 2006.

* * *



**ALLIANCE TUNA
INTERNATIONAL, INC.**

**LONG-FORM REPORT
AND
FINANCIAL STATEMENTS**

December 31, 2005

C.L. Manabat & Co.

C.L. Manabat & Co.
5th Floor, Salamin Building
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Makati City – 1229
Philippines

Tel: +63 (2) 812 0535
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BOA/PRC Reg. No. 0003.
SEC Accreditation No. 0001-F

April 27, 2006

THE SECURITIES AND EXCHANGE COMMISSION
Edsa, Mandaluyong City


Gentlemen:

We consent to the use of our report dated February 16, 2006 on the financial statements of Alliance Tuna International, Inc. as of December 31, 2005, in connection with the Company's application for increase in capitalization.

Thank you.

Very truly yours,

C.L. Manabat & Co.
By:


Bonifacio F. Lumacang Jr.
Director

C.L. Manabat & Co.

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BOA/PRC Reg. No. 0003.
SEC Accreditation No. 0001-F

The Board of Directors and Stockholders
Alliance Tuna International, Inc.
Suite 1205, Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

We have audited the accompanying balance sheet of Alliance Tuna International Inc. (referred to in this report as ATII or the Company) as of December 31, 2005, and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We submit the following as part of this report:

- Audited balance sheet as of December 31, 2005;
- Audited statements of income, changes in equity and cash flows for the year ended December 31, 2005; and,
- Comments on the balance sheet and results of operations as of and for the year ended December 31, 2005.
- Audited financial statements as of and for the year ended December 31, 2004 for comparative purpose only.

Our comments on the balance sheet accounts and operations of the Company as of and for the year ended December 31, 2005 are discussed in the succeeding pages of this report.

ALLIANCE TUNA INTERNATIONAL, INC.

December 31, 2005

CASH AND CASH EQUIVALENTS

P 14,436,933

We obtained bank reconciliation statements, agreed recorded cash balances against bank balances and verified reconciling items against supporting documents and no material exceptions were noted. We verified reported bank balances against bank statements and found them to be in order. We sent out requests to confirm the balances with banks and received positive replies. We noted that there are no other significant lending or other bank agreements except for the bank loan agreements with RCBC and IBank. We verified such agreements and no unusual items were noted. In addition, no foreign exchange or derivative products or contracts were noted during our audit.

Cash equivalents pertain only to 2004 amounting to P4 million.

TRADE AND OTHER RECEIVABLES – net

P155,916,669

Trade

Trade represents outstanding receivables from foreign customers for the export of canned tuna and sales of fishmeal to local buyers. We sent confirmation requests using September 30, 2005 balances to the majority customers.

For those customers with no confirmation replies received, alternative procedures were performed. Subsequent collections and proof of receivables for the selected customers were conducted and no exceptions were noted.

Non-trade Receivables

This account consists mainly of receivable from Alliance Pilipinas Holdings Inc. (APHI), FDCP Inc. and Lovering Foods. Receivable from APHI represents expenses such as air tickets and hotel accommodations. On the other hand, the amounts due from FDCP are those shared expenses such as manpower cost and volume discounts. These were agreed to the records per affiliates books and noted no exceptions. Receivable from Lovering Foods, who is one of the Company's customer in the United Kingdom (UK) pertain to the rebate to ATII based on agreement as a result of the reduced duty availed by Lovering from 24% to 12%.

Other Receivable

This pertains to input taxes being refunded with the Department of Finance. Since the Company's sales are all export, input taxes cannot be used unless refunded.

We checked the application and the pertaining supporting documents and found no exceptions.

INVENTORIES

P177,808,795

We obtained the reconciliation statements for finished goods, raw materials and other materials and compared balances per books and per physical count as shown in the Schedule of Inventories.

We reviewed the overall controls over inventory and noted no significant weakness. The Company uses weighted average in costing its inventories. Inventory cost testing as well as quantity testing was performed and noted no exceptions.

An inventory count was also performed at year-end. Based on our count, we noted some cans, ends and stencil ink acquired in October, 2004 and still remaining in inventory. These items were considered in providing the allowance equivalent to 50% and 30% depending on the level of its usability. There are no exceptions noted based on the procedures performed.

PREPAYMENTS AND OTHER CURRENT ASSETS **P28,224,667**

This is mostly composed of deposits to suppliers amounting to P24,041,579. This represents advances made to a fish supplier which is required prior to the delivery of fish. This is being offset against the total cost of fish unloaded in the plant. Supporting check vouchers and official receipts from suppliers were verified to test the validity of the amount recorded. No exceptions were noted.

INVESTMENT IN ASSOCIATE **P24,896,297**

This represents 40% investment in FDCP Inc. We verified the "Memorandum of Agreement" between ATTI and Containers Printers PTE, Ltd. (CP) to determine the details including the terms of payment. Bank transfers for the payments were verified to bank statements and noted no exceptions. CP is the previous owner of the 40% interest in FDCP Inc.

DUE FROM RELATED PARTIES **P5,260,321**

This is composed of advances amounting to P 4,010,422 extended to the major stockholder, APHI and receivable from First Dminion Prime Holdings Inc. (FDPHI) amounting to P1,249,899 arising from the Memorandum of Agreement entered into by the Company and FDPHI to purchase the debt of the latter from certain creditors at net present value of P985,430. In return, the Company will receive a total of P1,483,046 from FDPHI over a period of 10 years. We verified the balances in the books of affiliates and noted no exceptions.

PROPERTY, PLANT AND EQUIPMENT - net **P39,263,084**

We obtained fixed assets listing schedule and agreed detailed amounts with the recorded balances of cost and depreciation accounts and no material discrepancy was noted.

We inquired about the capitalization policy in distinguishing capital and revenue expenditures. Generally, expenditures that prolonged the life of the fixed assets are capitalized. All other subsequent expenditures are recognized as expenses in the period in which those are incurred. Per examination, we have noted acquisitions of various machine/spare parts which were expensed outright and recorded under repairs and maintenance expense account while other expenses with the same nature were deferred and initially recognized as prepayments with an amortization period of six (6) months. This is in relation to Company's capitalization policy.

We performed analytical procedures to determine the reasonableness of recorded depreciation and found to be reasonably computed. Generally, depreciation is computed on the straight line method based on the estimated useful lives of the assets.

On a test basis, we verified the existence of reported additions and ascertained the accuracy of the initial valuation of these items of property and equipment and noted no material exceptions. As of to date, no disposals have transpired considering that the Company has only started its commercial operations in 2004.

OTHER NONCURRENT ASSETS**P29,590,300**

Out of this balance, P26,159,959 represents the lease deposit paid to Maranaw Canning Corporation for the rental of the plant facility. Lease agreement was examined and found the amount to be in accordance with the terms of the said contract. The remaining balance is composed of input taxes arising from purchase of goods and services which was agreed against the summary of input taxes prepared by the client. No exceptions were noted.

TRADE AND OTHER PAYABLES**P84,587,703*****Trade Payables***

These are obligations which arose from the purchase of fish from suppliers and cans from FDCP Inc. Aging schedule was reviewed and noted that there were no long outstanding payables included. Confirmation replies were also sent to selected suppliers particularly to FDCP Inc. and Luthi Machinery. Based on the confirmation replies, there were no discrepancies identified. Alternative procedures were also performed for those accounts without reply. Test of subsequent payments was conducted to ensure the existence of liability as of the audit period.

Accrued Expenses

We tested the reasonableness of the accrued expense balances by determining its nature and basis of accrual. For all accrued expenses that were based from accounting estimates, we performed an independent recomputation based on the reliable data and compared the expectation to the book balances, no material exceptions were noted. On the other hand, for some accruals which were based from supporting evidence, we examined the documents and no exceptions were noted.

Details of the accrued expenses are as follows:

Management fees	P5,714,184
Freight	4,446,006
Salaries and wages	2,980,034
Professional fees	296,140
Commission	174,008
Others	4,663,126
	P18,273,498

We tested the reasonableness of the account balances of other current liabilities by comparing subsequent payments against the recorded balances and noted no material exceptions.

LOANS PAYABLE**P4,250,798**

We obtained and examined the loan agreements and no unusual item or provision in the agreements was noted. We sent confirmation requests and agreed the balance to the replies received without exceptions.

Details of these loans are as follows:

	In PHP	Maturity Dates
Bank loans		
RCBC Loan	P3,257,576	August 8, 2007
Ibank Loan		993,222 November 2007
	P4,250,798	
<hr/>		
Current portion		P2,399,103
Long term		1,851,695
		P4,250,798
<hr/>		
DUE TO RELATED PARTIES		P70,901,416

Details are as follows.

Maranaw Canning Corporation (Maranaw)	P56,000,000
Clearwater Tuna Corporation (Clearwater)	4,288,016
FDCP Inc.	10,613,400

The company obtained advances from Maranaw and Clearwater with an annual interest rate of 10% on the first P 50 Million and 8% on the excess. Proceeds of the advances were used for its working capital needs. It likewise obtained advances in US dollars from FDCP, Inc with an interest rate of 6%.

EQUITY	P315,657,149
<hr/>	
Capital stock - P1 par value, Issued 203,011,271 shares	P203,011,271
Net profit (2004)	57,324,551
Net profit (2005)	55,321,327
	P315,657,149

REVENUE AND EXPENSES

We reviewed the sales during the period for overall reasonableness and examined supporting invoices and delivery receipts to determine if proper cut-off procedures are being employed to ensure that revenues are recorded in the appropriate period. We noted no material exceptions.

We evaluate the reasonableness of reported expenses by developing independent expectations of the balances based on our understanding of the nature and trend of each item. Furthermore, we ascertain the validity of these disbursements through examination of available supplier's invoices, payment documents and inquiry on the underlying nature of the transaction. We verified these transactions to be appropriately recorded in the books and noted no material exception.

Overall Results

The company posted a revenue growth of 20%, from P1,002,301,494 in 2004 to P1,203,609,999 in 2005. We noted the expansion of the market to new destinations. The gross margin in 2005 at 10.6% was lower than 2004 at 12.4%. This was the general trend in the Philippine Tuna Industry. There was scarcity of fish in the Western Pacific. The net income however still reached P55,321,327 or 4.6% of Net Sales.

REVENUE		P1,203,609,999		
COST OF GOODS MANUFACTURED AND SOLD		P 1,076,114,195		
	For the Years Ended		Increase (Decrease)	
	2005	2004	Php	%
Materials used	P857,267,725	P857,416,817	(P149,092)	(0.02)
Direct labor	72,748,334	63,156,849	9,591,485	15.19
Manufacturing overhead				
Fishmeal	29,467,372	27,075,929	2,391,443	8.83
Fuel	23,916,571	17,370,219	6,546,352	37.69
Rental	16,955,573	14,157,302	2,798,271	19.77
Indirect labor	10,439,648	9,582,041	857,607	8.95
Repairs and maintenance	5,851,118	5,632,521	218,597	3.88
Light and water	4,809,241	3,501,542	1,307,699	37.35
Freight and handling	4,523,593	4,040,694	482,899	11.95
Laboratory	3,598,856	3,010,202	588,654	19.56
Warehousing	3,256,184	7,033,763	(3,777,579)	(53.71)
Depreciation and amortization	2,773,735	1,165,933	1,607,802	137.90
Security fees	2,616,293	2,541,914	74,379	2.93
Outside services	2,532,981	3,296,979	(763,998)	(23.17)
Consumables	2,336,044	2,465,097	(129,053)	(5.24)
Professional fees	1,475,784	799,966	675,818	84.48
Representation and entertainment	1,360,383	1,157,087	203,296	17.57
Travel and communication	1,207,236	1,269,094	(61,858)	(4.87)
Others	7,034,296	2,780,651	4,253,645	152.97
Total manufacturing costs	1,054,170,967	1,027,454,600	26,716,367	2.60
Finished goods, beginning	149,812,358	-	(149,812,358)	-
Cost of goods available for sale	1,203,983,325	1,027,454,600	176,528,725	17.18
Finished goods, end	127,869,130	149,812,358	(21,943,228)	(14.65)
	P1,076,114,195	P877,642,242	P198,471,953	22.61

Below is the analysis of major fluctuations in the accounts:

Direct labor

The increase in direct labor is due to the mandate of the government to increase wages by P13.50 per day effective September, 2004.

Fuel

Increase in fuel is brought about by the increase in unit cost. From an average P13.55 per liter in 2004, it increased to P18.62 per liter in 2005.

Rental

Majority of the rental incurred in 2004 only started in March which is equivalent to 10 months while in 2005, rental incurred is for 12 months. This is basically the cause of the increase.

Light and water

Majority of the light and water incurred in 2004 only started in March which is equivalent to 10 months while in 2005, rental incurred is for 12 months. This is basically the cause of the increase.

Freight and handling

Freight and handling has increased due to increase in importation of ingredients such as soya oil and other tuna ingredients.

Laboratory

As required by the Bureau of Food and Drugs (BFAD), there is a need to increase product samples. The company also created a Research and Development Department. This resulted in increase in laboratory cost.

Warehousing

There is no much need of cold storage for 2005 which resulted to decrease in warehousing.

Depreciation and amortization

This account increased because of the increase in depreciation of newly acquired machineries and equipment. Also there were building improvements made in 2005.

Professional fees

For 2005, an independent custom broker was hired to comply with the requirement of the Bureau of Customs. As a result, professional fee increased.

Representation and entertainment

This account increased because of the frequent visits by both existing and prospective customers. This visit is basically for the purpose of expanding the customers' base.

Others

Other expenses included in 2005 are those loss on sale of dented finished products and those write-off of obsolete packaging materials.

OPERATING EXPENSES**P66,009,411**

	For the Years Ended		Increase (Decrease)	
	2005	2004	Php	%
Salaries, wages and other benefits	P16,586,670	P15,305,022	P1,281,648	8.37
Transportation and travel	7,711,039	5,416,676	2,294,363	42.36
Management fees	5,714,184	7,374,243	(1,660,059)	(22.51)
Representation and entertainment	4,437,836	3,813,926	623,910	16.36
Business development expenses	4,594,108	2,594,917	1,999,191	77.04
Rental	4,320,451	3,110,036	1,210,415	38.92
Utilities and communication	3,456,619	2,937,146	519,473	17.69
Commission	2,846,866	1,226,993	1,619,873	132.02
Depreciation	2,755,437	837,777	1,917,660	228.90
Freight and handling	2,221,095	870,237	1,350,858	155.23
Outside services	1,378,839	1,572,684	(193,845)	(12.33)
Other personnel expenses	989,362	1,397,489	(408,127)	(29.20)
Materials and supplies	732,769	674,271	58,498	8.68
Repairs and Maintenance	660,976	439,112	221,864	50.53
Fuel and oil	621,536	604,415	17,121	2.83
Membership dues	548,459	259,954	288,505	110.98
Taxes and licenses	519,054	1,654,720	(1,135,666)	(68.63)
Provision for inventory obsolescence	415,280	-	415,280	100
Condominium dues	326,175	211,946	114,229	53.90
Insurance	292,195	260,393	31,802	12.21
Provision for doubtful accounts	125,078	-	125,078	100
Warehouse expense	-	250,000	(250,000)	(100)
Others	4,755,383	1,035,080	3,720,303	359.42
	P66,009,411	P51,847,037	P14,162,374	27.32

Transportation and travel

This account increased due to frequent foreign travel made for 2005. This travel includes participation to various food fares and also visits to current and prospective customers.

Management fees

This account is computed based on 10% of earnings before interest expense, tax, depreciation and amortization (EBITDA). The decrease is basically due to lower EBITDA for 2005.

Business development expenses

This is related to expenses incurred for the development of new markets.

Rental

The Company has added office space which caused the increase.

Utilities and communication

The increase is basically due to more international calls made in 2005 to various customers.

Commission

Commission expense incurred has increased in direct proportion to the increase in sales.

Depreciation

This account increased because of the increase in depreciation of newly acquired office equipment and vehicles. Also there were building improvements made in 2005.

Freight and handling

The increase is related to the growth in sales.

Repairs and maintenance

The additional company vehicles caused the increase in repairs and maintenance for 2005.

Membership dues

The Company joined Orthodox Union, an international organization in the United States in compliance with the customers' requirements. This caused the increased in expense.

Taxes and licenses

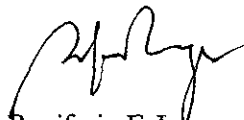
This account decreased because in 2004, documentary stamp tax were paid in relation to the issuance of capital stock.

Others expenses

This account includes expenses incurred for buyers' claims and also the conversion of unused sick leave of employees.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance Tuna International, Inc. as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.



Bonifacio F. Lumacang, Jr.

Director

TIN 170035681

CPA License No. 0098090

BOA Registration No. 0003

PTR No. 0897719

January 31, 2006

Makati City

Makati City, Philippines

February 16, 2006

ALLIANCE TUNA INTERNATIONAL, INC.

BALANCE SHEETS

				December 31	
		Notes	2005	2004	
ASSETS					
Current Assets					
Cash and cash equivalents	3		P 14,436,933 ✓	P 43,159,386	
Trade and other receivables - net	4		155,916,669 ✓	86,858,094	
Inventories - net	6		177,808,795 ✓	185,033,334	
Prepayments and other current assets	7		28,224,667 ✓	4,847,590	
Total Current Assets			376,387,064	319,898,404	
Non-current Assets					
Investment in associate	5 ✓		24,896,297 ✓	-	
Due from related parties	17		5,260,321 -	1,655,714	
Property and equipment - net	8, 11		39,263,084 ✓	30,704,686	
Other non-current assets	9, 17		29,590,300 ✓	30,453,493	
			99,010,002	62,813,893	
			P475,397,066	P382,712,297	
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	10		P 84,587,703 ✓	P 32,645,442	
Income tax payable	18		-	9,144,142	
Current portion of loans payable	11		2,399,103 ✓	22,008,210	
Total Current Liabilities			86,986,806	63,797,794	
Non-current Liabilities					
Deferred tax liability	18		-	58,294	
Loans payable - long-term	11		1,851,695 ✓	4,372,299	
Due to related parties	17		70,901,416 ✓	54,159,359	
			72,753,111	58,589,952	
Equity					
Capital stock	12		203,011,271	201,000,000	
Deposit for future capital stock subscriptions			-	2,000,000	
Retained earnings			112,645,878	57,324,551	
			315,657,149	260,324,551	
			P475,397,066	P382,712,297	

See Notes to Financial Statements.

ALLIANCE TUNA INTERNATIONAL, INC.**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31

	2005	2004
Cash Flows from Operating Activities		
Income before tax	P55,263,033	P66,526,987
Adjustments for:		
Depreciation and amortization	5,529,172	2,003,710
Unrealized foreign exchange gain	(1,623,219)	(182,170)
Unrealized foreign exchange loss	3,578,172	-
Share in equity in net earnings of an associate	(11,452,121)	-
Provision for inventory obsolescence	415,280	-
Provision for doubtful accounts	125,078	-
Interest income	(232,043)	(1,074,676)
Interest expense	7,772,182	5,263,178
Operating cash flow before working capital changes	59,375,534	72,537,029
(Increase) Decrease in:		
Trade and other receivables	(72,047,369)	(86,658,457)
Inventories	6,809,259	(185,033,334)
Prepayments and other current assets	(23,790,446)	(4,847,590)
Increase in trade and other payables	53,264,393	32,627,975
Cash generated from (used in) operations	23,611,371	(171,374,377)
Income taxes paid	(9,144,142)	-
Net cash from (used in) operating activities	14,467,229	(171,374,377)
Cash Flows from Investing Activities		
Acquisition of property and equipment	(14,087,570)	(32,708,396)
Acquisition of shares of stock of an associate	(13,444,176)	-
Decrease (Increase) in due from related parties	(3,604,607)	(1,655,714)
Interest income received	232,043	1,074,676
(Increase) Decrease in other non-current assets	874,464	(30,453,493)
Net cash used in investing activities	(30,029,846)	(63,742,927)
Cash Flows from Financing Activities		
Increase in due to related parties	16,742,057	74,183,209
Interest paid	(7,772,182)	(5,263,178)
Payment of loans	(22,129,711)	-
Proceeds from issuance of capital stock	-	201,000,000
Proceeds from loans payable	-	6,356,659
Deposit for future capital stock subscriptions	-	2,000,000
Net cash from (used in) financing activities	(13,159,836)	278,276,690
Net Increase in Cash and Cash Equivalents	(28,722,453)	43,159,386
Cash and Cash Equivalents, Beginning	43,159,386	-
Cash and Cash Equivalents, End	P14,436,933	P43,159,386

See Notes to Financial Statements.

ALLIANCE TUNA INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Alliance Tuna International, Inc. (herein referred to as the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission on September 1, 2003. The Company's primary purpose is to engage in the business of manufacturing and exporting canned tuna and other processed seafoods.

The Company is 79% and 21% owned by Alliance Pilipinas International Holdings, Inc. (a Thai company) and Mingjing Holdings, Inc. (a Filipino company), respectively. The registered office address of the Company is at the Suite 1205, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City. Its plant facilities are located in Barrio Tambler, General Santos City.

The Company was registered with the Board of Investments (BOI) on August 24, 2004 under the Omnibus Investments Code of 1987, otherwise known as Executive Order No. 226, on a non-pioneer status as new export producer of Canned Tuna and its By-product (fishmeal). As a registered enterprise, the Company is entitled to certain incentives such as income tax holiday for four (4) years from the date of registration, tax credit on raw materials and supplies used for export products, and additional deduction for labor expense, subject to certain requirements under the terms of its BOI registration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the historical cost basis in accordance with Philippine Financial Reporting Standards (PFRS) for the first time. The disclosures required by PFRS 1 concerning the transition from Philippine Generally Accepted Accounting Principles (GAAP) to PFRS are discussed in Note 19.

These financial statements are presented in Philippine peso because that is the currency of the primary economic environment in which the Company operates.

Adoption of New Accounting Standards

The Company adopted the following Philippine Accounting Standards (PAS), which became effective on January 1, 2005:

- | | |
|--------------------------|---|
| a. PAS 1 (Revised 2003) | - Presentation of Financial Statements |
| b. PAS 2 (Revised 2003) | - Inventories |
| c. PAS 8 (Revised 2003) | - Accounting Policies, Changes in Accounting Estimates and Errors |
| d. PAS 10 (Revised 2003) | - Events After the Balance Sheet Date |
| e. PAS 16 (Revised 2003) | - Property, Plant and Equipment |
| f. PAS 17 (Revised 2003) | - Leases |
| g. PAS 19 | - Employee Benefits |
| h. PAS 21 | - The Effects of Changes in Foreign Exchange Rates |

ALLIANCE TUNA INTERNATIONAL, INC.**STATEMENTS OF INCOME**

		For the Years Ended December 31	
	Notes	2005	2004
Sales	13	P1,203,609,999	P1,002,301,494
Cost of Goods Manufactured and Sold	14, 17	1,076,114,195	877,642,242
Gross Profit		127,495,804	124,659,252
Other Operating Income			
Interest income	3, 13	232,043	1,074,676
Operating Expenses	15	66,009,411	51,847,037
Other Operating Expenses			
Foreign exchange loss		7,977,327	377,150
Bank charges		2,158,015	1,719,576
		10,135,342	2,096,726
Income from Operations		51,583,094	71,790,165
Share in equity in net earnings of an associate	5, 13	11,452,121 ✓	-
Finance Cost			
Interest expense	11, 17	7,772,182	5,263,178
Income Before Tax		55,263,033	66,526,987
Income Tax Expense (Benefit)	18	(58,294)	9,202,436
Net Income		P 55,321,327	P 57,324,551

See Notes to Financial Statements.

PAS 16 (Revised 2003), "Property, Plant and Equipment," prescribes the accounting treatment for property, plant and equipment and related disclosure requirements. The standard contains a limited revision to provide additional guidance and clarification on recognition and measurement of items of property, plant and equipment. It provides guidance on initial and subsequent recognition as well as measurement after recognition. It requires depreciation for each significant part of an item of property, plant and equipment. The standard also provides guidance on the determination of the carrying amount of the assets, the residual value, depreciation period and derecognition principles to be observed.

The adoption of PAS 16 resulted principally in additional disclosures.

PAS 17 (Revised 2003), "Leases," provides limited revision to clarify the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of lessors.

The adoption of PAS 17 resulted principally in additional disclosures.

PAS 19, "Employee Benefits," applies to all employee benefits offered by an employer to employees and their dependents and beneficiaries. This standard applies to employee benefits under: (i) formal plans and agreements between an enterprise and its employees, (ii) national, local, industry or multi-employer plans, and (iii) informal practices giving rise to a constructive obligation. This standard also identifies the following categories of employee benefits such as short-term employee benefits, post employment benefits, other long-term employee benefits and termination benefits.

The adoption of PAS 19 resulted principally in additional disclosures.

PAS 21, "The Effects of Changes in Foreign Exchange Rates," prescribes the accounting treatment for foreign currency transactions and provides guidance on the translation method and on determining the functional and presentation currencies of a reporting entity. The standard removes the limited option in the previous version of SFAS 21/IAS 21 to capitalize exchange differences resulting from a severe devaluation or depreciation of a currency against which there is no means of hedging. Under the standard, such exchange differences are now recognized in profit or loss since capitalization of such exchange differences is no longer permitted in any circumstances.

The adoption of PAS 21 resulted principally in additional disclosures.

PAS 24 (Revised 2003), "Related Party Disclosures," provides additional guidance and clarity in the scope of the standard, the definitions and the disclosures for related parties. It requires disclosure of the compensation of key management personnel.

The adoption of PAS 24 resulted principally in additional disclosures.

PAS 28 (Revised 2003), "Investment in Associates," prescribes the investor's accounting for investments in associates over which it has significant influence.

The adoption of PAS 28 resulted principally in additional disclosures.

ALLIANCE TUNA INTERNATIONAL, INC.
STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock	For the Years Ended December 31		Total
			Deposit for Future Stock Subscriptions	Retained Earnings	
Issuance of capital stock	12	P201,000,000	P -	P -	P201,000,000
Net income				57,324,551	57,324,551
Deposit for future capital stock subscriptions		-	2,000,000	-	2,000,000
Balance, December 31, 2004		201,000,000	2,000,000	57,324,551	260,324,551
Transfer to issued capital		2,000,000	(2,000,000)		
Net income		-	-	55,321,327	55,321,327
Issuance of capital stock		11,271	-	-	11,271
Balance, December 31, 2005		P203,011,271	P -	P112,645,878	P315,657,149

See Notes to Financial Statements.

PAS 32, "Financial Instruments: Disclosures and Presentation," prescribes the requirements for the presentation of financial instruments and identifies the information that should be disclosed about them. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. The standard requires disclosure of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments. This standard also requires disclosure of information about the nature and extent of an entity's use of financial instruments, the business purposes they serve, the risks associated with them, and management policies for controlling those risks.

PAS 39, "Financial Instruments: Recognition and Measurement," prescribes the principles for recognizing, measuring, and disclosing information about financial assets and financial liabilities. PAS 39 supplements the disclosure provision of PAS 32, Financial Instruments: Disclosures and Presentation.

The adoption of PAS 32 and PAS 39 resulted principally in additional disclosures.

PAS 36 (Revised 2004), "Impairment of Assets," prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss. The standard also specifies when an entity should reverse an impairment loss previously recognized. The revised standard clarifies the elements that should be reflected in the calculation of an asset's value in use. PAS 36 prescribes the frequency of impairment testing for intangible assets and goodwill as a consequential amendment to the adoption of PFRS 3, "Business Combinations."

The adoption of PAS 36 resulted principally in additional disclosures.

PFRS 1, "First Time Adoption of PFRS," sets out the procedures that an entity must follow when it adopts PFRS for the first time as the basis for preparing its general purpose financial statements. It provides guidance on the accounting policies, reporting periods, recognition, derecognition, reclassification and measurement of assets and liabilities. The standard sets out optional and mandatory exemptions from the general restatement and measurement principles of assets and liabilities.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognized when there is a transfer of risks and rewards of ownership, which coincides with the transfer of the legal title or the passing of possession to the buyer.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leases

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

The Company as Lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Financial Assets

Financial assets are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of change in value.

Receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Provisions for doubtful accounts is established for items specifically identified to be doubtful of collection.

Investments in Associates

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results of operations and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Company's interest in those associates are not recognized.

Any excess of the cost of acquisition over the Company's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill. Any deficiency of the cost of acquisition below the Company's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit and loss in the period of acquisition.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving average method for finished goods, and the first-in, first-out method for raw materials and parts and supplies. Costs of inventories consist of all costs of purchase, costs of conversion, handling costs and other costs incurred in bringing the inventories to their present condition and location. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs to be incurred in marketing, selling and distribution.

The Company provides allowance for inventory obsolescence due to deterioration, age and technological changes. Provision for inventory obsolescence is determined by using specific identification at the time of physical count.

Property and Equipment

Property and equipment are initially measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

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

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of property and equipment:

Machinery and equipment	15 years
Leasehold improvements	7 years
Office furniture, fixtures and other equipment	5 years
Transportation equipment	5 years

Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial Liability and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade Payables and Provisions

Trade payables are not interest bearing and are stated at their nominal value.

The Company recognizes a provision if a present obligation has arisen as a result of a past event, payment is probable and the amount can be measured reliably. The amount recognized is the best estimate of the expenditure required to settle the present obligation at balance sheet date, that is, the amount the Company would rationally pay to settle the obligation to a third party.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the profit and loss account using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Foreign Currencies

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

Accounting Estimates

In the process of preparing the financial statements, the Company estimates the appropriate carrying value of certain assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from those estimates.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates of 32% in 2004 and from January to October 2005 and 35% from November to December 2005.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the statement of income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control with the Company are also considered related parties.

3. CASH AND CASH EQUIVALENTS

	2005	2004
Cash on hand and in banks	P14,436,933	P39,159,386
Cash equivalents	-	4,000,000
	P14,436,933	P43,159,386

Cash equivalents include time deposits in local banks with annual interests ranging from 2% to 5% and maturity period of 30 days in 2005 and 2004.

4. TRADE AND OTHER RECEIVABLES - net

	2005	2004
Trade	P144,283,722	P82,447,138
Non-trade	7,535,552	4,410,956
Others	4,222,473	-
	156,041,747	86,858,094
Less: Allowance for doubtful accounts	125,078	-
	P155,916,669	P86,858,094

The average credit period taken on sales of goods is 32 days. No interest is being charged on receivables even if it exceeds credit period.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

5. INVESTMENT IN ASSOCIATE

	2005
Acquisition cost	P13,444,176
Share in equity in net earnings of an associate	11,452,121
	P24,896,297

Aggregated amounts relating to associate:

	2005	2004
Total assets	P149,653,285	P150,792,692
Total liabilities	174,954,125	210,445,593
Revenues	179,441,718	161,763,353
Profit	34,368,338	3,546,872

On September 1, 2005, the Company bought the 40% share of Container Printers PTE. LTD from FDCP Inc., a can making company located in General Santos City. FDCP, Inc. is Alliance Tuna International, Inc. (ATII's) major supplier of tin cans.

6. **INVENTORIES - net**

	2005	2004
Finished goods – Canned tuna	P127,869,130	P149,812,358
Finished goods – Fish meal	197,731	-
Raw materials	23,808,635	32,257,843
Inventories in-transit	22,844,999	-
Parts and supplies	3,503,580	2,963,133
	178,224,075	185,033,334
Less: Allowance for inventory obsolescence	415,280	-
	P177,808,795	P185,033,334

7. **PREPAYMENTS AND OTHER CURRENT ASSETS**

	2005	2004
Deposit – Fish Supplier and Others	P24,041,579	P3,948,081
Prepaid expenses	4,183,088	899,509
	P28,224,667	P4,847,590

Deposits - Fish Supplier represents advances made to the Company's fish supplier. This is required upon the closing of the contract with the fish supplier. This is liquidated against the total cost of fish delivered to the plant.

8. **PROPERTY AND EQUIPMENT - net**

	Leaschold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture and Fixture	Total
Cost						
January 1	P 7,463,628	P11,243,598	P11,901,166	P2,019,301	P 80,703	P32,708,396
Additions	8,375,814	2,948,976	863,300	1,795,042	104,438	14,087,570
December 31	15,839,442	14,192,574	12,764,466	3,814,343	185,141	46,795,966
Accumulated Depreciation and Amortization						
January 1	678,244	250,648	874,571	196,625	3,622	2,003,710
Provision	1,610,833	852,770	2,434,446	605,740	25,383	5,529,172
December 31	2,289,077	1,103,418	3,309,017	802,365	29,005	7,532,882
Carrying Amount						
December 31, 2005	P13,550,365	P13,089,156	P 9,455,449	P3,011,978	P156,136	P39,263,084
Carrying Amount						
December 31, 2004	P 6,785,384	P10,992,950	P11,026,595	P1,822,676	P77,081	P30,704,686

Management believes that there are no indications of impairment on the Company's property and equipment.

9. OTHER NON-CURRENT ASSETS

	2005	2004
Lease deposit (Note 17)	P26,159,959	P26,148,688
Input value added tax	2,668,944	4,155,477
Others	761,397	149,328
	P29,590,300	P30,453,493

10. TRADE AND OTHER PAYABLES

	2005	2004
Trade	P65,233,878	P15,869,876
Accrued expenses:		
Management fees	5,714,184	4,089,418
Freight	4,446,006	759,323
Salaries and wages	2,980,034	1,722,953
Professional fees	296,140	398,251
Commission	174,008	676,710
Others	4,663,126	823,073
Customers' deposits	-	6,950,100
Others	1,080,327	1,355,738
	P84,587,703	P32,645,442

Accrued others consist of accrual of interest, rentals, trucking fees and paid leaves.

11. LOANS PAYABLE

This represents loans availed from RCBC and International Exchange Bank to finance the purchase of certain Company's transportation equipment. The loan bears interest ranging from 12% to 14% per annum payable on a monthly basis and matures in August 2007 and November 2007, respectively.

The carrying amount of transportation equipment under mortgaged amounted to P9.46 million and P11.03 million in 2004.

Total interest expense arising from the loans amounted to P701,500 in 2005 and P254,071 in 2004.

12. CAPITAL STOCK

	2005	2004
Authorized:		
300,000,000 common shares of P1 each	P300,000,000 ✓	P300,000,000
Issued and fully paid:		
Balance, beginning	P203,000,000	P201,000,000
Issuance	11,271	-
Balance, end	P203,011,271	P201,000,000

13. REVENUE

Details of the Company's revenue follows:

	2005	2004
Sales of goods	P1,203,609,999	P1,002,301,494
Interest income	232,043	1,074,676
Share in equity in net earnings of an associate (Note 5)	11,452,121 ✓	-
	P1,215,294,163	P1,003,376,170

14. COST OF GOODS MANUFACTURED AND SOLD

	2005	2004
Materials used	P857,267,725	P857,416,817
Direct labor (Note 16)	72,748,334	63,156,849
Manufacturing overhead		
Fishmeal	29,467,372	27,075,929
Fuel	23,916,571	17,370,219
Rental	16,955,573	14,157,302
Indirect labor	10,439,648	9,582,041
Repairs and maintenance	5,851,118	5,632,521
Light and water	4,809,241	3,501,542
Freight and handling	4,523,593	4,040,694
Laboratory	3,598,856	3,010,202
Warehousing	3,256,184	7,033,763
Depreciation and amortization (Note 8)	2,773,735	1,165,933
Security fees	2,616,293	2,541,914
Outside services	2,532,981	3,296,979
Consumables	2,336,044	2,465,097
Professional fees	1,475,784	799,966
Representation and entertainment	1,360,383	1,157,087
Travel and communication	1,207,236	1,269,094
Others	7,034,296	2,780,651
Total manufacturing costs	1,054,170,967	1,027,454,600
Finished goods, beginning	149,812,358	-
Cost of goods available for sale	1,203,983,325	1,027,454,600
Finished goods, end	127,869,130	149,812,358
Cost of goods manufactured and sold	P1,076,114,195	P 877,642,242

15. OPERATING EXPENSES

	2005	2004
Salaries, wages and other benefits (Note 16)	P16,586,670	P15,305,022
Transportation and travel	7,711,039	5,416,676
Management fees	5,714,184	7,374,243
Representation and entertainment	4,437,836	3,813,926
Business development expenses	4,594,108	2,594,917
Rental	4,320,451	3,110,036
Utilities and communication	3,456,619	2,937,146
Commission	2,846,866	1,226,993
Depreciation and amortization (Note 8)	2,755,437	837,777
Freight and handling	2,221,095	870,237
Outside services	1,378,839	1,572,684
Other personnel expenses	989,362	1,397,489
Materials and supplies	732,769	674,271
Repairs and maintenance	660,976	439,112
Fuel and oil	621,536	604,415
Membership dues	548,459	259,954
Taxes and licenses	519,054	1,654,720
Provision for inventory obsolescence	415,280	-
Condominium dues	326,175	211,946
Insurance	292,195	260,393
Provision for doubtful accounts	125,078	-
Warehouse expense	-	250,000
Others	4,755,383	1,035,080
	P66,009,411	P51,847,037

Management fee represents the amount paid to the stockholders which is equivalent to P5,000,000 or ten percent (10%) of the Company's annual earnings before interest, taxes, depreciation and amortization (EBITDA), whichever is higher.

16. STAFF COST

	2005	2004
Salaries and wages	P88,276,025	P86,775,323
Employees' benefits	3,729,932	1,268,588
	P92,005,957	P88,043,911

17. RELATED PARTY TRANSACTIONS

	2005	2004
Due from Related Parties		
Alliance Pilipinas Holdings, Inc.	P4,010,422	P -
First Dominion Prime Holdings, Inc. (FDPHI)	1,249,899	1,483,046
FDCP, Inc. (FDCP)	-	172,668
	P5,260,321	P1,655,714
Due to Related Parties		
Maranaw Canning Corporation (Maranaw)	P56,000,000	P50,100,000
FDCP Inc.	10,613,400	-
Clearwater Tuna Corporation (Clearwater)	4,288,016	4,059,359
	P70,901,416	P54,159,359

Significant transactions with related parties are as follows:

- a. The Company obtained advances from Maranaw and Clearwater with an annual interest rate of 10% on the first P50 million and 8% on the excess. It likewise obtained advances in US Dollars from FDCP, Inc. with an interest rate of 6%.

Interest expense related to advances from related parties amounted to P6,901,594 in 2005 and P4,956,249 in 2004.

- b. On October 18, 2004, the Company entered into a Memorandum of Agreement with First Dominion Prime Holdings Inc. (FDPHI) to purchase the debt of FDPHI from certain creditors at net present value of P985,430. In return, the Company will receive a total of P1,483,046 from FDPHI over a period of 10 years.
- c. The Company entered into a contract with Maranaw for the operating lease of the latter's land, plant, machinery and equipment in Barrio Tumbler, General Santos City at a monthly rental of P967,307. The lease term is five (5) years up to February 28, 2009, renewable by mutual agreement of both parties. The Company is required to pay P123,148,688 as deposit, of which P26,148,688 was paid in 2004. The balance will be settled through the issuance of stocks to certain designated parties.

Also, the Company leases from Maranaw an office condominium unit where its head office is located for a period of two (2) years, renewable by mutual agreement of both parties. The lease is classified as operating lease with monthly rental of P147,150.

Total rent expense amounted to P13,373,484 and P11,438,870 in 2005 and 2004, respectively.

Total future minimum lease payments arising from the above lease agreements for each of the following periods follow:

	2005	2004
Within one year	P13,373,484	P11,438,870
Beyond one year but not beyond five years	36,757,666	48,365,350
	P50,131,150	P59,804,220

- d. The Company, in the ordinary course of business, purchases tin cans used as raw materials from FDCP at an arm's length.

Purchases of tin cans from FDCP amounted to P186,374,136 and P162,308,220 in 2005 and 2004, respectively.

Remuneration of Key Management Personnel

The remuneration of the key management personnel and directors of the Company is set out below in aggregate for each of the categories specified in PAS 24, "Related Party Disclosures."

	2005	2004
Short-term:		
Salaries and fees	P 9,758,895	P9,404,312
Employees' benefits	781,921	357,246
	P10,540,816	P9,761,558

18. INCOME TAXES

Components of income tax expense are as follows:

	2005	2004
Current tax expense	P -	P9,144,142
Deferred income tax (benefit) expense relating to additional (reversal) of temporary difference	(58,294)	58,294
	(P58,294)	P9,202,436

A numerical reconciliation between tax expense and the product of accounting income multiplied by 32% from January to October 2005 and 35% from November to December 2005 and 32% for 2004 follows:

	2005	2004
Accounting income	P55,263,033	P66,526,987
Tax expense	P17,960,485	P21,288,635
Tax effect of expenses that are not deductible:		
Operating expenses	28,071,770	156,655
Tax effect of income that is subject to tax holiday and lower rate:		
Income under income tax holiday	(42,234,902)	(11,912,967)
Share in equity in net earnings of an associate	(3,721,939)	-
Interest income	(75,414)	(329,887)
Reversal of deferred tax liability	(58,294)	-
	(P 58,294)	P 9,202,436

19. EXPLANATION OF TRANSITION TO PFRSs

This is the first year that the Company has presented its financial statements under PFRS. The following disclosures are required in the year of transition. The last financial statements under the Philippine GAAP were for the year ended December 31, 2004 and the date of transition to PFRSs is therefore January 1, 2004.

In preparing its PFRS financial statements, the Company's management believes that previous generally accepted accounting principles are consistent with its accounting policies under PFRS and did not result in any retroactive adjustment in the financial statements.

As required by PAS 16, management reviewed the useful life, residual values, depreciation method, capitalization policy and accounting policy of the Company's property and equipment.

As required by PAS 21, management determines the functional currency and translates foreign currency items into functional currency and reports the effects of such translation in accordance with this standard.

As required by PAS 36, management ensured that its assets are carried at no more than their recoverable amount.

As required by PAS 32 and PAS 39, management reviewed all financial assets and financial liabilities and properly classified and measured these items in accordance with the standard.

20. SUBSEQUENT EVENT

On December 14, 2005, the Stockholders of the Company approved the resolutions to increase the authorized capital stock from P300 million to P700 million at par value of P1 per share in year 2006 in order to raise additional working capital and to declare a stock dividend equivalent to 50% of the total outstanding and issued shares or 101,505,635.50 shares shall be declared and distributed pro rata to all stockholders of record at the close of business on December 31, 2005.

The above resolutions are pending approval with the SEC.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management and authorized for issue on February 16, 2006.

* * *

C.L. Manabat & Co.

C.L. Manabat & Co.
5th Floor, Salamin Building
197 Salcedo St. Legaspi Village
Makati City - 1229
Philippines

Tel: +63 (2) 812 0535
Fax: +63 (2) 810 5047

BOA/PRC Reg. No. 0003
SEC Accreditation No. 0001-F

February 16, 2006

The Board of Directors and Stockholders
Alliance Tuna International, Inc.
Suite 1205, Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

Gentlemen:

Relative to the long form audit of Alliance Tuna International Inc., we are providing supplemental information on the selected balance sheet accounts as of December 31, 2005 as follows:

NON TRADE RECEIVABLES	P7,535,552
------------------------------	-------------------

Based on our audit, P1,943,817 of the total balance of P7,535,552 as of December 31, 2005 is subsequently collected as of February 16, 2006. The remaining balance is deemed collectible as the creditors are making payments on a monthly basis.

DUE FROM RELATED PARTIES	P5,260,321
---------------------------------	-------------------

Details of due from related parties as of December 31, 2005 are as follows:

Alliance Pilipinas Holdings, Inc. (APHI)	P4,010,422
First Dominion Prime Holdings, Inc.	1,249,899
	<u>P5,260,321</u>

76% of the balance is a receivable from APHI. However, the Company also has liability with APHI. By mutual agreement of both parties these two accounts can be offset. Thus, receivables are valid and in effect collectible.

EQUITY**P203,011,271**

	Capital Stock	Deposit for Future Subscriptions	Retained Earnings	Total
Issuance of capital stock	P201,000,000	P -	P -	P201,000,000
Deposit for future subscriptions		2,000,000	-	2,000,000
Net income	-	-	57,324,551	377,133
Balance, December 31, 2004	P201,000,000	P2,000,000	57,324,551	260,324,551
Transfer to issued capital	2,000,000	(2,000,000)	-	-
Issuance of capital stock	11,271	-	-	11,271
Net income	-	-	55,321,327	55,321,327
Balance, December 31, 2005	P203,011,271	P -	P112,645,878	P315,657,149

The Company's stockholders and their corresponding shareholdings are summarized as follows:

Stockholders	Nationality	No. of Shares Subscribed	Amount Subscribed and Fully Paid
Bhumipat Dhnavarapitak	Thai	1	1
George Sycip	Filipino	1	1
Alliance Pilipinas Holdings, Inc.	Filipino	159,999,998	159,999,998
Alvin Y. Dee	Filipino	20,000	20,000
Jonathan Y. Dee	Filipino	20,000	20,000
Joanna Dee Laurel	Filipino	19,999	19,999
Teresita S. Ladanga	Filipino	1	1
Mingjing Holdings, Inc.	Filipino	42,940,000	42,940,000
San Lorenzo Ruiz Fishing	Filipino	11,271	11,271
Total		203,011,271	P203,011,271

We sent out confirmation request to the Company's corporate secretary to validate the ownership of the stocks listed above and no exception was noted. The following were the stock certificates that were issued as of December 31, 2005:

Stock Certificates Issued:

Stockholder	Certificate No.	No. of Shares
Bhumipat Dhnavarapitak	13	1
George Sycip	14	1
Alliance Pilipinas Holdings, Inc.	15	159,999,998
Alvin Y. Dee	1	20,000
Jonathan Y. Dee	2	20,000
Joanna Dee Laurel	3	19,999
Teresita S. Ladanga	4	1
Mingjing Holdings, Inc.	6,9,11,12	42,940,000
San Lorenzo Ruiz Fishing	16	11,271

Very truly yours,

C.L. Manabat & Co.

By:



Bonifacio F. Lamacang, Jr.

Director

TIN 170035681

CPA License No. 0098090

BOA Registration No. 0003

PTR No. 0897719

January 31, 2006

Makati City

SECRETARY'S CERTIFICATE

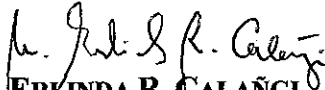
I, **MA. ERLINDA R. CALAÑGI**, of legal age, Filipino, being the duly elected and incumbent Corporate Secretary of **ALLIANCE TUNA INTERNATIONAL, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with offices at Suite 1205, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, under oath, do hereby certify:

1. That at the special meeting of Stockholders of the Corporation held at its principal office on **December 14, 2005**, a Resolution declaring a stock dividend equivalent to 49.80% of the total outstanding and issued shares or 101,099,612.95 shares was duly approved by the majority of the Board of Directors and ratified by the stockholders representing at least 2/3 of the outstanding capital stock;
2. That said stock dividend shall be distributed *pro rata* to all stockholders of record at the close of business on December 31, 2005, as follows:

STOCKHOLDER	<u>Subscribed Capital</u>	<u>No. of shares (Stock Dividend)</u>
Alliance Pilipinas International Holdings, Inc.	159,999,998	79,679,999
Mingjing Holdings, Inc.	42,940,000	21,384,120
Alvin Y. Dee	20,000	9,960
Jonathan Y. Dee	20,000	9,960
Joanna Dee-Laurel	19,999	9,959
Teresita S. Ladanga (<i>nominee of Mingjing Holdings, Inc.</i>)	1	-
Bhumipat Dhnavarapitak (<i>nominee of Alliance Pilipinas International Holdings, Inc.</i>)	1	-
George SyCip (<i>nominee of Alliance Pilipinas International Holdings, Inc.</i>)	1	-
San Lorenzo Ruiz Fishing Industry, Inc.	11,271	5,612
Total	P 203,011,271	101,099,610


3. That stock dividend for each nominee shall be credited in favor of the principal stockholder;
4. That the fractional shares of San Lorenzo Ruiz Fishing Industry, Inc. and Joanna Dee-Laurel were eliminated and paid in cash. ^{Fractional} Shares in favor of Messrs. Alvin Y. Dee and Jonathan Y. Dee were rounded off to the nearest whole number.

IN WITNESS WHEREOF, I have hereunto affixed my signature and seal of the Corporation this MAY 17 2006 at ALABANGA CITY.


MA. ERLINDA R. CALANGI
Corporate Secretary

SUBSCRIBED AND SWORN to before me on the date and in the place first above written. The affiant exhibiting to me her Community Tax Certificate No. 08967173 issued on January 10, 2006 in Mabini, Batangas.

Doc. No. 270 ;
Page No. 50 ;
Book No. XVIII ;
Series of 2006.


ATTY. MARCELINO S. BACALLA JR.
NOTARY PUBLIC
UNTI. DEL. IN. EDCE
PIR # 100000
JAN. 2, 2006
IDP # 04233 /LIFETIME
ROLL # 33948

ALLIANCE TUNA INTERNATIONAL, INC.

List of Stockholders of Record

As of December 14, 2005 (date of stockholders' meeting approving the increase of capital)

	Name of Subscriber	Nationality	Subscribed No. of Shares	Subscribed Amount	Amount Paid
1.	Alliance Filipinas International Holdings, Inc.	Thai	159,999,998	159,999,998.00	159,999,998.00
2.					
3.	Mingjing Holdings, Inc.	Fil	42,940,000	42,940,000.00	42,940,000.00
4.					
5.	Alvin Y. Dee	Fil	20,000	20,000.00	20,000.00
6.	Jonathan Y. Dee	Fil	20,000	20,000.00	20,000.00
7.	Joanna Dee-Laurel	Fil	19,999	19,999.00	19,999.00
8.	Teressita S. Ladanga	Fil	1	1.00	1.00
9.					
10.	Bhumipat Dhnavarapitak	Thai	1	1.00	1.00
11.	George SyCip	American	1	1.00	1.00
12.	San Lorenzo Ruiz Fishing Industry, Inc.	Fil	11,271	11,271.00	11,271.00
13.					
14.					
15.					
	TOTAL		203,011,271	203,011,271.00	203,011,271.00

Certified Correct:


MA. ERINDA E. CALANGZ
 Corporate Secretary

WAIVER OF PRE-EMPTIVE RIGHTS

✱We, the undersigned stockholder/s of ALLIANCE TUNA INTERNATIONAL, INC., hereby waive ~~my~~/our pre-emptive right/s to subscribe to the increase of capital stock from P 300,000,000.00 to P 700,000,000.00 duly approved by the Board of Directors and two-thirds (2/3) of the outstanding capital stock on December 14,, 2005.

In witness whereof, ✱We hereby signed ~~my~~/our name this MAY 22 2006 day of 2006.

34 54 p/ths
HEINZPAC INCORPORATED
[Signature]
JONATHAN Y. DEE

[Signature]
GEORGE DYCEP

34 54 p/ths
ALLIANCE FILIPINAS INTERNATIONAL HOLDINGS, INC.

[Signature]
ARVIN S. RISE

[Signature]
TERESITA S. LADANCA

[Signature]
JOANNA DEE-LAUREL

[Signature]
MELVINE HOLDINGS, INC.

SAN LORENZO RITE FISHING INDUSTRY, INC.

* PRINT NAME BELOW SIGNATURE.

**COMPANY DATA MAINTENANCE FORM
GENERAL / BUSINESS / COMPANY RELATIONSHIP INFORMATION**
(FOR DOMESTIC COMPANIES ONLY)

SEC NUMBER 05200319138 FOR SEC TO PROVIDE: MAINTENANCE NO. : _____ TRANSACTION DATE / _____

FILL-UP INSTRUCTIONS - Type or print legibly. Light-shaded boxes are to be filled up by the SEC. Check appropriate boxes. FILL UP ONLY THOSE ITEMS FOR WHICH AMENDMENTS OR CHANGES ARE TO BE MADE. Refer to the back of this page for additional instructions.

CURRENT COMPANY NAME (This must always be provided): ALLIANCE TUNA INTERNATIONAL, INC. RESTRICT USED BY OTHERS? YES NO

RESERVATION NUMBER _____ NEW COMPANY NAME _____

GENERAL INFORMATION

COMPANY TYPE DS - DOMESTIC STOCK DN - DOMESTIC NON-STOCK DP - DOMESTIC PARTNERSHIP CHANGES FROM STOCK TO NON-STOCK? YES NO CHANGE IN PRIMARY PURPOSE YES NO

PRINCIPAL OFFICE ADDRESS Suite 1205, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

AREA CODE 111 POSTAL CODE 116105 TEL NO. 635-5241; 635-5242/43/44 FAX NO 635-5235

BUSINESS OFFICE ADDRESS same as above address

AREA CODE _____ POSTAL CODE _____ TEL. NO. _____ FAX NO _____

BUSINESS INFORMATION

PARTNERSHIP TYPE L - LIMITED N - NO SPECIAL REGISTRATION R - R.A. EXPORT F - FINANCIAL INSTITUTION G - GENERAL D - FIA DOMESTIC S - SUBIC REGISTERED B - BZA-REGISTERED C - SOI-REGISTERED

INDUSTRY CODE _____ TERM OF EXISTENCE 50 YEARS END DATE OF EXISTENCE 2053 FISCAL YEAR END (MM/DD) 12/31 ANNUAL MEETING (for domestic companies only) 06/15 V-VARIABLE _____

NUMBER OF DIRECTORS (if stock co.) five TRUSTEES (if non-stock co.) _____ PARTNERS (if partnership) _____ STOCKHOLDERS (if stock co.) Nine

TYPE OF NON-STOCK CORPORATION TOTAL CONTRIBUTION (of non-stock companies) % OF FOREIGN MEMBERSHIP (of non-stock companies) TOTAL CONTRIBUTION (of domestic partnership) Filipino: _____ Foreign: _____

COMPANY RELATIONSHIP - List all companies related to registrant. (Use additional sheets, if necessary.)

RELATIONSHIP TYPE M - DISSOLVED COMPANY (if due to merger) S - PARENT COMPANY (if registrant is a subsidiary) O - OTHERS
V - DISSOLVED COMPANY (if change in company type) A - AFFILIATE (of registrant)

MAIN IND	RELN TYPE	SEC NUMBER	COMPANY NAME	START DATE	END DATE
A	S	CS200415557	Alliance Pilipinas International Holdings, Inc.		
A	S	CS200401737	Mingjing Holdings, Inc.		

MAIN IND - A (NEW), E (UPDATE EXISTING), OR (OLD) RELATIONSHIP ADP, Inc.

CERTIFIED CORRECT: Mrs. Prilinda R. Delaño POSITION: Corporate Secretary DATE: MAY 29 2006

PROCESSING ATTORNEY: _____ DATE REVIEWED: _____ DATA CONTROL CLERK: _____ DATE ENCODED: _____

DATE REVIEWED: _____ DATE ENCODED: _____

**COMPANY DATA MAINTENANCE FORM
CHANGES IN CAPITAL STRUCTURE
(FOR DOMESTIC STOCK CORPORATION ONLY)**

SEC NUMBER: CS 200319183

FOR SEC TO PROVIDE: MAINTENANCE NO.:

TRANSACTION DATE:

PAGE 2 OF 3

FILL-UP INSTRUCTIONS: Type or print legibly. Light shaded boxes are to be filled up the SEC. Check appropriate boxes, where applicable.

For the P/N, F/N and with Paid-in Surplus columns, select the appropriate code -
 PAR / NO PAR VALUE INDICATOR (P/N) : P - PAR N - NO PAR
 FILIPINO / FOREIGN-OWNED INDICATOR (F/N) : F - FILIPINO N - FOREIGN-OWNED
 WITH PAID-IN SURPLUS? : Y - YES N - NO

COMPANY NAME

ALLIANCE TUNA INTERNATIONAL, INC.

COMPANY TIN

227-409-243-000

AMENDMENT IN AUTHORIZED CAPITAL STOCK DIVIDENDS MERGER EQUITY RESTRUCTURING STOCK RETIREMENT

AUTHORIZED CAPITAL

BALANCE FORWARDED	TYPE OF SHARE	CODE	P/ N	INCREASE (DECREASE) IN PAR VALUE/ PAR VALUE (ADJUSTED)	PRESENT NUMBER OF SHARES / INCREASE (DECREASE) IN NUMBER OF SHARES	PRESENT BALANCE	INCREASE (DECREASE) IN AMOUNT	BALANCE INCREASED (DECREASED)	1
Common			P	N/A	300,000,000 / 400,000,000	300,000,000.00	400,000,000.00	700,000,000.00	1
(SUB TOTAL)			P		300,000,000.00	400,000,000.00	700,000,000.00		6

SUBSCRIBED CAPITAL

BALANCE FORWARDED	TYPE OF SHARE	CODE	F/ N	INCREASE (DECREASE) IN NUMBER OF SHARES	PRESENT SUBSCRIBED BALANCE	INCREASE (DECREASE) IN AMOUNT	SUBSCRIBED BALANCE AS INCREASED (DECREASED)	INCREASE (DECREASE) IN AMOUNT	WITH PAID- IN?	R E F
Common			F		21,419,611	21,419,611.00	64,430,882	21,419,611.00		1
Common			N		79,679,999	79,679,999.00	239,679,999	79,679,999.00		2
(SUB) TOTAL					101,099,610	101,099,610.00	304,110,881	101,099,610.00		6

BALANCE FORWARDED	TYPE OF SHARE	CODE	F/ N	INCREASE (DECREASE) IN NUMBER OF SHARES	PRESENT SUBSCRIBED BALANCE	INCREASE (DECREASE) IN AMOUNT	SUBSCRIBED BALANCE AS INCREASED (DECREASED)	INCREASE (DECREASE) IN AMOUNT	WITH PAID- IN?	R E F
Common			F		43,011,271	43,011,271.00	160,000,000	43,011,271.00		3
Common			N		160,000,000	160,000,000.00	160,000,000	160,000,000.00		3
(SUB) TOTAL					203,011,271	203,011,271.00	203,011,271	203,011,271.00		6

SEC NUMBER: 9 8 2 0 0 3 1 9 1 3 8

FOR SEC TO PROVIDE: MAINTENANCE NO. : / /

TRANSACTION DATE: / /

PAGE 3 OF 3

FILL-UP INSTRUCTIONS : Type or print legibly. Light-shaded boxes are to be filled up by the SEC. Refer to the back of this page for additional instructions.

COMPANY TYPE: 227-409-243-000

COMPANY NAME: ALLIANCE TUNA INTERNATIONAL, INC.

CHANGE IN PAID-UP CAPITAL BY ASSET TYPE

ASSET TYPE	C - CASH	P - PROPERTY	L - OFFSET OF LIABILITY	S - STOCK OF DIVIDEND	M - MERGER	O - OTHERS	TOTAL
PREVIOUS BALANCE	P 203,011,271.00	P	P	P 101,099,610	P	P	P 203,011,271.00
INCREASE (DECREASE)							101,099,610.00
CURRENT BALANCE	P 203,011,271.00	P	P	P 101,099,610	P	P	P 304,110,881.00

INCREASE (DECREASE) IN FOREIGN EQUITY BREAKDOWN (Summarize by nationality the capital subscribed and paid for by foreign stock holders -- i.e., grouped by individuals and companies.)

NATIONALITY CODE

NATIONALITY DESCRIPTION: Thai American (USA)

SUBSCRIBED CAPITAL

PREVIOUS BALANCE	P	P	P	P	P	P	TOTAL
P 159,999,999.00							P 160,000,000.00

INCREASE (DECREASE) OF --

INDIVIDUALS	N/A	N/A	N/A	N/A	N/A	N/A	
COMPANY (IES)	79,679,999.00						79,679,999.00
TOTAL INCREASE (DECREASE)	79,679,999.00						79,679,999.00

NEW BALANCE	P	P	P	P	P	P	TOTAL
P 239,679,998.00							P 239,679,999.00

PAID-UP CAPITAL OF --	P	P	P	P	P	P	TOTAL
PREVIOUS BALANCE	P 159,999,999.00						P 160,000,000.00

INCREASE (DECREASE) OF --	N/A	N/A	N/A	N/A	N/A	N/A	
INDIVIDUALS	N/A						
COMPANY (IES)	79,679,999.00						79,679,999.00
TOTAL INCREASE (DECREASE)	79,679,999.00						79,679,999.00

NEW BALANCE	P	P	P	P	P	P	TOTAL
P 239,679,998.00							P 239,679,999.00

PREVIOUS BALANCE	P	P	P	P	P	P	TOTAL
P 159,999,999.00							P 160,000,000.00

INCREASE (DECREASE) OF --	N/A	N/A	N/A	N/A	N/A	N/A	
INDIVIDUALS	N/A						
COMPANY (IES)	79,679,999.00						79,679,999.00
TOTAL INCREASE (DECREASE)	79,679,999.00						79,679,999.00

NEW BALANCE	P	P	P	P	P	P	TOTAL
P 239,679,998.00							P 239,679,999.00

PERCENTAGE OF FOREIGN EQUITY: 78.81%

CERTIFIED CORRECT :	POSITION :	DATE :
<i>[Signature]</i>	<u>Corporate Secretary</u>	<u>MAY 22 2016</u>

Ma. Erlinda R. Calangit

PROCESSED BY: [Signature]

DATE REVIEWED: 1-6-06



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

COMPANY REGISTRATION AND MONITORING DEPARTMENT

ALLIANCE TUNA INTERNATIONAL INC.

Compliance with SEC Reportorial
Requirements

SEC Reg. No. CS200319138

X-----X

ORDER

The ALLIANCE TUNA INTERNATIONAL INC. having violated the rules and regulations requiring compliance with SEC reportorial requirements by failure/late to file/register the following reports and/or books within the prescribed period:

General Information Sheet - 2004 - 2005

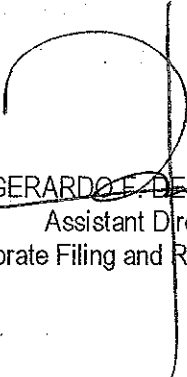
The corporation was required to pay a total fine of P15,000.00 in accordance with the applicable scales of fines. It paid the same to this Commission on May 3, 2006 under Official Receipt No. 000005391323.

It is warned that, henceforth, the corporation should exert every effort and take such measures as are necessary to submit the required Reportorial Requirements on time in order to avoid repetition of a similar violation in the future otherwise, the Commission will be constrained to imposed a heavier penalty upon the corporation and/or its responsible officers.

SO ORDERED.

Mandaluyong City, Metro Manila, Philippines.

May 4, 2006.


~~GERARDO F. DEL ROSARIO~~
Assistant Director
Corporate Filing and Records Division