SEC Number **CS200319138**

File Number

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
AND ITS SUBSIDIARIES

(Company's Full Name)

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

(Company's Address)

632 8637 8800

(Telephone Number)

December 31

(Calendar Year Ending)
(month & day)

SEC FORM 17 A

(Form Type)

(Amendment Designation if applicable)

December 31, 2023

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2023**

2. Commission identification number **CS200319138**

3. BIR Tax Identification No. **227-409-243-000**

4. Exact name of issuer as specified in its charter **Alliance Select Foods International, Inc.**

5. **Pasig City, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: ______ (SEC Use Only)

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

   1605
   Postal Code

8. **632 - 8637 - 8800**
   Issuer's telephone number, including area code

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common shares, P0.50 par value	**2,499,712,463 shares**

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

    Yes [/] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The Philippine Stock Exchange - Common shares

12. Indicate by check mark whether the registrant:

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

Yes [/] No [ ]

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

Yes [/] No [ ]

Part I – BUSINESS AND GENERAL INFORMATION

Item 1 – BUSINESS

BACKGROUND

Alliance Select Foods International, Inc. (ASFII or the "Parent Company" or the "Company") is a publicly-listed corporation under Section 17.2 of the Securities Regulation Code (SRC). ASFII was registered with the Philippine Securities and Exchange Commission (SEC) on September 1, 2003 as Alliance Tuna International, Inc. It started commercial operations in 2004 to engage in tuna processing, canning, and the export of canned tuna products from General Santos City, Mindanao, Philippines. On November 8, 2006, the Company's shares were listed on the Philippine Stock Exchange through an initial public offering. In July 2010, the Company was renamed as "Alliance Select Foods International, Inc."

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

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

In September 2005, the Company acquired a 25% stake in FDCP, Inc., a can manufacturing company.

In May 2008, PT IAFI was established to acquire the assets of an Indonesian tuna cannery located in Bitung in the island of North Sulawesi. The Parent Company owns 99.98% of PT IAFI. A complete renovation of the factory and upgrade of capacity to 90 metric tons per day was undertaken. On October 18, 2019, PT IAFI changed its core business operations to export trading, and sold its fixed assets in North Sulawesi. PT IAFI is currently not in operation.

PT IAFI set up PT Van de Zee (PT VDZ), a fishing company in Indonesia in May 2012 with an initial stake of 80%. In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51%. Currently, PT IAFI owns 49% of PT VDZ. Due to subsequent changes in Indonesian fishing regulations restricting foreign commercial fishing, PT VDZ is currently going through a liquidation process in Indonesia.

As part of the Parent Company's product diversification strategy, it invested in a New Zealand based processor of smoked salmon in January 2009. The initial investment of a 39% stake in Prime Foods New Zealand (PFNZ) was later increased to 50% plus 1 share. PFNZ was engaged in the business of processing, manufacturing, and distributing smoked salmon and other seafood under the Prime Smoke and Studholme brand. On October 2015, the Parent Company divested its interest in PFNZ. In October 2009, the Parent Company and PFNZ established a joint-venture company called Big Glory Bay ("BGB") that imports salmon from New Zealand, Chile and Norway, among others, and processes it in General Santos City, Mindanao, Philippines. The smoked salmon products from BGB are sold locally and abroad. In October 2015, the Parent Company accepted PFNZ's BGB shares as partial payment for PFNZ's payment obligations to the Parent Company. This resulted in BGB becoming a 100% subsidiary of the Company.

On June 18, 2010, Alliance MHI Properties, Inc. (AMHI), a property holding company, was established. The Parent Company owned a 40% stake in the affiliate, while Mingjing Holdings Inc., (MHI), a Filipino company, owned the remaining 60% stake. On November 11, 2015, the AMHI Board approved ASFII's application for subscription of preferred shares arising from the increase in authorized capital stock of AMHI. AMHI's application for increase in capital stock was approved by the Securities and Exchange Commission on December 23, 2015. ASFII now owns 98.89% of AMHI. AMHI's registered address is at Purok Saydala, Barangay Tambler, General Santos City.

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

PRODUCTS

Tuna

The Tuna Division sources its products primarily from ASFII, which offers a range of processed tuna products such as canned tuna, tuna in pouches, frozen tuna loins, and a premium line of tuna marketed under the Bay of Gold brand. The tuna market comprises both institutional and retail sectors. Institutional cans and pouches are typically purchased by restaurants, hotels and commissaries, while the retail packs are sold to wholesalers, distributors, and food companies that market their own brands.

Salmon

BGB processes various salmon species and manufactures them into smoked and raw products for retail and institutional consumers. These are frozen and vacuum packed, and sold in different forms and cuts. Products are sold in retail stores under Prime New Zealand, Gold Standard, and Superfish. In 2022, BGB focused on distributing imported king salmon products from its former subsidiary, Akaroa Salmon.

Fishmeal

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

Fish Oil

ASFII extracts crude fish oil from raw tuna heads, one of the best sources of high-quality fish oil, at the processing plant in General Santos City. This unrefined oil is primarily intended for animal feed, but can also be refined for human consumption. ASFII currently produces around 31,300 kg of crude fish oil per month, which is sold in the local market to agricultural businesses or food processors.

REVENUE BREAKDOWN

The percentage contribution of the major product lines to the Group's revenues for the periods ended December 31, 2023, 2022 and 2021, are as follows:

Product	***December 31, 2023***	***December 31, 2022***	***December 31, 2021***
Tuna	94%	93%	74%
Fishmeal (Local)	6%	6%	5%
Salmon	0%	1%	21%
Total	100%	100%	100%

DISTRIBUTION METHODS, SALES AND MARKETING

TUNA

ASFII's Tuna division has established itself as a leading supplier of canned tuna to a diverse range of buyers and agents. Majority of its products are finished, labeled, and are ready for shipment to their respective destinations. To expand its offerings, the company diversified its product line by adding tuna in pouches and frozen tuna loins for the export market and introducing premium canned tuna and salmon lines under the Bay of Gold brand for the local market. Bay of Gold is sold at select supermarkets in the Philippines.

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

SALMON

In 2023, inventory of salmon products had been limited due to inadequate supply of raw materials. In view of this, the company temporarily suspended the distribution of imported king salmon products.

COMPETITION

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

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

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

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

Salmon

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

FISH SOURCING

Tuna and Salmon

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

BGB sources its salmon primarily from New Zealand, Chile and Norway. This is then processed into hot or cold smoked salmon.

Key Fishing Areas – Tuna

A key resource or catching area for tuna is the Pacific Ocean. According to the Western and Central Pacific Fisheries Commission's WCPFC 19th Regular Session in Da Nang City, Vietnam last November 2022, the Western and Central Pacific Ocean tuna catch for the year 2021 represented 54% of the global tuna catch while the Eastern Pacific Ocean accounted for another 13% of the global tuna catch. The Pacific Ocean is followed by the Indian Ocean and accounts for 23% of the catch with the Atlantic Pacific accounting for the balance 11%.

Key Sourcing Area – Salmon

Almost all of the salmon sold by BGB and Akaroa are sourced from fish farms in New Zealand, Chile and Norway. This ensures a consistent supply of raw materials for the Company's salmon subsidiaries. However, in 2023, the Company is challenged of a very limited supply of salmon.

CUSTOMERS

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

The salmon products of BGB are sold in the local market to supermarkets and food service clients.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

Alliance MHI Properties, Inc. (AMHI)

AMHI owns the land in General Santos, Philippines, where the Group's processed tuna and smoked salmon operating facilities are located, and leases it to ASFII and BGB. The existing lease is until December 31, 2027 and December 31, 2023.

ACCREDITATIONS, PATENTS & TRADEMARKS

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

The Group's tuna operations in General Santos, Philippines have passed various tests and standards for the quality of its products.

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

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

In addition, as of December 31, 2023, the Group also has registered trademarks: "Bay of Gold", "Quicklift", "Sea Harvest", "Big Glory Bay", "Gold Standard Salmon", "Prime New Zealand", "Wagyu of Salmon", "Superfish", and "Instant Chef" before the Intellectual Property Office of the Philippines; and "PRIME SMOKE" and "PRIME NEW ZELAND" before the Intellectual Property Office of New Zealand.

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

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

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

Most of ASFII's clients have their own brand names. As industry practice, tuna processing can include labeling services for clients carrying their own brands.

REGULATORY FRAMEWORK/GOVERNMENT APPROVAL

Industry-particular Governmental Laws and Approvals

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

ASFII received a certification from BFAR authorizing the implementation of the Hazard Analysis Critical Control Point (HACCP) System, a method for food safety standards recognized internationally.

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

ASFII and BGB are registered with the Food and Drug Administration (FDA). ASFII is registered as a Food Manufacturer and exporter until June 3, 2026; while BGB is registered as a food manufacturer and exporter of processed seafood products until May 25, 2026, and as a food distributor, importer, and wholesaler until September 12, 2026.

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

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

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

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

BGB obtained an Environmental Compliance Certificate on February 12, 2010 which is still valid as of date. In addition to this, BGB also has a Waste Water Discharge Permit which is valid until August 13, 2024. BGB was also registered with the United States Food and Drug Administration (USFDA) on March 26, 2015.

Business-particular Governmental Laws and Approvals: Labor and Employment

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

NUMBER OF EMPLOYEES AND CONTRACTORS

As of December 31, 2023, the Group has a total of 1,325 workers (101 regular employees and 1,224 contractors) from its head office in Pasig City to its tuna and smoked salmon facilities in General Santos City, Philippines.

MAJOR RISK FACTORS

The following risks, some of which have occurred and any of which may occur in the future, can have a material adverse effect on our business or financial performance. There may be other risks we are not currently aware of or that we currently deem not to be material but that may become material in the future.

Supply Chain and Production Challenges

Disruption of our production operations or supply chain, including continued increased commodity, packaging, transportation, labor, and other input costs, can adversely affect our business. We continued to experience challenges in fish supply and increasing fish prices in 2023. Some raw materials and supplies, including packaging materials, are available only from a limited number of suppliers or are in short supply when seasonal demand is at its peak. There can be no assurance that we will be able to maintain favorable arrangements and relationships with suppliers to mitigate disruptions that may arise from shortages or discontinuation of any raw materials and other supplies that we use in the production and distribution of our products.

To ensure business continuity and our ability to continue supplying products to customers, the Group will continue to implement the following mitigations to minimize risks as well as provide a balance with business opportunities:

- Build strategic partnering in raw material sourcing.
- Inventory management and net working capital control.
- Cost efficiency management, reducing costs, and right balance of profitable product mix.
- Focus on automation for production efficiency.
- Monitor situations closely, remain agile, and consider ad-hoc continuity plans for emerging events.

Quality and Safety

Issues or concerns with respect to product quality and safety can adversely affect our business. Any perception or allegation (whether valid or not) of failure to maintain adequate oversight over product quality or safety can result in product returns, litigation, regulatory investigations, or civil or criminal proceedings, all of which may result in fines, penalties, damages, or criminal liability.

The Group focuses to overdrive the product quality, research and development, and compliance expertise. We recognize the importance of continuous improvement in everything that we do. Regarding safety risks, we regularly conduct a risk assessment for the production plant as risk profiles change over time, and constantly assess the gap against our safety standards.

Our Food Safety and Quality Management System (FSQMS) is constantly being audited and verified by independent certification bodies to strictly conform to internal, and international standards, laws and regulatory requirements. Several of the food quality and safety accreditations or certifications the Group has obtained are, for example: BRC, BSCI, MSC, GMP, HACCP, Halal, etc.

Third-Party Service Provider

We rely on third-party service providers for certain functions of our business, such as production and distribution. Failure by these third parties to meet their contractual, regulatory, and other obligations to us, or our failure to adequately monitor their performance, has in the past and could continue to result in our inability to achieve the expected cost savings or efficiencies and result in additional costs to correct errors made by such service providers.

The Group continues to enhance its policies and procedures for managing third-party relationships and agreements.

Financial Risks

The Group is exposed to a variety of financial risk that can adversely affect our financial performance, such as, but not limited to the following:

1. Failure to realize benefits from our productivity initiatives.
2. Deterioration in our estimates and underlying assumptions regarding the future performance of our business.
3. Fluctuations in exchange rates

4. Increasing interest rates on borrowings.

The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Financial Risk Management Objectives and Policies is carried out by the Group's Board of Directors and management, which includes areas such as credit risk, market risk, and liquidity risk.

Law and Regulation Risk

Failure to comply with laws and regulations applicable to our business can adversely affect our business. The conduct of our business is subject to numerous laws and regulations relating to the production, storage, distribution, sale, labeling, quality, safety, transportation, supply chain, traceability, sourcing, packaging, disposal, recycling and use of our products or raw materials, employment and occupational health and safety, environmental, social and governance matters and reporting, data privacy and protection.

The Group has a legal and compliance function to manage legal activities related to business operations and investment and provides regular updates and training on the development of laws and regulations, provides counsel on legal issues, and ensures preparation for any requirements related to laws and regulations.

People Risks

Failure to attract, develop and maintain a highly skilled and diverse workforce or effectively manage changes in our workforce can have an adverse effect on our business. Our business requires that we attract, develop, and maintain a highly skilled and diverse workforce. Our ability to do so has been and may continue to be impacted by challenges in the labor market, which has experienced and may continue to experience wage inflation, labor shortages, increased employee turnover, changes in availability of our workforce and changing worker expectations regarding flexible work models.

The Group will continue to focus on talent development and strengthening our people capabilities. In addition, we will continue our drive to increase employee engagement across all our businesses and employee demographics.

Cyber Incidents and Information Security Disruptions

Future cyber incidents and other disruptions to our information systems can adversely affect our business. We depend on information systems and technology for many activities important to our business, including communications within our company, interfacing with customers; ordering and managing inventory; managing and operating our facilities; protecting confidential information, including personal data we collect; maintaining accurate financial records and complying with regulatory, financial reporting, legal and tax requirements. Our business has in the past and could in the future be negatively affected by system shutdowns, degraded systems performance, systems disruptions, or security incidents.

The Group has implemented its IT and Data Privacy policies and has put in place measures which it enforces strictly across the business to protect the Group's assets and personal data. The Group will continue to devote significant resources to network security, disaster recovery, employee training and other measures to secure our information technology systems and prevent unauthorized access to or loss of data.

Climate Change

Climate change or measures to address climate change and other sustainability matters can negatively affect our business or damage our reputation. Climate change may increase the frequency or severity of natural disasters and other extreme weather conditions, including rising temperatures and drought. Natural disasters and extreme weather conditions could pose physical risks to our facilities, impair our production capabilities, disrupt our supply chain or impact demand for our products.

The Group operates with a strong commitment to respect and responsibility, showing a duty of care to our workers through responsible operations. We have several initiatives in place that contribute to water reduction, waste to landfill reduction, gas emission reduction and monitoring natural disaster hazards and water risk management. We want everyone that works at the Group to play an active role in delivering against our environmental and safety goals.

Item 2 – PROPERTIES and LEASE AGREEMENTS

ASFII

The Parent Company leases the land where its tuna processing plant in the General Santos City is located from AMHI. It pays monthly fees of ₱0.5 million for the first year of lease agreement. Lease period is for five (5) years starting from January 1, 2023.

The Parent Company leases its office spaces located at Suite 3104 in the Philippine Stock Exchange Centre West Tower, Pasig City from Greenhills Properties, Inc. for a gross monthly rate of ₱0.2 million for the first year. The term of the lease is a period of two (2) years, commencing on August 2023, renewable upon mutual agreement of the parties.

BGB

BGB's facilities are also located in the same compound where ASFII's tuna processing plants are located in General Santos City, Mindanao, Philippines. BGB is leasing the land with an area of 985.88 sqm from AMHI. The rental cost is P0.02 million per month and the lease agreement is for one (1) year starting from January 1, 2023 and renewable every year,

AMHI

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

Item 3 – LEGAL PROCEEDINGS

The pending and material legal proceedings involving the Company as of December 31, 2023 are as follows:

1. **Alliance Select Foods International, Inc., represented in this derivative suit by Harvest All Investment Limited, Victory Fund Limited, Bond East Private Limited, and Hedy S.C. Chua v. George E. SyCip, Jonathan Y. Dee, Alvin Y. Dee, Ibarra A. Malonzo, Joanna Y. Dee-Laurel, Teresita Ladanga and Grace Dogillo, Commercial Case No. 14-220, Regional Trial Court of Pasig City, Branch 159**

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

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

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

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

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

3. Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua v. Alliance Select Foods International, Inc., George E. SyCip, Jonathan Y. Dee, Raymond K.H, See, Marie Grace T. Vera-Cruz, Antonio C. Pacis, Erwin M. Elechicon and Barbara Anne C. Migallos, GR No. 270392 (CA-G.R. SP No. 165391), Supreme Court

On August 5, 2015, Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua (Harvest et. al.") filed a Complaint with application for the issuance of Writ of Preliminary Mandatory Injunction and Temporary Restraining Order/Writ of Preliminary Injunction, with the Pasig Regional Trial Court ("Pasig RTC"), against Alliance Select Foods International, Inc., its then-Directors Messrs. George E. SyCip, Jonathan Y. Dee, Marie Grace T. Vera-Cruz, Erwin M. Elechicon, Raymond K.H, See and Antonio C. Pacis, and Corporate Secretary Barbara Anne C. Migallos (the Company") praying, among others, that the Company be restrained from carrying out its planned Stock Rights Offering, and that the Company be compelled to hold its Annual Stockholders Meeting prior to the Offering. The Stock Rights Offering would raise gross proceeds of P1,000,000,000.00 to be used for needed capital expenditures, repayment of loans, installation of a new management information system and working capital requirements of the Company.

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

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

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

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

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

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

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

Harvest et al. on the other hand filed their only Petition for Review on Certiorari with the Supreme Court, questioning the ruling of the Court of Appeals and asserting that the case should not be dismissed because Harvest et al. was not in bad faith in not filing the proper filing fee.

The Petitions for Review on Certiorari were consolidated by the Supreme Court. On March 15, 2017, the Supreme Court rendered a Decision in favor of the petition of Harvest et al., ruling that the intra-corporate controversies may involve a subject matter which is either capable or incapable of pecuniary estimation, and remanded the case back to the RTC to assess the correct filing fees, and upon payment, to proceed with the regular proceedings of the case. The Company, as well as the other Defendants filed their respective motions for reconsiderations.

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

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

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

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

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

On July 17, 2020, Harvest et al. filed a Petition for Review before the Court of Appeals to assail the dismissal of the case. Respondents and Petitioners subsequently filed their respective Comments and Replies to the Petition for Review.

On March 28, 2023, the Court of Appeals denied the Petition for Review filed by Harvest et. al, and affirmed the Omnibus Order of the Regional Trial Court dismissing the Complaint. The Court of Appeals cited the following grounds: (a) the Petitioners committed forum shopping given that at the time of filing the 2015 case, there was a pending 2014 derivative suit also filed by them (Case No. 1 above) and, (b) the case is rendered moot and academic by supervening events; namely: the holding of the Annual Stockholders Meetings for the Years 2015, 2016 and 2017.

On April 28, 2023, Petitioners filed a Motion for Reconsideration to assail the denial of the Court of Appeals of the Petition for Review, affirming the dismissal of the case before the Regional Trial Court. In its Resolution dated October 26, 2023, the Court of Appeals denied the Motion for Reconsideration of the Petitioners.

Petitioners then filed a Petition for Review on Certiorari before the Supreme Court, dated December 21, 2023 to assail the Decision and Resolution of the Court of Appeals affirming the dismissal of the case. The Petition for Review on Certiorari is pending review by the Supreme Court, whether it will be given due course and will direct the Respondents to file their comment, or not give it due course and dismiss the petition.

4. Hedy S.C. Yap-Chua, for herself and on behalf of Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited vs. Alliance Select Foods International, Inc., CA-G.R. SP No. 176939 (SEC En Banc Case No. 07-22-501), Court of Appeals

On May 26, 2021, Alliance Select Foods International, Inc. (Company") received a summons from the Markets and Securities Regulation Department of the Securities and Exchange Commission (MSRD-SEC") resulting from a Complaint dated November 2, 2020, filed by Hedy S.C. Yap-Chua, for herself and on behalf of Harvest All

Investment Limited, Victory Fund Limited, Bondeast Private Limited (Complainants”), questioning the lack of mandatory tender offer for the Company s sale of 430,286,226 shares to Strongoak Inc. through a private placement on May 5, 2014; and also when Strongoak Inc. subscribed to additional shares in the Company during a Stock Rights Offering (SRO) in 2015.

The Company filed its Answer dated June 10, 2021 raising the defenses of prescription; non-applicability of Mandatory Tender Offer Rule as the questioned transactions are covered by express exemptions under the Securities Regulation Code; that the Complainants were given the privilege to subscribe to additional shares; and that the said complaint is a deliberate act of forum shopping by the Complainants due to the filing of previous cases against the Company in judicial courts praying for the invalidation of the same share purchases and subscriptions of Strongoak Inc.

The SEC-MSRD dismissed the Complaint in a Decision dated May 19, 2022 finding forum shopping and prescription of action. Complainants filed an Appeal Memorandum dated June 3, 2022 to assail the Decision of the SEC-MSRD with the SEC En Banc.

On December 15, 2022, the SEC En Banc reversed the decision of the SEC-MSRD and declared as void subscriptions, the ASFII shares acquired by Strongoak, Inc. under the 2014 Private Placement and 2015 SRO. These shares were ordered to be cancelled from the Stock and Transfer Book (STB) of ASFII whereupon the shares would be considered unsubscribed and allocated for subscription by any person who intends to buy the same provided that he/she complies with all the legal requirements. Once the subscription is fully paid, ASFII shall pay Strongoak the price it paid for the subscriptions that were nullified.

On January 20, 2023, the Company filed its Petition for Review with urgent application for a writ of preliminary injunction and/or temporary restraining order) with the Court of Appeals (CA). The CA ordered the parties to submit pleadings and to notify the CA of the pendency of any other related cases and proceedings involving the same parties, subject matter and/or issues pending before the CA or other courts.

On February 20, 2023, the Company received a Motion for Writ of Execution filed by the Complainants with the SEC En Banc. This was opposed by the Company via an Opposition filed with the Commission on March 2, 2023.

On March 27, 2023, the Company received a Motion to Intervene and Admit Attached Comment-in-Intervention filed with the Court of Appeals by the Securities and Exchange Commission through the Office of the Solicitor General. The said Motion is pending with the Court of Appeals.

On June 14, 2023 the Company received a resolution from the SEC En Banc directing that a Writ of Execution be issued to implement the nullification of the ASFII shares acquired by Strongoak, Inc. under the 2014 Private Placement and 2015 Stock Rights Offering.

On June 15, 2023 the Company filed a Motion for Reconsideration with the SEC En Banc and a Manifestation with Urgent Reiterative Motion for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction with the Court of Appeals.

On that same date, the Company received: (a) a letter from Strongoak, Inc. informing FOOD that any attempt to deprive Strongoak of its shareholder rights will be met with legal action; and (b) a Demand Letter and Writ of Execution from the SEC instructing FOOD to cancel in its Stock and Transfer Book, the shares acquired by Strongoak, within 15 days from receipt.

On June 29, 2023, FOOD s Board of Directors instructed the Corporate Secretary to comply with the SEC Demand Letter and Writ of Execution, without prejudice to the outcome of its Petition for Review with the Court of Appeals.

On June 30, 2023, upon advice of FOOD s Corporate Secretary, FOOD informed the SEC En Banc and the Court of Appeals that the nullification of the FOOD shares acquired by Strongoak would result in a violation of the Philippine Constitution s foreign ownership limits, as FOOD s subsidiary Alliance MHI Properties, Inc. owns the land on which the Company s manufacturing plant in General Santos City is Located.

The case is pending with the Court of Appeals.

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

I. 2023 Annual Stockholders Meeting

a. Date: 15 June 2023
Time: 2:00 PM
via remote communication via Zoom webinar platform

b. Election of Officers:

Regular Directors:

1. Lorenzo Sixto T. Lichauco – 2,550,358,510 cumulative votes
2. Gabriel A. Dee – 2,550,358,489 cumulative votes
3. Jeoffrey P. Yulo – 2,550,283,489 cumulative votes
4. Joseph Peter Y. Roxas – 2,550,358,489 cumulative votes

Independent Directors:

1. Dobbin A. Tan – 14,000,000 cumulative votes
2. Domingo C. Go. – 14,000,000 cumulative votes
3. Fernando L. Gaspar – 2,550,358,489 cumulative votes

c. Matters Voted Upon:

Item	Yes	No	Abstain	Objection
1. Reading and approval of the Minutes of the 2022 Annual General Meeting of Stockholders held on June 15, 2022	1,825,684,638 (84.62%)	0	331,364,351 (15.36%)	0
2. Approval of the Annual Report and the Audited Financial Statements for the Year ended December 31, 2022.	1,825,684,638 (84.62%)	331,364,351 (15.36%)	0	0
3. Ratification and Approval of Acts of the Board of Directors and Executive Officers for the Corporate year 2022-2023.	1,825,684,638 (84.62%)	331,364,351 (15.36%)	0	0
4. Appointment of Reyes Tacandong & Co. as the Company's Independent External Auditor for 2023.	1,825,684,638 (84.62%)	331,364,351 (15.36%)	0	0

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

Part II – OPERATIONAL AND FINANCIAL INFORMATION

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

The Company's common stock equity, its only class of shareholders, is traded on the Philippine Stock Exchange under the stock symbol FOOD. Quarterly High and Low prices for the three (3) fiscal years, without stock adjustments, are as follows:

	2023		**2022**		**2021**	
	High	**Low**	**High**	**Low**	**High**	**Low**
Q1	0.56	0.55	0.60	0.58	0.69	0.61
Q2	0.55	0.53	0.58	0.55	0.67	0.61
Q3	0.52	0.51	0.55	0.52	0.68	0.62
Q4	0.51	0.48	0.56	0.52	0.63	0.52

On December 28, 2023, the last trading day for the year, the closing price for FOOD was ₱0.46 per share.

The number of shareholders of record as of December 31, 2023 owning at least one board lot is 202 and the total number of shares outstanding on that date were 2,499,712,463 net of 287,537 treasury shares.

Public float as of December 31, 2023 is 30.6%.

Top 20 shareholders as of December 31, 2023 were:

	Name	**No. of shares**	**% ownership**
1.	Strongoak, Inc.	1,382,765,864	55.31%
2.	PCD Nominee Corporation (Filipino)	630,842,834	25.23%
3.	Harvest All Investment Limited	177,261,165	7.09%
4.	Victory Fund Limited	138,474,015	5.54%
5.	PCD Nominee Corporation (Foreign)	93,630,288	3.75%
6.	Albert Hin Kay Hong	39,071,537	1.56%
7.	Bondeast Private Limited	13,023,411	0.52%
8.	Peter Kawsek Jr.	4,538,646	0.18%
9.	Zamora, Martin Antonio G.	3,975,370	0.16%
10.	Michael W. Cordova	3,805,000	0.15%
11.	S. Chandra Das	2,604,760	0.10%
12.	Oriental Tin Can & Metal Sheet Mfg	2,210,385	0.09%
13.	FDCP Inc.	1,894,045	0.08%
14.	Tri-Marine International (PTE) Ltd.	1,170,472	0.05%

15.	Damalerio Fishing Corp.	920,656	0.04%
16.	DFC Tuna Venture Corporation	617,248	0.02%
17.	Phil. Fisheries Development Authority	346,207	0.01%
18.	Amadeo Fishing Corp.	294,874	0.01%
19.	GENPACCO, Inc.	172,973	0.01%
20.	MGTR Fishing	135,399	0.01%

As of December 31, 2023, foreign ownership of the company's common stock equity stands at 18.57% or 464,075,323 common shares. Locally owned common stock stands at 81.43% or 2,035,637,140 common shares. Foreign ownership limitation for FOOD is at 40%.

Item 6 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATION

The following discussion should be read in conjunction with the accompanying consolidated financial statements of Alliance Select Foods International, Inc., and its Subsidiaries (the "Group") which comprise the consolidated statements of financial position as of December 31, 2023, 2022 and 2021 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. The financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Philippine Financial and Sustainability Reporting Standards (formerly Financial Reporting Standards Council (FRSC)) and adopted by the SEC including SEC pronouncements. PFRS is an International Financial Reporting Standards equivalent.

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

CY 2023 COMPARED TO CY 2022

I. FINANCIAL HIGHLIGHTS

	Years Ended December 31		
Amount in US $'000	**2023**	**2022**	**% Change**
Revenue	$56,467	$34,580	63%
Gross profit	4,823	3,179	52%
Gross margin	**9%**	**9%**	
Selling & Administrative Expenses	4,473	3,372	33%
Finance Cost	1,044	451	131%
Loss for the year	**(2,620)**	**(3,493)**	**25%**
Non-controlling interest	(0)	(1)	-96%
Loss attributable to equity holders of the parent	(2,620)	(3,492)	25%
Net Profit – Margin	**-5%**	**-10%**	
EBITDA	**1,651**	**804**	
EBITDA margin	**3%**	**2%**	
Return on equity (ROE)	**-17%**	**-18%**	
Earnings - per share	**- 0.0010**	**- 0.0014**	
Book value per share	**0.0065**	**0.0077**	

II. OPERATING PERFORMANCE

The Group's consolidated revenues of $56.5 million in 2023 were 63% higher than the revenues of $34.6 million in 2022. During the year, tuna-related products contributed about 99.95% of total revenues, while the remaining 0.05% were contributed by salmon-related products. The increase in revenues primarily due to ASFII parent increase in volume of its canned and pouch products for export and fishmeal and oil.

The Group's gross profit remained at 9% in 2023 same rate in 2022. Despite the higher cost of direct materials in Q1 to Q3 of 2023 the impact was mitigated by favorable fish cost in Q4 and lower Manufacturing Overhead resulted from higher plant utilization.

The Group incurred net loss before tax of $0.34 million in 2023 and $0.51 million better by 34% from last year due mainly from:

- Higher revenue and gross margin
- General and Administrative rate vs revenue remains lower compared to last year due to continues cost control and management
- Better operating income was diluted by higher interest rates.

III. FINANCIAL CONDITION

Balance Sheet Highlight	**Years Ended December 31**		
Amount in US$'000	**2023**	**2022**	**% Change**
Cash & cash equivalent	$1,511	$3,050	-50%
Receivables	13,138	6,450	104%
Inventories	15,153	5,545	173%
Other current assets	3,121	3,358	-7%
Total Current Assets	**$32,923**	**$18,403**	**79%**
Property & equipment	14,238	14,689	-3%
Total Assets	**48,320**	**$36,428**	**33%**
Trade and other payables	$8,533	$4,091	109%
Bank loans	22,928	12,535	83%
Total Current Liabilities	**33,403**	**16,638**	**101%**
Total Liabilities	**34,194**	**19,676**	**74%**
Total Stockholders' Equity	**14,126**	**16,752**	**-16%**
Total Liabilities & SE	**48,320**	**$36,428**	**33%**

Amounts as of December 31	**2023**	**2022**
Current Ratio	0.99	1.11
Debt-to-equity Ratio	2.42	1.17

IV. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	Years Ended December 31	
Amount in US$'000	**2023**	**2022**
Operating cash flows before working capital changes	$1,092	($372)
Net cash flows from operating activities	(10,468)	(1,309)
Net cash flows from investing activities	(76)	(338)
Net cash flows from financing activities	8,961	214

Net cash used in investing activities included the following:

	Years Ended December 31	
Amount in US$'000	**2023**	**2022**
Additions to property, plant and equipment	($460)	($364)
Proceeds from sale of property, plant and equipment	384	27
Proceeds from sale of investment in a subsidiary	–	–

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

	Years Ended December 31	
Amount in US$'000	**2023**	**2022**
Net payment of bank loans	$9,977	$737
Payment of interest	(987)	(469)
Due to related parties	–	–

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

As of December 31, 2023, there were no material events or uncertainties known to management that had a material impact on past performance or that could have a material impact on the future operations, in respect of the following:

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

V. KEY PERFORMANCE INDICATORS

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

	Years ended December 31	
Key performance indicator	**2023**	**2022**
Revenue growth rate	63%	-15%
Net profit margin	-5%	-10%
Current ratio	0.99	1.11
Debt to equity ratio	2.42	1.17
Return on average stockholders' equity	-17%	-18%

The following defines each ratio:

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

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

- The total liabilities to equity ratio are used to measure debt exposure. It shows the relative proportions of all creditors' claims versus ownership claims. This is computed by dividing total liabilities by total stockholders' equity. The result is expressed in proportion.

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

Item 7 – FINANCIAL STATEMENTS

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

Item 8 – CHANGES AND DISAGREEMENTS WITH ACCOUNTANT AND FINANCIAL DISCLOSURE

None.

Item 9 – INDEPENDENT PUBLIC ACCOUNTANTS AND AUDIT RELATED FEES

Independent Public Accountants

As endorsed by the Audit Committee in line with Audit Committee's approval policies and procedures for external audit services, the Board of Directors of the Company in its meeting on April 12, 2024 approved the appointment of Reyes Tacandong & Co. as the Company's independent external auditors for the year 2024. On June 15, 2024, the stockholders of the Company will ratify the appointment of said auditing firm as independent auditor of the Company for 2024.

Audit Related Fees

The following table sets out the aggregate fee billed for professional services rendered by Reyes Tacandong & Co. for CY 2023, 2022 and 2021.

Audit and Audit-Related Fees	**2023**	**2022**	**2021**
Regular Audit	₱1,500,000	₱1,500,000	₱1,500,000
Other Fees	150,000 (est)	274,400	157,040
Total Audit and Audit-Related Fees	**₱1,650,000**	**₱1,774,400**	**₱ 1,657,040**

Part III – CONTROL AND COMPENSATION INFORMATION

Item 10 – DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Board of Directors

Director	Nationality	Position	Age	Year Position was Assumed
Lorenzo Sixto T. Lichauco	Filipino	Chairman of the Board	67	2022
Gabriel A. Dee	Filipino	Vice Chairman	59	2018
Jeoffrey P. Yulo	Filipino	Director, President & CEO	53	2022
Joseph Peter Y. Roxas	Filipino	Director	62	2016
Domingo C. Go	Filipino	Independent Director	63	2020
Dobbin A. Tan	Filipino	Independent Director	60	2016
Fernando L. Gaspar	Filipino	Independent Director	72	2023

LORENZO SIXTO T. LICHAUCO - 67, Filipino citizen; Chairman of the Board

Mr. Lichauco has been Officer in Charge of Seawood Resources, Inc., an investment holding company, since September 2020. Prior to joining Seawood he spent his career in stock brokering and more recently, portfolio management. Mr. Lichauco headed or had senior positions in a number of brokerage firms such as Merrill Lynch Philippines, Sun Hung Kai Peregrine Securities, Crosby Securities, CLSA Securities, HSBC Securities, Philippine Equity Partners and Maybank-ATR-Kim Eng Securities. He briefly headed the Asset Management Group at the GSIS, the state pension fund and ran the equity portfolio investments for Security Bank Corporation.

Mr. Lichauco is Chairman of Mizu Resources and a director of Resins Inc. He is an independent director of SB Equities, Inc.

He has an MBA from George Washington University in Washington D.C. and a BA Economics degree from Westminster College, Pennsylvania.

GABRIEL A. DEE - 59, Filipino citizen; Vice-Chairman

Mr. Dee obtained his law degree from the University of the Philippines College of Law and his Master of Laws degree from the University of California Berkeley School of Law.

He is the currently the Managing Partner of Picazo Buyco Tan Fider & Santos Law Offices. He is a Director and Corporate Secretary of various listed and unlisted corporations, including several financial institutions. He is also a resource person for various seminars on Initial Public Offering, Listings and Estate Planning.

Mr. Dee has been practicing law since 1989. He is a professor of law teaching Corporation Law at the UP College of Law and the Tanada-Diokno College of Law (DLSU).

JEOFFREY P. YULO - 53, Filipino citizen; Director, President & CEO

Mr. Yulo graduated from the Colegio de San Agustin in 1993 with a Bachelor's s degree in Marketing Management.

Mr. Yulo was the Chief Operating Officer of Goldilocks Bakeshop Incorporated Philippines from January 2020 to October 2021, and was the Chief Operating Officer and Assistant Country Director - Philippines for Cargill - Joy Meats Production, Inc. from June 2018 to April 2019. He served as the Commercial Projects Director in Latin America, and the Project Management Director - Philippines for Coca-Cola FEMSA from 2015 to 2018. Mr. Yulo was a General Manager for Glaxo SmithKline Philippines-Consumer healthcare from 2013 to 2015, and Country General Manager for Reckitt Benckiser Philippines, Inc. from 2010 to 2013. From 2000 to 2010, Mr. Yulo was with Masterfoods Philippines, Inc. / Wrigley Phils. Inc. where he served in various capacities until he was appointed as National Sales Director in 2004. Mr. Yulo started his career with Unilever Philippines, Inc., where he was the National Merchandising Manager.

JOSEPH PETER Y. ROXAS - 62, Filipino citizen; Director

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

Mr. Roxas is President of Eagle Equities, Inc. since 1996. He is also presently a Director of Kimquan Trading Corporation, a privately held company. Mr. Roxas was also a member of the Board of Governors of the Philippine Stock Exchange. Mr. Roxas was with R. Coyuito Securities as Assistant Vice President for Research from 1993 to 1995, and Investment Officer from 1987 to 1992. Mr. Roxas is a certified acupuncturist.

DOBBIN A. TAN - 60, Filipino citizen; Independent Director

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

Mr. Tan is presently the Chief Executive Officer of Red Rock IT Security. He is also School Treasurer of Xavier School, Inc. and an independent director of Philequity Funds.

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

DOMINGO C. GO - 63, Filipino Citizen, Lead Independent Director

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

Mr. Go served as a Director of the Financial Executives Institute of the Philippines (FINEX) from 2020-2023, and was also a Director of the FINEX Academy from 2020-2021. He is currently the Chairman of the Membership Committee and the Affiliates and Partnerships Committee of FINEX as well as Co-Chair of its Arts and Culture Committee. He is presently a Trustee of the Philippine Federation of Japan Alumni, Inc. (since July 2015), and has served as its President since July 2022.

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

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

FERNANDO L. GASPAR - 72, Filipino citizen, Independent Director

Mr. Gaspar is concurrently the President and CEO of Falconer Aircraft Management, Inc. and Aviation Concepts Technical Services, Inc. He is the Chairman of the Board of the Ortoll Group of Companies, and a Board Advisor and Board Member of Radiowealth Finance Corporation.

From 2016 till 2020, Mr. Gaspar was President and CEO of Roxas and Company, Inc., a listed company engaged in real estate development, hospitality and coconut processing. From 2008 till 2016, he was Senior Vice President and Chief Administration Officer of International Container Terminal Services, Inc. (ICTSI), where he inspected container terminals worldwide and led expansion and operations improvement projects.

Before that, Mr. Gaspar worked for Alvarez & Marshall, a New York-based turnaround firm. He was the CEO of the Kuok Group of Companies (Philippines). Mr. Gaspar also worked with San Miguel Corporation, taking senior management positions in the Philippines, Hong Kong, China and Vietnam.

From 2020 to 2022, Mr. Gaspar organized and was the President and CEO of Kerry Group Philippines Foundation, Inc., a charitable institution of the Kuok Group.

Mr. Gaspar earned his Bachelor of Science degree in Chemical Engineering from De La Salle University in Manila, Philippines.

Executive/Principal Officers

Officer	Nationality	Position	Age	Year Position was Assumed
Jeoffrey P. Yulo	Filipino	President & CEO	53	2022
Eldwin S. Umusig	Filipino	VP-Operations	50	2022
Barbara Anne C. Migallos	Filipino	Corporate Secretary	69	2015
Tyrone D. Villegas	Filipino	Treasurer	50	2023
Jackson Emil G. Lumaban	Filipino	VP - Sales	40	2023
Maria Resa S. Celiz	Filipino	Assistant Corporate Secretary and Chief Compliance Officer	58	2023

<u>EXECUTIVE OFFICERS</u>

JEOFFREY P. YULO - 53, Filipino citizen; Director, President & CEO

Mr. Yulo graduated from the Colegio de San Agustin in 1993 with a Bachelor's s degree in Marketing Management.

Mr. Yulo was the Chief Operating Officer of Goldilocks Bakeshop Incorporated Philippines from January 2020 to October 2021, and was the Chief Operating Officer and Assistant Country Director - Philippines for Cargill - Joy Meats Production, Inc. from June 2018 to April 2019. He served as the Commercial Projects Director in Latin

America, and the Project Management Director - Philippines for Coca-Cola FEMSA from 2015 to 2018. Mr. Yulo was a General Manager for Glaxo SmithKline Philippines-Consumer healthcare from 2013 to 2015, and Country General Manager for Reckitt Benckiser Philippines, Inc. from 2010 to 2013. From 2000 to 2010, Mr. Yulo was with Masterfoods Philippines, Inc. / Wrigley Phils. Inc. where he served in various capacities until he was appointed as National Sales Director in 2004. Mr. Yulo started his career with Unilever Philippines, Inc., where he was the National Merchandising Manager.

ELDWIN S. UMUSIG – 51, Filipino citizen; Vice President for Operations

Engr. Umusig graduated cum laude from the Ateneo de Davao University with a degree in Bachelor of Science in Chemical Engineering in 1994 and secured his Professional Chemical Engineering License the following year.

Engr. Umusig is a licensed Chemical Engineer with expertise in operating food processing facilities, with 25 years of supervisory and managerial experience in food manufacturing operations. He has extensive knowledge in logistics operations in the tuna industry covering forecasting, purchasing, inventory, production planning, warehouse management, export and import shipping and distribution, and in technical services covering legal and regulatory compliance and adherence to quality requirements. He held leadership roles both locally and internationally, such as in Mega Global Corporation and Starkist Co., USA.

BARBARA ANNE C. MIGALLOS – 69, Filipino citizen; Corporate Secretary.

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

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

TYRONE D. VILLEGAS – 50, Filipino citizen, Treasurer

Mr. Villegas was formerly the Commercial Controller of Getz Brother Philippines, Inc. Prior to that, he was the Country Finance Head of IDS Medical Systems Philippines, Inc. He was the Finance Manager and Business Controller of Fresenius Medical Care Philippines, the Accounting Manager of Manila Golf and Country Club, and the Credit and Retail Sales Accounting Manager of Plant Sports, Inc.

For more than ten years, Mr. Villegas worked with the San Miguel Group of Companies, initially with the Packaging Division, starting as an Audit Assistant then Senior Budget Analyst until he was asked to join the start-up team that grew the plastic leasing business of San Miguel Yamamura Packing Corporation. Tyrone was its Senior Leasing Account Specialist.

Mr. Villegas is a Certified Public Accountant and an MBA candidate at the Ateneo Graduate School of Business. In 1994, he graduated with a degree in BS Accountancy from the Notre Dame of Dadiangas University, where he was awarded as the Most Outstanding Graduate, Notre Dame Medal Awardee and the St. Marcellin Champagnat Medal Awardee.

JACKSON EMIL G. LUMABAN – 40, Filipino citizen; Vice President for Sales.

Mr. Lumaban is a results-driven sales executive with over 18 years of experience in business and customer development, and sales management. Throughout his career, Mr. Lumaban has demonstrated a proven track record of driving revenue growth, building high performance sales teams, and cultivating strong relationships with clients and partners.

Mr. Lumaban began his career at Century Pacific Food, Inc., where he quickly rose through the ranks due to his exceptional sales and business development acumen and strategic vision. During his time at Century Pacific, Mr. Lumaban led numerous successful sales initiatives that significantly increased market presence and revenue for the company.

After his tenure at Century Pacific, Mr. Lumaban joined San Miguel Foods, Inc, a subsidiary of San Miguel Corporation. As Assistant Vice President for Export and International Sales, Mr. Lumaban was instrumental in developing and implementing sales strategies that expanded their food products' presence in various international markets.

He holds a Bachelor of Science degree in Business Economics from the University of the Philippines Diliman.

MARIA RESA S. CELIZ – 58, Filipino citizen, Assistant Corporate Secretary and Chief Compliance Officer

Ms. Celiz obtained her Juris Doctor degree from the Ateneo de Manila University, her MA in International Relations from Boston University and BA Political Science degree from the University of the Philippines in Diliman.

For 23 years, Ms. Celiz was a legal counsel of Goldilocks Bakeshop, Inc. and its related companies. From 2010 to 2012, Ms. Celiz was Legal Counsel and Chief of Staff of the Metropolitan Manila Development Authority. For 15 years, she was an associate lawyer of Pacis & Reyes, Attorneys. She is a professor at the Lyceum of the Philippines University College of Law.

Significant Employees

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

Involvement in Certain Legal Proceedings

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

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

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

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

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

The pending and material legal proceedings involving the Company's Directors and Officers as of December 31, 2023 are as follows:

1. **Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua v. Alliance Select Foods International, Inc., George E. SyCip,**

Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, Erwin M. Elechicon and Barbara Anne C. Migallos, Commercial Cas No. 15-234

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

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

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

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

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

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

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

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

Harvest et al. on the other hand filed their only Petition for Review on Certiorari with the Supreme Court, questioning the ruling of the Court of Appeals ans asserting that the case should not be dismissed because Harvest et al. was not in bad faith in not filing the proper filing fee.

The Petitions for Review on Certiorari were consolidated by the Supreme Court. On March 15, 2017, the Supreme Court rendered a Decision in favor of the petition of Harvest et al., ruling that the intra-corporate controversies may involve a subject matter which is either capable or incapable of pecuniary estimation, and remanded the case back to the RTC to assess the correct filing fees, and upon payment, to proceed with the regular proceedings of the case. The Company, as well as the other Defendants filed their respective motions for reconsiderations.

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

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

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

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

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

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

On July 17, 2020, Harvest et al. filed a Petition for Review before the Court of Appeals to assail the dismissal of the case. Respondents and Petitioners subsequently filed their respective Comments and Replies to the Petition for Review.

On March 28, 2023, the Court of Appeals denied the Petition for Review filed by Harvest et. al, and affirmed the Omnibus Order of the Regional Trial Court dismissing the Complaint. The Court of Appeals cited the following grounds: (a) the Petitioners committed forum shopping given that at the time of filing the 2015 case, there was a pending 2014 derivative suit also filed by them (Case No. 1 above) and, (b) the case is rendered moot and academic by supervening events; namely: the holding of the Annual Stockholders 'Meetings for the Years 2015, 2016 and 2017.

On April 28, 2023, Petitioners filed a Motion for Reconsideration to assail the denial of the Court of Appeals of the Petition for Review, affirming the dismissal of the case before the Regional Trial Court. In its Resolution dated October 26, 2023, the Court of Appeals denied the Motion for Reconsideration of the Petitioners.

Petitioners then filed a Petition for Review on Certiorari before the Supreme Court, dated December 21, 2023 to assail the Decision and Resolution of the Court of Appeals affirming the dismissal of the case. The Petition for Review on Certiorari is pending review by the Supreme Court, whether it will be given due course and will direct the Respondents to file their comment, or not give it due course and dismiss the petition.

Item 11 – EXECUTIVE COMPENSATION

Information on the aggregate compensation paid or accrued during the last five fiscal years and to be paid in the ensuing fiscal year to the Parent Company's Chief Executive Officer and four other most highly compensated executive officers follows:

	Year	Salaries Amounts in ₱'000	Bonuses/Other Income Amounts in ₱'000
CEO and the four most highly compensated officers named above	2019	₱16,482	₱ 1,699
	2020	17,266	313
	2021	16,803	311
	2022	26,373	351
	2023	27,115	600
	2024 (est)	29,224	800
Aggregate compensation paid to all officers and directors as a group unnamed	2019	23,181	2,476
	2020	22,639	1,034
	2021	22,639	1,324
	2022	30,563	1,290
	2023	33,129	1,399
	2024 (est)	37,783	1,600

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

Jeoffrey P. Yulo	President and CEO
Eldwin S. Umusig	Vice President for Operations
Maria Resa S. Celis	Assistant Corporate Secretary and Chief Compliance Officer
Jackson Emil G. Lumaban	Vice President for Sales
Tyrone D. Villegas	Chief Finance Officer

Compensation of Directors

Standard Arrangements

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

At present, there are no arrangements for compensation for Directors. Directors, however, receive reasonable per diem allowances.

Warrants and Options Outstanding

There are no outstanding warrants or options held by directors and officers nor are there any adjustments in the exercise price of said warrants or options.

Item 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following are the number of shares representing more than 5% of the Parent Company's issued and outstanding capital stock as of December 31, 2023:

Title of Class	Name, Address of Record Owner, and Relationship With Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% of Class
Common	Strongoak, Inc. 3rd Floor HRC Center 104 Rada Street Legaspi Village Makati City 1229	Strongoak, Inc.	Filipino	1,382,765,864	55.31%
Common	PCD Nominee Corporation (Filipino) 37th Fl., Tower One, Enterprise Center, Paseo de Roxas corner Ayala Avenue, Makati City	PCD Nominee Corporation (Filipino)	Filipino	630,842,834	25.23%
Common	Harvest All Investment Ltd. 4304-43F China Resources Bldg., 26 Harbour Road, Wanchai, Hong Kong	Harvest All Investment Ltd.	Chinese / Hong Kong	177,261,165	7.09%
Common	Victory Fund Limited 111 Somerset Road, #16-10 Triple One Somerset, Singapore 238164	Victory Fund Limited	Singaporean	138,474,015	5.54%
	Total			**2,329,343,878**	**93.20%**

Security ownership of Directors, Officers and Management as of December 31, 2023:

Security Ownership of Directors

Title of Class	Name of Beneficial Owner	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	Citizenship	% of Capital Stock
Common	Lorenzo Sixto T. Lichauco	30,000	29,983,000 /through BDO Securities Corporation	Filipino	1.20%
Common	Gabriel A. Dee	1,000	0	Filipino	0.00%
Common	Jeoffrey P. Yulo	10,000	2,000,000/ through Asiasec Equities, Inc,	Filipino	0.10%
Common	Joseph Peter Y. Roxas	100,000	356,000/through Eagle Equities, Inc .	Filipino	0.1%
			1,841,000/through Glory Y. Roxas (member of immediate family) – through Eagle Equities, Inc.		
Common	Dobbin A. Tan	10,000	0	Filipino	0.00%
Common	Domingo C. Go	1,000	0	Filipino	0.00%
Common	Fernando L. Gaspar	10,000	0	Filipino	0.00%
	TOTAL	**162,000**	**34,180,000**		**1.4%**

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	Citizenship	% of Capital Stock
Common	Jeoffrey P. Yulo	0	0	Filipino	0.00%
-	Eldwin S. Umusig	0	0	Filipino	0.00%
-	Jackson Emil G, Lumaban	0	0	Filipino	0.00%
-	Barbara Anne C. Migallos	0	0	Filipino	0.00%
-	Tyrone D. Villegas	0	0	Filipino	0.00%
-	Maria Resa S. Celiz	0	0	Filipino	0.00%
	TOTAL	**0**	**0**		**0.00%**

Voting Trust or Similar Agreements

There are no existing voting trust or similar agreements.

Changes in Control

There are no existing provisions in the amended Articles of Incorporation and amended By-Laws of the Parent Company, which may cause delay, deferment, or in any manner prevent a change in control of the Parent Company.

Item 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Note 13 of the Notes to Consolidated Financial Statements as of 31 December 2023 on the Group's related party transactions are incorporated by reference. The Group's related party transactions, as reported therein, are under terms that are not less than favorable than those arranged with third parties, and are conducted on an arm's length basis.

Part IV – CORPORATE GOVERNANCE

Item 14 – CORPORATE GOVERNANCE

In compliance with SEC Regulations, the Company filed its 2022 Integrated Annual Corporate Governance Report (IACGR) on May 30, 2023. The Company likewise posted the report on its website on even date.

The Company stays faithful to the recommended best practices as far as Corporate Governance standards are concerned. It participates and follows the standards prescribed by the Securities & Exchange Commission (SEC) and the Philippines Stock Exchange (PSE). The Company filed its revised Manual of Corporate Governance (containing revisions as of July 2014) with the SEC on July 31, 2014. It also filed its Consolidated Changes to the Annual Corporate Governance Report on January 14, 2016.

On June 1, 2017, in compliance with SEC Memorandum Circular No. 8 Series of 2017, Alliance Select Foods International, Inc. (FOOD) submitted to the SEC its 2017 Corporate Governance Manual. The same was adopted by the Board of Directors in a special meeting held on May 30, 2017.
.
The attendance of the Board members during Board of Directors meetings held in CY 2023 is as follows:

	Feb 17	April 13	May 4	June 15 (ASM)	June 15 (Org Mtg)	June 29	Aug 11	Nov 9	Dec 7	Attendance
Lorenzo Sixto T. Lichauco	P	P	P	P	P	P	P	P	P	100%
Gabriel A. Dee	A	P	P	A	P	P	P	P	P	78%
Jeoffrey P. Yulo	P	P	P	P	P	P	P	P	P	100%
Joseph Peter Y. Roxas	P	P	P	P	P	P	P	P	P	100%
Dobbin A. Tan	P	P	P	P	P	A	P	P	A	78%
Domingo C. Go	P	P	P	P	P	P	P	P	P	100%
Fernando L. Gaspar	N/A	P	P	P	P	P	P	P	P	100%

* *There were nine (9) meetings held during the year 2023*
*** Director appointed on April 13, 2023 and elected during the 2023 Annual General Meeting of Stockholders*

Per the Company's Manual on Corporate Governance, the Board has taken the lead in following recommended standards of Corporate Governance. To reflect its commitment to set, and maintain, high standards of governance, the Board has set up various Board Committees to guide the attainment of corporate goals. These Committees are:

Audit Committee

The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the Company's corporate governance processes relating to:

(i) The quality and integrity of the company's financial statements and financial reporting process;

(ii) The adequacy and effectiveness of the Company's internal control systems;

(iii) Compliance with accounting standards, legal and regulatory requirements, including the Company's disclosure policies and procedures;

(iv) Independence and performance of the Company’s internal and external auditors;

(v) Evaluation of risk management policies and process.

The Committee is accountable to the Board for its performance and shall prepare the report of the Committee required to be in the Company’s annual report.

The Committee’s duties and responsibilities include, among others, monitoring the integrity of the financial information provided by the Company, monitoring and assessing the role and effectiveness of the internal audit function, reviewing the external auditors scope of work, reviewing the effectiveness of the system for monitoring compliance with laws and regulations, overseeing interested party transactions, ensuring that the management establishes sound risk management policies and systems and performing any other activities consistent with the committees charter and Company By-Laws etc.

<u>Executive Committee</u>

The primary responsibility of the committee is to act on behalf of the Board on matters that require urgent and prompt action. In cases where the full Board cannot convene, but urgent matters need to be acted upon, the Committee exercises the power of the Board though it is subordinated to and responsible to the full Board at all times.

The committee can act on all matters except change the Company’s Articles of Incorporation and By-Laws, adopt an agreement on Mergers & Acquisitions, declare dividends or authorize issuance of stock, amend or rescind previous Board resolutions and recommend sale, lease or exchange of corporate property and assets.

The Committee has to report all the actions it takes to the Board.

<u>Corporate Governance Committee</u>

The committee’s primary responsibility is to pre-screen and short-list all candidates nominated to become a member of the Board of Directors. It should also define, or re-define, as the case may be, the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.

Its responsibilities also include establishing a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation’s culture, strategy and control environment. Moreover, the committee is to designate amount of remuneration to attract and retain competent corporate officers. Also, the committee should establish a formal and transparent procedure for developing a policy on executive remuneration and fixing the remuneration packages of individual directors.

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

The Company’s Compliance Officer constantly monitors and evaluates compliance of the Directors and Officers to its Manual on Corporate Governance. The Company has fully complied with the requirements of the Manual on Corporate Governance and the company will continue to take steps, as needed, to improve its corporate governance.

<u>Part V – EXHIBITS AND SCHEDULES</u>

Part V – EXHIBITS AND SCHEDULES

Item 15 – EXHIBITS AND REPORTS

(a) Exhibits

The exhibits indicated in the Index to Exhibits, are either not applicable to the Company or have been previously submitted.

(b) Reports on SEC Form 17-C

LIST OF REPORTS ON SEC FORM 17- C
(During the last 6-month period covered by the Annual Report)

Date Reported	Subject
June 15, 2023	Results of the 2023 Annual Stockholders' Meeting of FOOD.
June 15, 2023	Results of the 2023 Organizational Meeting of the Board of Directors of FOOD.
June 15, 2023	Legal Proceedings: Filing of Motion for Reconsideration with SEC En Banc and Manifestation with Urgent Reiterative Motion with the Court of Appeals
June 29, 2023	Legal Proceedings: Board of Directors instructed Corporate Secretary to comply with SEC En Banc Resolution
July 11, 2023	Correction of FOOD PSE profile to indicate 40% foreign ownership limit
July 26, 2023	Legal Proceedings: Board of Directors advised SEC En Banc and Court of Appeals of legal impediment to implementing the SEC En Banc Resolution
August 11, 2023	Board discussed and approved FOOD’s Q2 2023 Financial and Performance Report
August 11, 2023	Press Release: Alliance Select Reports USD 26 Million in Net Revenues for 1H 2023
September 5, 2023	Resignation of Maria Carolyn C. Angeles, Head of Finance
November 9, 2023	Press Release: Alliance Select Posts 65% Rise in Net Revenues for 9M2023
November 9, 2023	Board discussed and approved FOOD’s Q3 2023 Financial and Performance Report
November 9, 2023	Appointment of Tyrone D. Villegas as Chief Financial Officer and Treasurer
November 13, 2023	Change of FOOD’s corporate email address to PSECompliance@allianceselectfoods.com

EXHIBIT TABLE

SECURITIES REGULATION CODE FORMS

	Description	**17-A**	**2014 17-A Filing**
3	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	x	N/A
5	Instruments Defining the Rights of Security Holders, Including Indentures	x	N/A
8	Voting Trust Agreement	x	N/A
10	Annual Report to Security Holders, FORM 17-Q or Quarterly Report to Security Holders—n1	x	Please refer to First Quarter 17-Q
13	Letter re: Change in Certifying Accountant--n2	x	N/A
15	Letter re: Change in Accounting Principles	x	N/A
16	Report Furnished to Security Holders	x	Please refer to First Quarter 17Q
18	Subsidiaries of the Registrant	x	Please refer to latest Amended General Information Sheet, with corresponding jurisdiction of incorporation
19	Published Report Regarding Matters Submitted to Vote of Security Holders	x	N/A
20	Consents of Experts and Independent Counsel	x-n3	N/A
21	(a) Power of Attorney (b) Power of Attorney—Foreign Registrant	x	N/A
29	Additional Exhibits	x	Consolidated 2023 ACGR, pursuant to SEC Advisory dated 12 March 2015

n1 In the case of SEC Form 17-A, where the annual report to security holders is incorporated by reference into the text of FORM 17-A. Note: SRC Rule 12.2 prohibits information from being incorporated by reference to the prospectus.

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

n3 Where the opinion of the expert or independent counsel has been incorporated by reference to a previously filed SEC Form 12-1 registration statement.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 177 of the Revised Corporation Code, this Report is signed on behalf of the Issuer by the undersigned thereunto duly authorized.

By:

JEOFFREY YULO
President and CEO

TYRONE VILLEGAS
Chief Financial Officer

Ma. Resa S. Celiz
MARIA RESA S. CELIZ
Chief Compliance Officer and
Assistant Corporate Secretary

04 APR 2024

SUBSCRIBED AND SWORN TO BEFORE ME, A NOTARY PUBLIC THIS ______________ day of APRIL, 2024, the Affiants exhibiting to me their ID's with details below:

	ID TYPE /NO./ DATE AND PLACE ISSUED
JEOFFREY P. YULO	PASSPORT NO. P7151375B
TYRONE D. VILLEGAS	PASSPORT NO. P4687957C
MARIA RESA S. CELIZ	IBP LIFETIME ID NO. 09496; PASIG CITY

Doc No. 724;
Book No. 94;
Page No. 34;
Series of 2024

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Appointment No.96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VIII-BEP003234, until 04/14/28
Roll No. 46377; IBP LRN 02459; OR 535886; 06/21/2001
TIN 123-011-785; PTR 1634583AA; 01/03/24; Pasig City
Unit 5, West Tower PSB, Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES** (the "Group") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Reyes Tacandong & Co., the independent auditors appointed by the stockholders , has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

LORENZO SIXTO T. LICHAUCO
Chairman of the Board

JEOFFREY P. YULO
President and Chief Executive Officer

TYRONE D. VILLEGAS
Chief Financial Officer

Signed this 12th day of April 2024

REPUBLIC OF THE PHILIPPINES)
PASIG CITY)

SUBSCRIBED AND SWORN TO BEFORE ME, A NOTARY PUBLIC THIS 15 APR 2024 day of APRIL, 2024, the Affiants exhibiting to me their evidence of identity with details below:

	ID TYPE /NO./ DATE AND PLACE ISSUED
LORENZO SIXTO T. LICHAUCO	**DRIVER'S LICENSE NO. 1-74-028833**
JEOFFREY P. YULO	**PASSPORT NO. P7151375B**
TYRONE D. VILLEGAS	**PASSPORT NO. P4687957C**

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Appointment No.96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VIII-BEP003234, until 04/14/28
Roll No. 46377; IBP LRN 02459; OR 535886; 06/21/2001
TIN 123-011-785 PTR 16[illegible]AA; 01/03/24; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

Doc No. 59;
Book No. 102;
Page No. 37;
Series of 2024

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS200319138

COMPANY NAME

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

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
PSECompliance@allianceselectfoods.com	(02) 8673-8800	0917-620-5726

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Jeoffrey P. Yulo	PSECompliance@allianceselectfoods.com	(02) 8-637-8800	0917-620-5726

CONTACT PERSON'S ADDRESS

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

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Alliance Select Foods International, Inc., a subsidiary of Strongoak Inc., and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Recoverability of Deferred Tax Assets</u>
As at December 31, 2023, the Group has recognized deferred tax assets which are contingent upon future profitability. The recoverability of these assets is critical to our audit due to the significant judgment and assumptions required, including the estimation of future taxable income and the timing of the reversal of temporary differences. In 2023, the Group derecognized previously recognized deferred tax assets related to the net operating loss carryover amounting to $2.2 million. These assumptions are influenced by expected market conditions and the Group's financial performance. The related disclosures can be found in Notes 2, 3 and 24 to the consolidated financial statements.

Our audit procedures involved reviewing the income tax calculations and testing the temporary differences as identified by the Group. We reperformed the calculations of the deferred tax assets to confirm their accuracy. We assessed management's projections of future taxable income, taking into account historical data and trends, and evaluated the likelihood and timing of reversing temporary differences. We also examined the reasonableness of the assumptions used in these forecasts and their impact on the recoverability of the deferred tax assets. We also reviewed the related disclosures in Notes 2, 3 and 24 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Cedric M. Caterio.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash	5	**$1,510,627**	$3,050,221
Trade and other receivables	6	**13,138,058**	6,449,648
Inventories	7	**15,153,490**	5,545,217
Other current assets	8	**3,120,527**	3,357,913
Total Current Assets		**32,922,702**	18,402,999
Noncurrent Assets			
Property, plant and equipment	9	**14,238,417**	14,688,676
Right-of-use (ROU) assets	22	**57,757**	20,816
Deferred tax assets	24	**1,100,838**	3,315,221
Total Noncurrent Assets		**15,397,012**	18,024,713
		$48,319,714	$36,427,712
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**$8,532,560**	$4,090,680
Short-term loans payable	12	**22,511,326**	12,034,524
Current portion of:			
Long-term loans payable	12	**416,667**	500,000
Lease liabilities	22	**36,132**	13,053
Due to a related party	13	**1,889,651**	–
Income tax payable		**16,289**	–
Total Current Liabilities		**33,402,625**	16,638,257
Noncurrent Liabilities			
Noncurrent portion of:			
Loans payable	12	**–**	416,667
Lease liabilities	22	**21,598**	–
Due to a related party	13	**–**	1,876,604
Net retirement benefits obligation	14	**216,778**	166,972
Deferred tax liabilities	24	**94,804**	106,829
Other noncurrent liability	9	**458,292**	470,267
Total Noncurrent Liabilities		**791,472**	3,037,339
Total Liabilities		**34,194,097**	19,675,596
Equity			
Capital stock	15	**26,823,389**	26,823,389
Additional paid-in capital (APIC)	15	**1,486,546**	1,486,546
Treasury stock - at cost	15	**(5,774)**	(5,774)
Deficit		**(13,415,511)**	(10,795,479)
Other comprehensive income		**1,622,009**	1,628,344
Equity attributable to equity holders of the Parent Company		**16,510,659**	19,137,026
Non-controlling interests	15	**(2,385,042)**	(2,384,910)
Total Equity		**14,125,617**	16,752,116
		$48,319,714	$36,427,712

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022	2021
NET SALES	16	**$56,467,297**	$34,579,904	$40,778,376
COST OF GOODS SOLD	17	**(51,644,479)**	(31,401,404)	(35,863,359)
GROSS PROFIT		**4,822,818**	3,178,500	4,915,017
SELLING AND ADMINISTRATIVE EXPENSES	18	**(4,473,488)**	(3,372,183)	(5,547,162)
INTEREST EXPENSE	12	**(1,044,253)**	(451,305)	(840,868)
OTHER INCOME	19	**355,327**	130,939	887,133
LOSS BEFORE INCOME TAX		**(339,596)**	(514,049)	(585,880)
PROVISION FOR INCOME TAX	24	**2,280,488**	2,978,803	471,662
NET LOSS		**(2,620,084)**	(3,492,852)	(1,057,542)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		**(7,206)**	213,567	35,822
Item that will not be reclassified subsequently to profit or loss				
Remeasurement gain on retirement benefits obligation, net of tax	14	**791**	195,698	–
Effect of change in income tax rate	14	**–**	–	8,237
		(6,415)	409,265	44,059
TOTAL COMPREHENSIVE LOSS		**($2,626,499)**	($3,083,587)	($1,013,483)
NET LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**($2,620,032)**	($3,491,530)	($1,271,377)
Non-controlling interests		**(52)**	(1,322)	213,835
		($2,620,084)	($3,492,852)	($1,057,542)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**($2,626,367)**	($3,084,636)	($1,214,059)
Non-controlling interests		**(132)**	1,049	200,576
		($2,626,499)	($3,083,587)	($1,013,483)
LOSS PER SHARE				
Basic and Diluted	21	**($0.0010)**	($0.0014)	($0.0005)

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2023**	2022	2021
Capital Stock	15	**$26,823,389**	$26,823,389	$26,823,389
APIC	15	**1,486,546**	1,486,546	1,486,546
Treasury Stock - at cost	15	**(5,774)**	(5,774)	(5,774)
Deficit				
Balance at beginning of year		**(10,795,479)**	(7,303,949)	(6,032,572)
Net loss		**(2,620,032)**	(3,491,530)	(1,271,377)
Balance at end of year		**(13,415,511)**	(10,795,479)	(7,303,949)
Other Comprehensive Income				
Cumulative Translation Adjustment				
Balance at beginning of year		**1,325,522**	1,114,326	1,064,970
Exchange differences on foreign currency translation		**(7,126)**	211,196	49,356
Balance at end of year		**1,318,396**	1,325,522	1,114,326
Cumulative Remeasurement Gains on Retirement Benefits Obligation	14			
Balance at beginning of year		**302,822**	107,124	98,887
Remeasurement gain - net of tax		**791**	195,698	–
Effect of change in tax rate		**–**	–	8,237
Balance at end of year		**303,613**	302,822	107,124
Revaluation Reserves				
Balance at beginning of year		**–**	–	275
Effect of deconsolidation		**–**	–	(275)
Balance at end of year		**–**	–	–
		1,622,009	1,628,344	1,221,450
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**16,510,659**	19,137,026	22,221,662
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**(2,384,910)**	(2,385,959)	(2,080,267)
Share in comprehensive income		**(132)**	1,049	200,576
Dividends declared		–	–	(297,491)
Disposal of a subsidiary		–	–	(208,777)
Balance at end of year		**(2,385,042)**	(2,384,910)	(2,385,959)
		$14,125,617	$16,752,116	$19,835,703

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**($339,596)**	($514,049)	($585,880)
Adjustments for:				
Interest expense	12	**1,071,332**	472,932	840,868
Depreciation and amortization	9	**946,073**	867,065	1,312,574
Gain on sale of idle assets	10	**(383,782)**	–	–
Reversal of:				
Inventory write-down	7	**(180,701)**	(1,189,400)	(825,536)
Allowance for expected credit losses	6	**–**	–	(210,136)
Net unrealized foreign exchange gain		**(77,611)**	(61,850)	(232,416)
Retirement benefits costs	14	**49,785**	53,946	85,265
Inventory write-down	7	**7,614**	7,028	237,407
Interest income	5	**(697)**	(243)	(4,003)
Loss (gain) on disposal/retirement of property, plant and equipment	9	**–**	(7,867)	71,111
Provisions for impairment losses	18	**–**	–	222,627
Gain on disposal of a subsidiary	19	**–**	–	(389,437)
Equity in net income of an associate		**–**	–	(3,934)
Operating income (loss) before working capital changes		**1,092,417**	(372,438)	518,510
Decrease (increase) in:				
Trade and other receivables		**(6,688,410)**	(2,041,428)	397,072
Inventories		**(9,435,186)**	972,436	4,233,769
Other current assets		**216,538**	(411,240)	(962,300)
Increase (decrease) in trade and other payables		**4,387,025**	577,971	(1,361,108)
Net cash generated from (used for) operations		**(10,427,616)**	(1,274,699)	2,825,943
Income tax paid		**(41,257)**	(29,473)	(370,839)
Interest received		**697**	243	4,003
Retirement contributions paid	14	**–**	(5,381)	–
Net cash flows provided by (used in) operating activities		**(10,468,176)**	(1,309,310)	2,459,107
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	9	**(459,798)**	(364,311)	(1,021,241)
Proceeds from sale of:				
Idle assets		**383,782**	–	–
Property, plant and equipment	9	**–**	26,647	2,604,066
Decrease in other noncurrent assets		**–**	–	8,417
Net cash flows provided by (used in) investing activities		**($76,016)**	($337,664)	$1,591,242

(Forward)

	Note	Years Ended December 31 2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	28	**$40,905,860**	$22,655,596	$32,142,216
Payments of:				
Loans payable		**(30,929,058)**	(21,918,112)	(33,445,755)
Interest		**(986,591)**	(469,399)	(570,205)
Lease liabilities	22	**(29,219)**	(53,656)	(333,448)
Net cash flows provided by (used in) financing activities		**8,960,992**	214,429	(2,207,192)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		**43,606**	40,667	49,081
NET INCREASE (DECREASE) IN CASH		**(1,539,594)**	(1,391,878)	1,892,238
CASH AT BEGINNING OF YEAR		**3,050,221**	4,442,099	2,549,861
CASH AT END OF YEAR	5	**$1,510,627**	$3,050,221	$4,442,099

SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITY				
Recognition:				
Lease liabilities		**$72,957**	$–	$–
ROU assets		**72,957**	–	–
Asset acquired through deferred payment and other liability	9	–	549,318	–

COMPONENTS OF CASH	5			
Cash on hand		**$10,880**	$10,872	$11,021
Cash in banks		**1,499,747**	3,039,349	4,431,078
		$1,510,627	$3,050,221	$4,442,099

See accompanying Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022 AND
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. **General Information**

Corporate Information

Alliance Select Foods International, Inc. (ASFII or the "Parent Company"), a public corporation under Section 17.2 of the Securities Regulation Code (SRC), was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 1, 2003. The Parent Company is primarily engaged in the business of manufacturing, canning, importing and exporting of food products such as marine, aquaculture and other processed seafoods. The shares of stock of the Parent Company are listed in the Philippine Stock Exchange (PSE) since November 8, 2006.

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

The Parent Company's registered office address is at Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City.

Subsidiaries

The following are the subsidiaries as at December 31, 2023, 2022 and 2021:

Name of Subsidiary	Nature of Business	Business	% of Ownership **2023**
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	Salmon and other seafoods processing	Philippines	**100.00**
PT International Alliance Food Indonesia (PT IAFI)	Export trading	Indonesia	**99.98**
Alliance MHI Properties, Inc. (AMHI)	Leasing	Philippines	**98.89**
PT Van De Zee (PT VDZ)	Fishing	Indonesia	**49.00**

The Parent Company and the subsidiaries are collectively referred herein as the "Group".

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

PT IAFI owns 49% of PT VDZ, a fishing company. On August 11, 2022, the Board of Directors (BOD) of the Group approved the liquidation of PT VDZ. However, as at April 12, 2024, the approval of liquidation is still pending with the local authority of Indonesia.

Akaroa holds 25% stake in Salmon Smolt NZ Ltd. (SSNZ), an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa's farm. The Parent Company divested from its investment in Akaroa in 2021.

Approval of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were reviewed and recommended for approval by the Audit Committee on April 11, 2024 and were approved and authorized for issuance by the BOD on April 12, 2024.

2. **Summary of Material Accounting Policy Information**

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

Basis of Preparation and Statement of Compliance
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Bases of Measurement
The consolidated financial statements are presented in United States (U.S.) Dollar, the functional currency of the primary economic environment in which the Parent Company operates. All values are rounded to the nearest U.S. Dollar, except when otherwise stated.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses observable market data to the extent possible when measuring the fair value of an asset or a liability.

Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 25 to the consolidated financial statements.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective January 1, 2023:

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

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

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

Amendment to PFRS in Issue But Not Yet Effective or Adopted

Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

Effective for annual periods beginning on or after January 1, 2025 -

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Deferred effectivity -

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

Under the prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as necessary.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and subsidiaries. Subsidiaries are entities in which the Parent Company has control. The Parent Company controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Parent Company controls an entity. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniformed accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change in control, is accounted for as an equity transaction. Upon the loss of control, the Parent Company derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Gain or loss arising from the loss of control is recognized in profit or loss. If the Parent Company retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset at fair value through profit or loss depending on the level of interest retained.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company, presented within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. Non-controlling interests represent the interests of minority shareholders of PT IAFI, PT VDZ and AMHI.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured as the sum of the considerations transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Parent Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Parent Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the business combination is achieved in stages, any previously held non-controlling interest is re-measured at the date of obtaining control and a gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the Parent Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Parent Company retrospectively adjusts the provisional amounts and recognizes additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period ends at the date the Parent Company receives the information about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but should not exceed one year from the acquisition date.

Financial Assets and Liabilities

Recognition and Measurement

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

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

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

Classification

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

As at December 31, 2023 and 2022, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

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

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or,

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2023 and 2022, the Group's cash, trade and other receivables are classified under this category.

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

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

As at December 31, 2023 and 2022, the Group's trade and other payables (excluding statutory payable and customers' deposits), loans payable, lease liabilities, due to a related party and other noncurrent liability are classified under this category.

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

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

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

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

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions. In assessing whether a borrower is in default, the Group considers qualitative and quantitative factors.

Derecognition

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Inventories

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

Finished Goods. Costs of inventories are calculated using the weighted average method. Costs comprise direct materials and when applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. NRV represents the estimated selling price less estimated costs of completion and costs necessary to make the sale.
Raw Materials and Packaging Supplies. Cost is determined using the weighted average method. NRV is the current replacement cost.

When the NRV of the inventories is lower than the cost, the Group recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as part of other income or charges in profit or loss.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period when the related revenue is recognized and the related inventory write-down is reversed.

Other Assets

Other assets that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

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

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

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

Investments in Joint Ventures. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

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

Under the equity method, the investments in joint ventures are initially recognized at cost. The carrying amount of the investments is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investments and is neither amortized nor individually tested for impairment.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the investment upon loss of significant influence or joint control and the fair value of the retained interest and proceeds from disposal is recognized in profit or loss.

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

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other directly attributable costs, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

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

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

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Equity

Capital Stock and APIC. Capital stock is measured at par value for all shares issued and outstanding. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings. Excess of proceeds or fair value of consideration received over par value is recognized as APIC.

Deficit. Deficit represents the cumulative balance of the Group's results of operations as at reporting date. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

Other Comprehensive Income. Other comprehensive income comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertains to cumulative remeasurement gains on retirement benefits obligation, revaluation reserves and cumulative translation adjustments.

Treasury Stock. Own equity instruments which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Loss per Share

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

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

Revenue Recognition

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

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

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

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

Sale of Goods. Revenue is recognized, net of sales returns and discounts, when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery to and acceptance of the goods by the buyer.

Revenue from other sources is recognized as follows:

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

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

Contract Balances

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

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

As at December 31, 2023 and 2022, the Group does not have outstanding contract assets.

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

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

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

As at December 31, 2023 and 2022, the Group does not have contract fulfillment assets.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are sold.

Selling and Administrative Expenses. Selling expenses constitute costs incurred to sell and market the goods and services. Administrative expenses constitute costs of administering the business. These are charged to profit or loss in the period when these are incurred.

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

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

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

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

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

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

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

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

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

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

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

i. fixed payments, including in-substance fixed payments;

ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii. amounts expected to be payable by the lessee under residual value guarantees; and,

iv. the exercise price under a purchase option that the Group is reasonably certain to exercise; lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

Retirement Benefits

Retirement benefits costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries.

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

The Group determines the net interest expense on defined benefit obligation by applying the discount rate to the net retirement benefits obligation at the beginning of the year, taking into account any changes in the liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefits liability, which consist of actuarial gains and losses and the return on plan asset (excluding amount charged in net interest) are recognized immediately in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

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

The net retirement benefits obligation recognized by the Group is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related defined benefits obligation.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authority. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward benefits of net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carryforward benefits of unused NOLCO and excess MCIT over RCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

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

Foreign Currency-denominated Transactions and Translation
Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation on non-monetary items in respect of which gains and losses are recognized in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in U.S. Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates at the dates of the transactions are used. Exchange differences, if any, are recognized as cumulative translation adjustment in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

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

Related Party Relationships and Transactions
Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

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

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
The Group identifies subsequent events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements when material.

Operating Segments
For management purposes, the Group is divided into operating segments per product/service (tuna, salmon, and rental) according to the nature of the products and services provided. The Group's identified operating segments are consistent with the segments reported to the BOD, which is the Group's Chief Operating Decision Maker. Financial information on operating segments is presented in Note 27 to the consolidated financial statements.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

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

The Group believes that the following represent a summary of these significant judgments, estimates and assumptions and the related impact and associated risks in the consolidated financial statements:

Determining the Functional Currency. Based on management's assessment, the functional currency of the entities in the Group has been determined to be the U.S. Dollar. The functional currency of certain subsidiaries is Philippine Peso. The U.S. Dollar is the currency that mainly influences the operations of most of the entities within the Group, as majority of its revenue are from export sales and its raw materials are imported from other countries.

Determining Control Over Subsidiaries. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Management has determined that by virtue of its majority ownership of voting rights or by the power to cast the majority of votes through its representatives in the BOD of its subsidiaries as at December 31, 2023 and 2022, the Parent Company has the ability to exercise control over these investees.

Determining the Reportable Operating Segments. The Group has determined that it has reportable segments based on the following thresholds:

a. Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

b. The absolute amount of its reported profit or loss is 10% or more, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

c. Its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable and separately disclosed if management believes that information about the segment would be useful to users of the consolidated financial statements. The Group is organized into three major operating business segments (tuna, salmon and rental) in 2023, 2022 and 2021 which is consistent with how the Group's management internally monitors and analyzes financial information.

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

- The asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

The Group applies the simplified approach in measuring ECL on trade receivables, which use a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

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

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

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

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

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

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

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

The carrying amounts of ROU assets and lease liabilities are disclosed in Note 22 to the consolidated financial statements.

Assessing the Extension Options of Lease Commitments. The Group's property leases on office and plant contain extension options exercisable by the Group prior to the end of the contract period to maximize operational flexibility in terms of managing contracts. Extension options are not reflected in measuring lease liabilities in cases when these options are not reasonably certain to be exercised or when the terms and conditions of the renewed contract are uncertain and subject to change considering the economic circumstances under which the Group operates. A reassessment will be made when there is a significant event or significant change in circumstances within its control. There were no reassessments made in 2023, 2022 and 2021.

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

The carrying amounts of ROU assets and lease liabilities are disclosed in Note 22 to the consolidated financial statements.

Estimating the NRV of Inventories. The NRV of inventories represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale. The Group determines the estimated selling price based on the recent sale transaction of similar goods with adjustments to reflect any changes in economic conditions since the date when the transactions occurred. The Group records provisions for the excess of cost over the net realizable value of inventories. While the Group believes that the estimates are reasonable and appropriate, significant differences in the actual experience or significant changes in estimates may materially affect the profit or loss and equity.

The carrying amount of inventories carried at lower of cost and NRV is disclosed in Note 7 to the consolidated financial statements.

Estimating the Useful Lives of Property, Plant and Equipment. The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of these assets are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Group's property, plant and equipment in 2023, 2022 and 2021.

The carrying amounts of depreciable property, plant and equipment are disclosed in Note 9 to the consolidated financial statements.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and,
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets. The discount rates were derived from the weighted average cost of capital, which takes into account both debt and equity.

Management has assessed that the amount of allowance for impairment losses of the Group's nonfinancial assets as at December 31, 2023 and 2022 is sufficient. The carrying amounts of these nonfinancial assets are disclosed in Notes 8, 9 and 10 to the consolidated financial statements.

Estimating the Retirement Benefits Cost. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 14 to the consolidated financial statements and include, among others, discount rates and salary increase rates.

Information in retirement benefits obligation are disclosed in Note 14 to the consolidated financial statements.

Recognizing the Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Group did not recognize deferred tax assets amounting to $7.6 million and $5.4 million as at December 31, 2023 and 2022, respectively. Management believes that there may be no sufficient future taxable income against which the benefits of these deferred tax assets can be utilized.

The information on deferred tax assets is disclosed in Note 24 to the consolidated financial statements.

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

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

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

4. Liquidation and Disposal of Subsidiaries

Liquidation

On August 11, 2022, the BOD of the Group approved the liquidation of PT VDZ. However, as at April 12, 2024, the approval of liquidation is still pending with the local authority of Indonesia. Non-controlling interest in PT VDZ amounted to $2.4 million as at December 31, 2023 and 2022.

Disposal

In November 2021, the Parent Company disposed its interest in Akaroa to a third party for a total consideration of NZD 7.50 million ($5.1 million), inclusive of payments for dividends and other related costs. The disposal of Akaroa resulted in a gain on sale of $389,437 (see Note 19).

As a result of the disposal, the Group derecognized the assets and liabilities of Akaroa amounting to $8.7 million and $7.4 million, respectively.

The revenue and net income of Akaroa included in the consolidated statements of comprehensive income amounted to $7.9 million and $1.2 million, respectively, for the period ended November 30, 2021.

5. Cash

This account consists of cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates.

Interest income from cash in banks amounted to $697, $243 and $4,003 in 2023, 2022 and 2021, respectively (see Note 19).

6. Trade and Other Receivables

This account consists of:

	Note	**2023**	2022
Trade receivable:			
Third parties		**$12,293,787**	$6,031,633
Related parties	13	**234,185**	234,185
Receivable from Prime Foods NZ Limited (PFNZ)		**1,063,665**	1,063,665
Claims receivables		**960,732**	960,732
Advances to officers and employees		**14,192**	4,920
Others		**1,412,757**	1,023,874
		15,979,318	9,319,009
Allowance for ECL		**(2,841,260)**	(2,869,361)
		$13,138,058	$6,449,648

Trade receivables from third parties are noninterest-bearing and are generally collectible within 30 to 90 days.

Trade receivables amounting to $3.0 million and $2.6 million are used to secure short-term loans from local banks as at December 31, 2023 and 2022, respectively (see Note 12).

Receivable from PFNZ pertains to a restructured debt, secured by PFNZ's tangible and intellectual properties, which was fully provided with allowance for ECL.

Claims receivable pertains to receivable from third party in foreign operations. This was fully provided with allowance for ECL.

Other receivables include the amount of the sale of idle assets and advances to employees that are subject to salary deduction.

Movements in the allowance for ECL are as follows:

	2023	2022
Balance at beginning of year	**$2,869,361**	$2,884,517
Write-off	**(28,101)**	(15,156)
Balance at end of year	**$2,841,260**	$2,869,361

7. **Inventories**

This account consists of:

	2023	2022
At cost -		
Packaging supplies	**$253,660**	$218,811
At NRV:		
Raw materials and packaging supplies	**7,569,428**	2,681,661
Finished goods	**7,330,402**	2,644,745
	14,899,830	5,326,406
At lower of cost and NRV	**$15,153,490**	$5,545,217

The costs of inventories measured at NRV are as follows:

	Note	**2023**	2022
Raw materials and packaging supplies		**$7,713,666**	$2,888,684
Finished goods	17	**7,357,517**	2,782,162
		$15,071,183	$5,670,846

Movements in the inventory write-down are as follows:

	Note	**2023**	2022
Balance at beginning of year		**$344,440**	$1,526,812
Reversal		**(180,701)**	(1,189,400)
Provision	18	**7,614**	7,028
Balance at end of year		**$171,353**	$344,440

Reversal of inventory write-down mainly pertains to inventories that were already condemned and were subsequently disposed. These were recognized as part of cost of goods sold.

Raw materials charged to cost of goods sold amounted to $48.0 million, $23.1 million and $25.2 million in 2023, 2022 and 2021, respectively (see Note 17).

8. **Other Current Assets**

This account consists of:

	2023	2022
Advances to suppliers	**$1,302,998**	$1,923,276
Input VAT	**1,518,701**	1,264,546
Prepayments:		
Taxes	**217,294**	257,042
Insurance	**34,254**	35,287
Rent	**33,476**	24,807
Others	**318,772**	157,923
	3,425,495	3,662,881
Allowance for impairment losses	**(304,968)**	(304,968)
	$3,120,527	$3,357,913

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

Other prepayments pertain to payment for subscription and other fees.

No additional impairment losses on other current assets were recognized in 2023 and 2022.

9. Property, Plant and Equipment

Movements in this account are as follows:

	December 31, 2023						
	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and Equipment	Total
Cost							
Balance at beginning of year	**$8,824,358**	**$5,003,530**	**$6,954,670**	**$271,218**	**$119,387**	**$58,079**	**$21,231,242**
Additions	**–**	**165,759**	**223,975**	**40,337**	**28,229**	**1,498**	**459,798**
Balance at end of year	**8,824,358**	**5,169,289**	**7,178,645**	**311,555**	**147,616**	**59,577**	**21,691,040**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**–**	**2,289,773**	**3,963,684**	**64,956**	**89,399**	**27,129**	**6,434,941**
Depreciation and amortization	**–**	**207,886**	**639,959**	**45,539**	**10,148**	**6,525**	**910,057**
Balance at end of year	**–**	**2,497,659**	**4,603,643**	**110,495**	**99,547**	**33,654**	**7,344,998**
Allowance for Impairment Losses							
Balance at beginning and end of year	**–**	**–**	**107,625**	**–**	**–**	**–**	**107,625**
Carrying Amount	**$8,824,358**	**$2,671,630**	**$2,467,377**	**$201,060**	**$48,069**	**$25,923**	**$14,238,417**

	December 31, 2022						
	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and Equipment	Total
Cost							
Balance at beginning of year	$8,824,358	$4,888,798	$6,230,566	$369,855	$108,050	$40,032	$20,461,659
Additions	–	114,732	755,216	12,369	13,265	18,047	913,629
Disposal/retirement	–	–	(31,112)	(111,006)	(1,928)	–	(144,046)
Balance at end of year	8,824,358	5,003,530	6,954,670	271,218	119,387	58,079	21,231,242
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,079,079	3,419,940	130,303	85,536	19,921	5,734,779
Depreciation and amortization	–	210,694	569,279	32,456	5,791	7,208	825,428
Disposal/retirement	–	–	(25,535)	(97,803)	(1,928)	–	(125,266)
Balance at end of year	–	2,289,773	3,963,684	64,956	89,399	27,129	6,434,941
Allowance for Impairment Losses							
Balance at beginning and end of year	–	–	107,625	–	–	–	107,625
Carrying Amount	$8,824,358	$2,713,757	$2,883,361	$206,262	$29,988	$30,950	$14,688,676

In March 2022, the Group entered into a 20-year agreement with a third party for the purchase of solar power equipment on installment basis. The agreement requires the Group to pay fixed monthly fee with agreed interest (see Note 12).

The cost of the solar power equipment amounted to $549,318 which is presented as part of "Machinery and equipment" account. As at December 31, 2023 and 2022, the current and noncurrent portions of the related liability amounted to $15,245 and $14,307 and $458,292 and $470,267, respectively.

The depreciation and amortization charged to operations are as follows:

	Note	**2023**	2022	2021
Property, plant and equipment		**$910,057**	$825,428	$1,090,241
ROU assets	22	**36,016**	41,637	217,859
Other intangible assets		**–**	–	4,474
		$946,073	$867,065	$1,312,574
Charged to:				
Cost of goods sold	17	**$713,809**	$669,295	$1,109,988
Selling and administrative expenses	18	**232,264**	197,770	202,586
		$946,073	$867,065	$1,312,574

The Group recognized a loss on disposal/retirement of property, plant and equipment amounting to $71,111 in 2021 and gain on disposal/retirement of property, plant and equipment amounting to $7,867 in 2022. (see Note 19).

The cost of fully depreciated property, plant and equipment still used in the Group's operations amounted to $2.0 million as at December 31, 2023 and 2022.

The Group assesses impairment on its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The relevant factors that the Group considers in their impairment assessment when there is significant underperformance of a business in relation to expectations, decline in economic trends or changes in the use of the assets.

Management has assessed that the amount of allowance for impairment losses of the Group's property, plant and equipment as at December 31, 2023 and 2022 is adequate.

10. **Other Noncurrent Assets**

This account consists of:

	Note	**2023**	2022
Receivable from Wild Catch Fisheries, Inc. (WCFI)	13	**$2,183,281**	$2,183,281
Investments in joint ventures		**553,480**	553,480
Idle assets		**–**	13,928,472
		2,736,761	16,665,233
Allowance for impairment losses		**(2,736,761)**	(16,665,233)
		$–	$–

Receivable from WCFI pertains to the proceeds from the sale of a fishing vessel and advances for fish deposit. WCFI ceased its commercial fishing operations since 2014. This was fully provided with allowance for impairment loss.

Investments in joint ventures pertain to 39% ownership interest in FDCP, Inc. (FDCP) and 40% ownership interest in WCFI. FDCP has ceased its manufacturing and wholesale of tin cans operations in 2015. The Group's investments in joint ventures are fully provided with allowance for impairment losses.

Idle assets pertain to fishing vessels that were no longer used in the Group's operations and are fully provided with an allowance for impairment loss as at December 31, 2023 and 2022. In 2023, the idle assets were sold, resulting to a gain of $383,782 (see Note 19).

11. Trade and Other Payables

This account consists of:

	Note	**2023**	2022
Trade payables:			
Third parties		**$7,230,226**	$2,846,025
Related parties	13	**260,957**	260,957
Accruals for:			
Professional fees		**360,012**	192,484
Interest		**78,962**	23,035
Salaries, wages and other benefits		**28,230**	46,111
Others		**158,966**	355,549
Statutory payable		**216,717**	364,670
Customers' deposits		**198,490**	1,849
		$8,532,560	$4,090,680

Trade payables from third parties are noninterest-bearing and are generally settled within 30 days. Trade payables includes the current portion of a liability related to the acquisition of solar power equipment (see Note 9).

Accrued expenses are generally settled in the following month. Other accrued expenses include accruals for business development expenses, security services, commission, and customers' claims.

Statutory payable includes amounts payable to government agencies and are normally settled in the following month.

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

12. Loans Payable

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

	2023	2022
Short-term loans from local banks	**$22,511,326**	$12,034,524
Current portion of long-term loans	**416,667**	500,000
	$22,927,993	$12,534,524

The loans from local banks, with terms ranging from three to six months, pertain to working capital loans and availments of revolving facilities in the form of export packing credit, export bills purchase, import letters of credit and trust receipts. Short-term loans from local banks bear interest rates ranging from 5.75% to 6.25% per annum in 2023 and 3.00% to 5.75% per annum in 2022.

	2023	2022
Long-term loans from local banks	**$416,667**	$916,667
Current portion of long-term loans	**(416,667)**	(500,000)
Noncurrent portion	**$–**	$416,667

Long-term loans from local banks bear interest rates from 8.00% per annum in 2023, 3.55% to 8.00% per annum in 2022 and 6.50% to 9.25% per annum in 2021.

Short-term and long-term loans are secured by the Company's trade receivables amounting to $3.0 million and $2.6 million as at December 31, 2023 and 2022, respectively (see Note 6).

Interest expense is recognized from the following:

	Note	**2023**	2022	2021
Short-term loans		**$906,048**	$333,439	$435,535
Due to a related party	13	**81,896**	64,174	96,117
Long-term loans		**54,574**	50,159	54,355
Lease liabilities	22	**1,735**	3,533	254,861
		1,044,253	451,305	840,868
Other liability*	9	**27,079**	21,627	–
		$1,071,332	$472,932	$840,868

**presented under "Cost of goods sold" account*

13. Related Party Transactions

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

		Amount of Transactions		Outstanding Balances	
Related Party	Note	**2023**	2022	**2023**	2022
Trade and other receivables	6				
Joint Venture		**$–**	$–	**$234,185**	$234,185

		Amount of Transactions		Outstanding Balances	
Related Party	Note	**2023**	2022	**2023**	2022
Other noncurrent assets	10				
Receivable from WCFI		**$–**	$–	**$2,183,281**	$2,183,281
Allowance for impairment		**–**	–	**(2,183,281)**	(2,183,281)
				$–	$–
Trade and other payables	11				
Joint Venture		**$–**	$–	**$260,957**	$260,957
Due to a related party					
Immediate Parent		**$13,047**	($193,228)	**$1,889,651**	$1,876,604

Trade and Other Receivables. Receivable from joint venture pertains to working capital advances that are due on demand. These are settled in cash.

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

Due to a Related Party. Payable to Immediate Parent pertains to borrowed funds amounting to $2.0 million, which bears 6.31% annual interest and payable in lump sum. In 2022, the Immediate Parent extended the payment term for another two years from 2022 to 2024 with a callable option after the first year at 3% annual interest. Movements in 2023 and 2022 pertain to the foreign currency adjustment.

Related party transactions eliminated in the consolidation pertain to due to/from related parties and rental receivable/payable. Total due to/from related parties eliminated as at December 31, 2023 and 2022 amounted to $5.6 million. Total rental receivable and payable eliminated as at December 31, 2023 and 2022 amounted to $108,626.

Related interest expense aggregated $81,896, $64,174 and $96,117 in 2023, 2022 and 2021, respectively.

The remuneration of the key management personnel of the Group is composed of short-term and retirement benefits. Short-term employee benefits amounted to $681,145, $569,962 and $486,863 in 2023, 2022 and 2021, respectively. Retirement benefits amounted to $49,785, $53,946 and $277,790 in 2023, 2022 and 2021, respectively.

14. Retirement Benefits Obligation

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

The most recent actuarial valuation was made as at December 31, 2023 by an independent actuary.

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

	2023	2022	2021
Current service cost	**$39,239**	$39,456	$73,295
Net interest expense	**10,546**	14,490	11,970
	$49,785	$53,946	$85,265

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

	2023	2022
Present value of defined benefit obligation	**$226,439**	$182,179
Fair value of plan assets	**(9,661)**	(15,207)
	$216,778	$166,972

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

	2023	2022
Balance at beginning of year	**$182,179**	$453,958
Current service cost	**39,239**	39,456
Interest cost	**11,626**	15,823
Retirement benefits paid	**(6,805)**	(23,373)
Unrealized foreign exchange gain	**1,183**	(41,259)
Remeasurement gains:		
Experience adjustments	**(19,289)**	(126,932)
Changes in financial assumptions	**18,306**	(135,494)
	$226,439	$182,179

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

	2023	2022
Balance at beginning of year	**$15,207**	$36,696
Retirement benefits paid	**(6,805)**	(23,373)
Interest income	**1,080**	1,333
Translation adjustment	**107**	(3,335)
Remeasurement loss	**72**	(1,495)
Contribution to the fund	**–**	5,381
	$9,661	$15,207

The details of the fair value of plan assets are as follows:

	2023	2022
Cash	**$10,378**	$3,995
Benefits payable	**(6,805)**	–
Debt instruments	**6,262**	11,247
Fees payables	**(123)**	(33)
Withholding taxes payable	**(51)**	(9)
Other assets	**–**	7
	$9,661	$15,207

The cumulative remeasurement gains on retirement benefit obligation recognized in other comprehensive income are as follows:

	Cumulative Remeasurement Gains	Deferred Tax	Net
Balance as at January 1, 2023	**$392,780**	**($89,958)**	**$302,822**
Remeasurement gain	**1,055**	**(264)**	**791**
Balance as at December 31, 2023	**$393,835**	**($90,222)**	**$303,613**
Balance as at January 1, 2022	$131,849	($24,725)	$107,124
Remeasurement gain	260,931	(65,233)	195,698
Balance as at December 31, 2022	$392,780	($89,958)	$302,822
Balance as at January 1, 2021	$131,849	($32,962)	$98,887
Effect of change in tax rate	–	8,237	8,237
Balance as at December 31, 2021	$131,849	($24,725)	$107,124

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

	2023	2022	2021
Discount rate	**6.05%**	7.06%	3.82%
Salary increase rate	**3.00%**	3.00%	5.00%

The sensitivity analyses on the retirement benefits obligation as at December 31, 2023 and 2022 below have been determined based on possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Basis Points	**2023**	2022
Discount rate	+1.00%	**($18,137)**	($14,712)
	-1.00%	**20,617**	16,896
Salary increase rate	+1.00%	**21,304**	17,548
	-1.00%	**(19,260)**	(15,598)

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

The table below shows the maturity profile of the undiscounted benefit payments as at December 31, 2023:

	Amount
Less than one year	$12,568
One year to less than five years	55,359
Five years to less than ten years	436,326
Ten years to less than fifteen years	340,999
Fifteen years to less than twenty years	248,745
Twenty years and above	621,273

The average duration of the benefit obligation is 16 years as at December 31, 2023.

The plan exposes the Group to the following risks:

- Salary risk - any increase in the retirement plan participants' salary will increase the retirement plan's liability
- Longevity risk - any increase in the plan participants' life expectancy will increase the retirement plan's liability
- Investment risk - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise. However, the compositions of plan assets are balanced enough not to expose the Company to significant concentrations of investment risk
- Interest rate risk - a decrease in bond interest rate will increase the present value of retirement liability. However, this is partially counterbalanced by an increase in the return on the plan assets

15. Equity

Capital Stock

Details of the Parent Company's capital stock as at December 31, 2023 and 2022 are as follows:

	Shares	Amount in Peso
Authorized		
Ordinary shares at ₱0.50 par value a share	3,000,000,000	₱1,500,000,000

	Shares	Amount in Peso	Equivalent Amount in USD
Issued	2,500,000,000	₱1,385,698,647	$26,823,389
Treasury shares at cost	(287,537)	(143,769)	(5,774)
Outstanding	2,499,712,463	₱1,385,554,878	$26,817,615

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

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

As at December 31, 2023 and 2022, APIC amounted to $1.49 million.

The total number of shareholders of the Parent Company as at December 31, 2023 and 2022 is 237.

Non-controlling Interest

The Group's non-controlling interests represent the minority shareholders with 1.11% and 51.00% ownership in AMHI and PT VDZ as at December 31, 2023 and 2022, respectively. Non-controlling interest in PT VDZ amounted to $2.4 million as at December 31, 2023 and 2022.

As discussed in Note 4, on August 11, 2022, the BOD of the Group approved the liquidation of PT VDZ. However, as at April 12, 2024, the approval of liquidation is still pending with the local authority of Indonesia.

Below are the summarized financial information of PT VDZ, a subsidiary with material NCI, as at and for the years ended December 31, 2023, 2022 and 2021. The information presented is before intercompany eliminations and other consolidation adjustments.

	2023	2022	2021
Total assets	**$32,639**	$5,131	$5,131
Total liabilities	**3,665,764**	3,633,010	3,633,010
Capital deficiency	**(3,633,125)**	(3,627,879)	(3,627,879)

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Group maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Group considers the equity presented in the consolidated statements of financial position as its core capital.

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as follows:

	2023	2022
Debt	**$34,194,097**	$19,675,596
Equity	**14,125,617**	16,752,116
Debt-to-Equity Ratio	**$2.42:1**	$1.17:1

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is about 30.6% as at December 31, 2023 and 2022.

The Group reviews its capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with it.

16. Net Sales

Net sales are disaggregated to the following major product lines:

	2023	2022	2021
Canned tuna	**$51,677,722**	$32,053,117	$29,201,148
Fishmeal	**3,492,148**	2,216,269	2,254,147
Salmon	**28,718**	214,774	8,451,595
Others	**1,268,709**	95,744	871,486
	$56,467,297	$34,579,904	$40,778,376

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

Net sales generated by the foreign subsidiaries comprises 19% of the total revenue of the Group in 2021. No sales were generated by the foreign subsidiaries in 2023 and 2022.

17. Cost of Goods Sold

This account consists of:

	Note	**2023**	2022	2021
Raw materials used	7	**$47,966,720**	$23,142,644	$25,191,370
Direct labor		**3,572,375**	2,063,940	4,019,662
Manufacturing overhead:				
Fuel, light and water		**1,122,319**	954,120	840,699
Labor		**1,056,855**	632,631	743,413
Depreciation and amortization	9	**713,809**	669,295	1,109,988
Warehousing		**449,905**	1,075,602	1,538,469
Rent	22	**87,013**	64,270	9,930
Others		**1,250,838**	1,007,126	1,469,137
Total manufacturing costs		**56,219,834**	29,609,628	34,922,668
Finished goods at beginning of year		**2,782,162**	4,573,938	5,514,629
Total cost of goods manufactured		**59,001,996**	34,183,566	40,437,297
Finished goods at end of year	7	**(7,357,517)**	(2,782,162)	(4,573,938)
		$51,644,479	$31,401,404	$35,863,359

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

18. **Selling and Administrative Expenses**

This account consists of:

	Note	**2023**	2022	2021
Salaries, wages and other benefits	20	**$1,282,366**	$1,195,815	$1,612,485
Outside services		**904,465**	771,569	1,207,405
Taxes and licenses		**825,155**	196,801	274,685
Communication and utilities		**254,404**	271,973	322,291
Depreciation and amortization	9	**232,264**	197,770	202,586
Freight and transportation		**209,631**	85,030	60,274
Rent	22	**185,302**	97,167	115,124
Advertising, marketing and commissions		**132,230**	65,639	120,006
Insurance		**119,715**	149,611	212,336
Customs, brokerage and demurrage		**84,300**	111,704	83,237
Materials and supplies		**25,503**	29,498	36,894
Inventory write-down	7	**7,614**	7,028	237,407
Provisions for impairment losses	6, 8	**–**	–	222,627
Others		**210,539**	192,578	839,805
		$4,473,488	$3,372,183	$5,547,162

19. **Other Income (Charges)**

This account consists of:

	Note	**2023**	2022	2021
Gain (loss) on:				
Disposal of idle assets	10	**$383,782**	$–	$–
Reversal of allowance for impairment		–	–	–
Disposal/retirement of property, plant and equipment - net	9	**–**	7,867	(71,111)
Bank charges		**(139,628)**	(64,814)	(111,462)
Foreign exchange gain (loss)		**(56,402)**	59,782	110,700
Interest income	5	**697**	243	4,003
Gain on disposal of a subsidiary	4	**–**	–	389,437
Others - net		**166,878**	127,861	565,566
		$355,327	$130,939	$887,133

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

20. **Salaries, Wages and Other Benefits**

This account consists of:

	Note	**2023**	2022	2021
Short-term employee benefits		**$2,289,436**	$1,274,037	$1,392,666
Retirement benefits	14	**49,785**	53,946	85,265
		$2,339,221	$1,327,983	$1,477,931

	2023	2022	2021
Charged to:			
Cost of goods sold	**$1,056,855**	$207,126	$289,651
Selling and administrative expenses	**1,282,366**	1,120,857	1,188,281
	$2,339,221	$1,327,983	$1,477,931

21. **Loss Per Share**

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

	2023	2022	2021
Net loss attributable to Parent Company	**($2,620,032)**	($3,491,530)	($1,271,377)
Weighted average number of ordinary shares outstanding	**2,499,712,463**	2,499,712,463	2,499,712,463
	($0.0010)	($0.0014)	($0.0005)

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury shares (see Note 15).

As at December 31, 2023, 2022 and 2021, the Parent Company has no dilutive potential shares.

22. **Significant Agreements**

Short-term Leases

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

Rent expense is allocated as follows:

	Note	**2023**	2022	2021
Cost of goods sold	17	**$87,013**	$64,270	$9,930
Selling and administrative expenses	18	**185,302**	97,167	115,124
		$272,315	$161,437	$125,054

Long-term Leases

ASFII entered into a lease agreement for its head office space with a third party lessor on August 1, 2023, effective until July 31, 2025 and renewable upon mutual agreement of the parties with the monthly rental of $3,209.

Movements in ROU assets are as follows:

	Note	2023	2022
Cost			
Balance at beginning of year		**$187,359**	$187,359
Additions		**72,957**	–
Balance at end of year		**260,316**	187,359
Accumulated Amortization			
Balance at beginning of year		**166,543**	124,906
Amortization	9	**36,016**	41,637
Balance at end of year		**202,559**	166,543
Carrying Amount		**$57,757**	$20,816

The balance of and movements in lease liabilities are as follows:

	Note	2023	2022
Balance at beginning of year		**$13,053**	$66,728
Additions		**72,957**	–
Rental payments		**(29,219)**	(53,656)
Interest expense	12	**1,735**	3,533
Effect of foreign exchange loss		**(796)**	(3,552)
Balance at end of year		**57,730**	13,053
Less current portion		**36,132**	13,053
Noncurrent portion		**$21,598**	$–

The incremental borrowing rate applied to the lease liabilities ranges from 5.91% to 9.54% per annum. ROU assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The amounts recognized in profit or loss are as follows:

	Note	2023	2022
Interest	12	**$1,735**	$3,533
Amortization	9	**36,016**	41,637
Rental		**272,315**	161,438
		$310,066	$206,608

23. Corporate Social Responsibility (CSR)

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

In 2021, the Company continued to support Changco Elementary School by donating materials for their water connection system. In 2022, the Company supported the school's *brigada eskwela* by donating painting materials in preparation of the school opening and held another *makiPASKO sa CHANGCO* Year 3, a Christmas CSR activity last December 2022. In 2023, the Company continued to sponsor the Christmas Party of the school and held another *makiPASKO sa CHANGCO* Year 4.

24. **Income Taxes**

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

	2023	2022	2021
Current	**$78,394**	$22,739	$242,616
Deferred	**2,202,094**	2,956,064	229,046
	$2,280,488	$2,978,803	$471,662

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

	2023	2022
Allowance for impairment losses on:		
Trade and other receivables and other noncurrent assets	**$806,510**	$809,297
Property, plant and equipment	**25,352**	25,352
Retirement benefits obligation	**115,193**	102,747
MCIT	**114,262**	65,625
Inventory write-down	**18,002**	68,896
NOLCO	**–**	2,240,680
Others	**21,519**	2,624
	$1,100,838	$3,315,221

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

	2023	2022
Cumulative remeasurement gain on retirement benefits obligation	**$90,222**	$89,958
Unrealized foreign exchange gain	**4,582**	14,930
Others	**–**	1,941
	$94,804	$106,829

Details of unrecognized deferred tax assets are as follows:

	2023	2022
Trade and other receivables and other noncurrent assets	**$1,791,528**	$5,209,517
NOLCO	**2,378,248**	123,985
Excess MCIT over RCIT	**21,099**	16,821
Inventory write-down	**13,772**	13,772
Retirement benefits obligation	**3,700**	3,006
Others	**324**	678
	$4,208,671	$5,367,779

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

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

Inception Year	Amount	Incurred	Expired	Balance	Expiry Year
2023	$–	$55,201	$ –	$55,201	2026
2022	1,681,201	–	–	1,681,201	2025
2021	1,729,397	–	–	1,729,397	2026
2020	6,166,022	–	–	6,166,022	2025
	$9,576,620	$55,201	$–	$9,631,821	

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

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

Inception Year	Amount	Incurred	Expired	Balance	Expiry Year
2023	$–	$78,394	$–	$78,394	2026
2022	22,670	–	–	22,670	2025
2021	34,297	–	–	34,297	2024
2020	27,228	–	(27,228)	–	2023
	$84,195	$78,394	($27,228)	$135,361	

On March 26, 2021, RA No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act (the "Act") was signed into law by the President of the Philippines. Under the Act, domestic corporations will be subject to 25% or 20% RCIT depending on the amount of total assets and total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years. However, MCIT will be computed at 2% of gross income effective July 1, 2023 under Revenue Memorandum Circular No. 60-2023.

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

	2023	2022	2021
Benefit from income tax computed at statutory tax rate	**($92,789)**	($121,115)	($146,470)
Changes in unrecognized deferred tax assets	**(1,159,108)**	2,894,479	(1,884,468)
Tax effects of:			
Nondeductible expenses	**3,506,986**	2,249	384,913
Expired MCIT	**25,573**	145,043	166,110
Income exempt from taxation	**(174)**	(60)	(1,001)
Expired NOLCO	**–**	58,207	121,349
Effect of change in tax rates	–	–	1,831,229
Provision for income tax computed at effective tax rate	**$2,280,488**	$2,978,803	$471,662

The provision for income tax of Parent Company, BGB and AMHI represents MCIT aggregated $78,394, $22,715 and $34,297 in 2023, 2022 and 2021, respectively.

25. Fair Value of Financial Assets and Liabilities

The table below presents the carrying amounts and fair value of the Group's financial assets and financial liabilities as at December 31, 2023 and 2022.

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash in banks	**$1,499,747**	**$1,499,747**	$3,109,884	$3,109,884
Trade and other receivables	**13,138,058**	**13,138,058**	6,449,648	6,449,648
	$14,637,805	**$14,637,805**	$9,559,532	$9,559,532
Financial Liabilities at Amortized Cost				
Trade and other payables*	**$8,117,353**	**$8,117,353**	$3,724,161	$3,724,161
Loans payable	**22,927,993**	**22,927,993**	12,951,191	12,951,191
Lease liabilities	**57,730**	**57,730**	13,053	13,053
Due to a related party	**1,889,651**	**1,889,651**	1,876,604	1,876,604
Other noncurrent liability	**458,292**	**458,292**	470,267	470,267
	$33,451,019	**$33,451,019**	$19,035,276	$19,035,276

**Excluding statutory payable and customers' deposits*

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

Cash in Banks, Trade and Other Receivables, Trade and Other Payables (excluding Statutory Payable and Customers' Deposits) and Due to a Related Party. The carrying amounts of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

Lease Liabilities, Loans Payable and Other Noncurrent Liability. The fair values of these financial instruments are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. The fair values of these financial instruments are estimated using significant and unobservable inputs (Level 3 hierarchy). The effect of the discounting in determining the fair value is not material.

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

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2023 and 2022.

26. **Financial Risk Management Objectives and Policies**

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

The Group is exposed to credit risk, market risk and liquidity risk. Group's BOD and management review and approve the policies for managing each of the risks summarized below.

Credit Risk

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

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

	2023	2022
Cash in banks	**$1,499,747**	$3,109,884
Trade and other receivables	**15,979,318**	9,319,009
Receivable from WCFI	**2,183,281**	2,183,281
	$19,662,346	$14,612,174

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

As at December 31, 2023 and 2022, the amount of cash in bank is neither past due nor impaired and has classified as *"High Grade*", while trade and other receivables were classified as *"Standard Grade"*. The credit quality of the financial assets is managed by the Group using the internal credit quality ratings as follows:

High Grade. Pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

Standard Grade. Other financial assets not belonging to high grade financial assets are included in this category.

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

Impairment. For trade and other receivables (excluding receivable from PFNZ), an impairment analysis is performed at each reporting date using a lifetime expected loss allowance to measure ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at December 31, 2023 and 2022, the aging analysis of the Group’s financial assets is as follows:

	2023					
		Past Due Accounts but not Impaired				
	Neither Past Due nor Impaired	**1 - 30 Days Past Due**	**31 - 60 Days Past Due**	**Over 60 Days**	**Impaired Financial Assets**	**Total**
Cash in banks	**$1,499,747**	**$–**	**$–**	**$–**	**$–**	**$1,499,747**
Trade and other receivables	**10,534,769**	**1,416,463**	**315,968**	**870,858**	**2,841,260**	**15,979,318**
Receivable from WCFI	**–**	**–**	**–**	**–**	**2,183,281**	**2,183,281**
	$12,034,516	**$1,416,463**	**$315,968**	**$870,858**	**$5,024,541**	**$19,662,346**

	2022					
		Past Due Accounts but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$3,109,884	$–	$–	$–	$–	$3,109,884
Trade and other receivables	5,558,286	778,392	13,674	99,296	2,869,361	9,319,009
Receivable from WCFI	–	–	–	–	2,183,281	2,183,281
	$8,668,170	$778,392	$13,674	$99,296	$5,052,642	$14,612,174

Market Risk

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

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

The Group has transactional currency exposures arising from purchase and sale transactions denominated in currencies other than the reporting currency. The Group does not enter into forward contracts to hedge currency exposures.

As part of the Group's risk management policy, the Group maintains monitoring of the fluctuations in the foreign exchange rates, thus managing its foreign currency risk.

The carrying amounts of the Group's Philippine Peso and New Zealand Dollar denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	2023		2022	
	Philippine Peso	**U.S. Dollar Equivalent**	Philippine Peso	U.S. Dollar Equivalent
Cash	**₱19,470,861**	**$351,650**	₱16,331,546	$292,890
Trade and other receivables	**26,308,834**	**475,146**	258,726	4,640
Trade and other payables	**150,710,551**	**2,721,881**	6,783,483	121,655
Lease liabilities	**3,196,510**	**57,730**	727,835	13,053

	2023		2022	
	New Zealand Dollar	**U.S. Dollar Equivalent**	New Zealand Dollar	U.S. Dollar Equivalent
Cash	**$–**	**$–**	$36,890	$23,241
Trade and other payables	**50,986**	**32,274**	55,048	34,680

Management's Assessment of the Reasonableness of Possible Change in Foreign Exchange Rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items adjusted and translated at period end for a 9% change in 2023 and 2022, in foreign currency rates.

Foreign Currency Sensitivity Analysis. The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in loss before income tax when the U.S. Dollar strengthens against the relevant currency. For the weakening of the U.S. Dollar against the relevant currency, there would be an equal and opposite impact on the loss before income tax.

The following table demonstrates the sensitivity to a 9% change in USD exchange rates, with all other variables held constant, in 2023 and 2022:

	Effect on Loss Before Income Tax for the Year	
	2023	2022
Cash	**($32,278)**	($28,452)
Trade and other receivables	**(42,763)**	(418)
Trade and other payables	**247,874**	14,070
Lease liabilities	**5,196**	–
Loans payable	**–**	1,175

Interest Rate Risk. Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to debt instruments such as bank and mortgage loans. The interest rates on these liabilities are disclosed in Note 12.

Management believes that any variation in the interest will not have a material impact on the net loss of the Group. Bank loans amounting to $22.92 million and $12.95 million as at December 31, 2023 and 2022, respectively, agreed at interest rates ranging from approximately 3.50% to 8.00% per annum for bank loans and 6.50% to 9.59% per annum for long-term loans; expose the Group to fair value interest rate risk.

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

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from counterparty.

The Group's objective is to maintain a balance between continuity of funding and flexibility through related party advances and aims to manage liquidity as follows:

To ensure that adequate funding is available at all times;

a. To meet commitments as they arise without recurring unnecessary costs; and

b. To be able to assess funding when needed at the least possible cost.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal.

	2023			
	Weighted Average Effective Interest Rate	**Within One Year**	**More than One Year**	**Total**
Trade and other payables*	**–**	**$8,117,353**	**$–**	**$8,119,050**
Loans payable	**3.00% - 9.59%**	**22,927,993**	**–**	**22,927,993**
Lease liabilities	**5.91% 9.54%**	**57,730**	**–**	**57,730**
Due to a related party	**4.57% - 6.31%**	**1,889,651**	**–**	**1,887,954**
Other noncurrent liability	**5.70%**	**–**	**458,292**	**458,292**
Future interest	**3.00% - 9.59%**	**953,069**	**137,114**	**1,090,183**
		$33,945,796	**$595,406**	**$34,541,202**

**Excluding statutory payable and customers' deposits*

	2022			
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*	–	$3,724,161	$–	$3,724,161
Loans payable	3.00% - 9.59%	12,534,524	416,667	12,951,191
Lease liabilities	5.91% 9.54%	13,053	–	13,053
Due to a related party	4.57% - 6.31%	1,876,604	–	1,876,604
Other noncurrent liability	5.70%	–	470,267	470,267
Future interest	3.00% - 9.59%	304,343	758,798	1,063,141
		$18,452,685	$1,645,732	$20,098,417

**Excluding statutory payable and customers' deposits*

27. **Operating Segment Information**

The primary segment reporting format is presented based on the business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The Group is organized into three major operating business segments (tuna, salmon and rental) in 2023, 2022 and 2021 which is consistent with how the Group's management internally monitors and analyzes financial information.

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

Financial information about reportable segments are as follows:

	December 31, 2023			
	Tuna	**Salmon**	**Rental**	**Total**
Segment revenue	**$56,438,579**	**$28,718**	**$129,849**	**$56,597,146**
Inter-segment revenue	**–**	**–**	**(129,849)**	**(129,849)**
Net revenue	**$56,438,579**	**$28,193**	**$–**	**$56,467,297**
Segment results				
Gain (loss) before income tax	**$222,471**	**($429,337)**	**($132,730)**	**($339,596)**
Provision for income tax	**2,272,205**	**6,470**	**1,813**	**2,280,488**
Net loss	**($2,049,734)**	**($435,807)**	**($134,543)**	**($2,620,084)**
Total assets	**$38,623,673**	**$946,262**	**$8,749,779**	**$48,319,714**
Total liabilities	**$34,040,206**	**$74,827**	**$79,064**	**$34,194,097**
Net cash flows from:				
Operating activities	**($9,994,155)**	**($324,027)**	**($149,994)**	**($10,468,176)**
Investing activities	**(67,842)**	**(8,174)**	**–**	**(76,016)**
Financing activities	**8,638,581**	**$322,411**	**–**	**8,960,992**
Other information:				
Depreciation and amortization	**$817,554**	**$128,519**	**$–**	**$946,073**

	December 31, 2022			
	Tuna	Salmon	Rental	Total
Segment revenue	$34,365,130	$214,774	$128,122	$34,708,026
Inter-segment revenue	–	–	(128,122)	(128,122)
Net revenue	$34,365,130	$214,774	$–	$34,579,904
Segment results				
Gain (loss) before income tax	$54,409	($449,534)	($118,924)	($514,049)
Provision for income tax	2,973,883	4,702	218	2,978,803
Net loss	($2,919,474)	($454,236)	($119,142)	($3,492,852)
Total assets	$26,672,255	$1,022,108	$8,733,349	$36,427,712
Total liabilities	$19,527,289	$65,983	$82,324	$19,675,596
Net cash flows from:				
Operating activities	($1,056,777)	($278,704)	$26,171	($1,309,310)
Investing activities	(288,007)	(49,657)	–	(337,664)
Financing activities	(47,254)	288,182	(26,499)	214,429
Other information:				
Depreciation and amortization	$748,594	$118,471	$–	$867,065

	December 31, 2021			
	Tuna	Salmon	Rental	Total
Segment revenue	$32,326,781	$8,451,595	$140,685	$40,919,061
Inter-segment revenue	–	–	(140,685)	(140,685)
Net revenue	$32,326,781	$8,451,595	$–	$40,778,376
Segment results				
Gain (loss) before income tax	($833,216)	$419,201	($171,865)	($585,880)
Provision for income tax	467,918	4,762	(1,018)	471,662
Net income (loss)	($1,301,134)	$414,439	($170,847)	($1,057,542)
Total assets	$28,192,247	$1,154,124	$8,733,268	$38,079,639
Total liabilities	$18,066,076	$55,991	$121,869	$18,243,936
Net cash flows from:				
Operating activities	$2,572,205	$210,790	($323,888)	$2,459,107
Investing activities	1,675,656	(84,414)	–	1,591,242
Financing activities	(2,361,402)	(165,578)	319,788	(2,207,192)
Other information:				
Depreciation and amortization	$749,634	$562,940	$–	$1,312,574

Geographical information about reportable segments is as follows:

	December 31, 2023				
	Philippines	**Indonesia**	**USA**	**New Zealand**	**Total**
Segment sales	**$56,597,146**	**$–**	**$–**	**$–**	**$56,597,146**
Inter-segment revenue	**(129,849)**	**–**	**–**	**–**	**(129,849)**
Total net sales	**$56,467,297**	**$–**	**$–**	**$–**	**$56,467,297**
Segment noncurrent assets*	**$13,021,059**	**$–**	**$–**	**$–**	**$13,021,059**
Inter-segment noncurrent assets	**1,217,358**	**–**	**–**	**–**	**1,217,358**
Total noncurrent assets	**$14,238,417**	**$–**	**$–**	**$–**	**$14,238,417**

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

	December 31, 2022				
	Philippines	Indonesia	USA	New Zealand	Total
Segment sales	$34,708,026	$–	$–	$–	$34,708,026
Inter-segment revenue	(128,122)	–	–	–	(128,122)
Total net sales	$34,579,904	$–	$–	$–	$34,579,904
Segment noncurrent assets*	$12,623,473	$–	$–	$–	$12,623,473
Inter-segment noncurrent assets	2,065,203	–	–	–	2,065,203
Total noncurrent assets	$14,688,676	$–	$–	$–	$14,688,676

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

	December 31, 2021				
	Philippines	Indonesia	USA	New Zealand	Total
Segment sales	$33,030,886	$–	$–	$7,888,175	$40,919,061
Inter-segment revenue	(140,685)	–	–	–	(140,685)
Total net sales	$32,890,201	$–	$–	$7,888,175	$40,778,376
Segment noncurrent assets*	$11,075,569	$–	$–	$–	$11,075,569
Inter-segment noncurrent assets	3,543,686	–	–	–	3,543,686
Total noncurrent assets	$14,619,255	$–	$–	$–	$14,619,255

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

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

28. Reconciliation of Liabilities Arising From Financing Activities

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

			Financing Cash Flows				**Non-cash**	
	Note	**2022**	**Availments**	**Expense**	**Payments**	**Foreign Exchange Gain**	**Recognition**	**2023**
Loans payable	12	**$12,951,191**	**$40,905,860**	**$–**	**($30,929,058)**	**$–**	**$–**	**$22,927,993**
Due to a related party	13	**1,876,604**	**–**	**–**	**–**	**13,047**	**–**	**1,889,651**
Lease liabilities	22	**13,053**	**–**	**1,735**	**(29,219)**	**(796)**	**72,957**	**57,730**
Interest payable		**23,035**	**–**	**1,042,518**	**(986,591)**	**–**	**–**	**78,962**
Other liability	9	**484,574**	**–**	**27,079**	**(41,473)**	**3,357**	**–**	**473,537**
		$15,348,457	**$40,905,860**	**$1,071,332**	**($31,986,341)**	**$15,608**	**$72,957**	**$25,427,873**

			Financing Cash Flows				Non-cash	
	Note	2021	Availments	Expense	Payments	Foreign Exchange Gain	Recognition	2022
Loans payable	12	$12,213,707	$22,655,596	$–	($21,918,112)	$–	–	$12,951,191
Due to a related party	13	2,069,832	–	–	–	(193,228)	–	1,876,604
Lease liabilities	22	66,728	–	3,533	(53,656)	(3,552)	–	13,053
Interest payable		44,662	–	447,772	(469,399)	–	–	23,035
Other liability	9	–		21,627	(32,293)	(54,078)	549,318	484,574
		$14,394,929	$22,655,596	$472,932	($22,473,460)	($250,858)	$549,318	$15,348,457

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Select Foods International, Inc., and Subsidiaries, (a subsidiary of Strongoak Inc.) (the "Group") as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 12, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for the years then ended and no material exceptions were noted.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 AND 2022

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2023 and 2022.

Ratio	Formula	2023	2022
Current ratio			
	Current assets	**$32,922,702**	$18,402,999
	Divide by: Current liabilities	**33,402,625**	16,638,257
	Current Ratio	**0.99**	1.11
Acid test ratio			
	Current assets	**$32,922,702**	$18,402,999
	Less: Inventories	**15,153,490**	5,545,217
	Other current assets	**3,120,527**	3,357,913
	Quick assets	**14,648,685**	9,499,869
	Divide by: Current liabilities	**33,402,625**	16,638,257
	Acid Test Ratio	**0.44**	0.57
Solvency ratio			
	Loss before tax	**($339,596)**	($514,049)
	Add: Depreciation and amortization	**946,073**	867,065
	Net income before depreciation and amortization	**606,477**	353,016
	Divide by: Total liabilities	**34,194,097**	19,675,596
	Solvency Ratio	**0.02**	0.02
Debt-to-equity ratio			
	Total liabilities	**$34,194,097**	$19,675,596
	Divide by: Total equity	**14,125,617**	16,752,116
	Debt-to-Equity Ratio	**2.42**	1.17
Asset-to-equity ratio			
	Total assets	**$48,319,714**	$36,427,712
	Divide by: Total equity	**14,125,617**	16,752,116
	Asset-to-Equity Ratio	**3.42**	2.17
Interest rate coverage ratio			
	Loss before tax	**($339,596)**	($514,049)
	Add: interest expense	**1,071,332**	472,932
	Pretax income (loss) before interest	**731,736**	(41,117)
	Divide by: Interest expense	**1,071,332**	472,932
	Interest Rate Coverage Ratio	**0.68**	(0.09)

Ratio	**Formula**	**2023**	2022
Return on equity			
	Net loss attributable to equity holders of the Parent Company	**($2,620,032)**	($3,491,530)
	Equity:		
	Beginning of year	**16,752,116**	22,227,436
	End of year	**14,125,617**	16,752,116
	Divide by: Average equity	**15,438,867**	19,489,776
	Return on Equity	**(0.17)**	(0.18)
Return on assets			
	Net loss	**($2,620,084)**	($3,492,852)
	Total assets:		
	Beginning of year	**36,427,712**	38,079,639
	End of year	**48,319,714**	36,427,712
	Divide by: Average assets	**42,373,713**	37,253,676
	Return on Assets	**(0.06)**	(0.09)
Net profit margin			
	Net loss	**($2,620,084)**	($3,492,852)
	Sales	**56,467,297**	34,579,904
	Net Profit Margin	**(0.05)**	(0.10)

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Select Foods International, Inc., a subsidiary of Strongoak Inc., and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 12, 2024.

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

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration for the year ended December 31, 2023
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68 as at December 31, 2023
- Conglomerate Map as at December 31, 2023

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

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
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PTR No. 10072410;
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

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

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

DECEMBER 31, 2023

		Amount
Retained earnings, beginning of reporting period available for dividend declaration		**($12,287,262)**
Add/less: Net income (loss) for the current year		**(2,642,328)**
Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	2,223,856	
Net movement in net retirement liability, excluding remeasurement losses	50,861	
Net movement in deferred tax assets (excluding effect of appraisal increase on utility plant and equipment and remeasurement losses on retirement benefit liability)	38,800	
Sub-total		**2,313,517**
Total retained earnings, end of the reporting period available for dividend		**($12,616,073)**

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

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE 68
DECEMBER 31, 2023

Table of Contents

A - The Group does not have financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

F - No guarantees of securities of other issuer.

N/A - Not applicable

SCHEDULE B

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

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

DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginnning of Year	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at End of Year
Advances to officers	$14,192	$13,465	$14,192	$–	$14,192	$–	$14,192

SCHEDULE C

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginnning of Year	Additions	Amounts Collected	Amounts Written off	Other changes Additions (Deductions)	Current	Not Current	Balance at End of Year
Due from related parties:								
Parent	$11,446,461	$0	$0	$0	$0	$11,446,461	$–	$11,446,461
Subsidiaries	4,195,562	0	63,565	0	0	4,135,997	–	4,131,997
	$15,642,023	$ 0	$63,565	$–	$–	$15,642,023	$–	$15,478,458

SCHEDULE D

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

LONG-TERM DEBT
DECEMBER 31, 2023

Title of Issue and Type of Obligation	Amount Shown as Current	Amount Shown as Long-Term	Total
Bank loans – secured	$22,927,993	$–	$22,927,993

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

SCHEDULE E

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

INDEBTEDNESS TO RELATED PARTY (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Parent	$1,876,604	$1,889,651

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

SCHEDULE G

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CAPITAL STOCK

DECEMBER 31, 2023

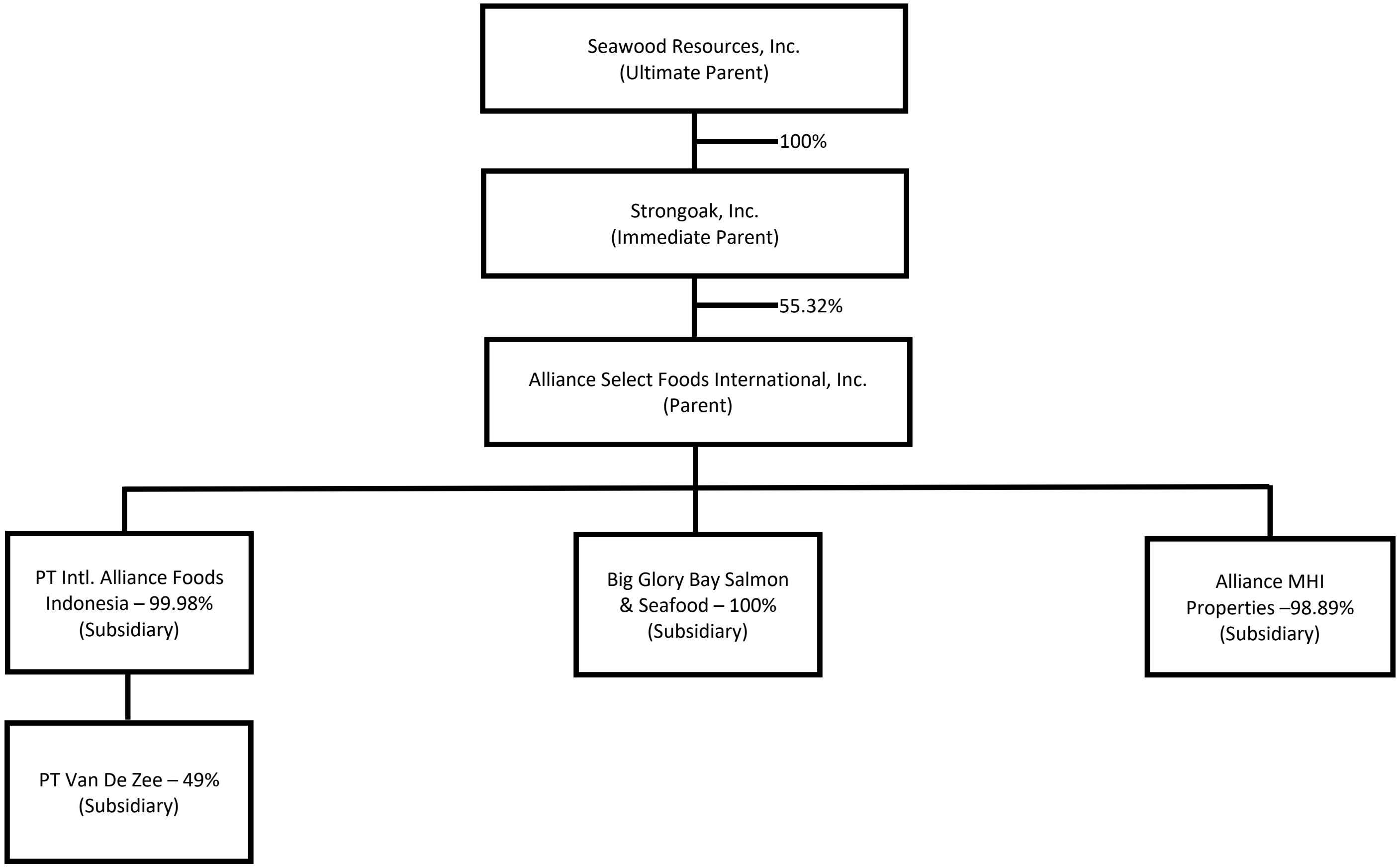
				Number of shares held by		
Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption*	*Number of Shares Reserved for Options,warrants, Conversion and Other Rights*	*Related Parties*	*Directors, Officers and employees*	*Others*
Common stock – ₽0.50 par value	3,000,000,000	2,499,712,463	–	1,700,395,089	34,357,561	764,959,813

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONGLOMERATE STRUCTURE

DECEMBER 31, 2023



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	:227-409-243-000
Name	:ALLIANCE SELECT FOODS INTERNATIONAL, INC.
RDO	:127
Form Type	:1702
Reference No.	:462400059163710
Amount Payable / (Over Remittance)	:909259.00
Accounting Type	:C - Calendar
For Tax Period	:12/31/2023
Date Filed	:04/13/2024
Tax Type	:IT

PLEASE DO NOT REPLY TO THIS E-MAIL

Reference No : 462400059163710
Date Filed : April 13, 2024 10:36 PM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) **Page 1**	**Annual Income Tax Return** **For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate** *Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.*	1702-RT 01/18ENCS P1

1 For (●) Calendar ( ) Fiscal **2** Year Ended (MM/20YY) 12/2023	**3** Amended Return? ( ) Yes (●) No	**4** Short Period Return? ( ) Yes (●) No	**5** Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) IC010 DOMESTIC CORPORATION IN GENERAL

Part I - Background Information

6 Taxpayer Identification Number (TIN)	227 - 409 - 243 - 000
7 RDO Code	127
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	ALLIANCE SELECT FOODS INTERNATIONAL, INC.
9A Registered Address *(Indicate complete registered address)*	SUITE 3104A WEST TOWER PHIL. STOCK EXCHANGE CENTRE CITY OF PASIG, NCR, SECOND DIS
9B Zipcode	1605
10 Date of Incorporation/Organization (MM/DD/YYYY)	09/01/2003
11 Contact Number	NO VALUE FROM SOURCE
12 Email Address	mccvillaruz@allianceselectfoods.com

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

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

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		3,898,802
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		2,989,543
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		909,259
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		909,259

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

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

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

Signature over printed name of President/Principal Officer/Authorized Representative		Signature over printed name of Treasurer/Assistant Treasurer		**22** Number of Attachments
Title of Signatory	TIN	Title of Signatory	TIN	4

Part III - Details of Payment

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

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

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

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

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

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	3,766,343
6 Entertainment, Amusement and Recreation	4,485,033
7 Fringe Benefits	0
8 Interest	57,867,402
9 Losses	0
10 Pension Trust	0
11 Rental	11,385,611
12 Research and Development	0
13 Salaries, Wages and Allowances	64,822,866
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	2,349,926
15 Taxes and Licenses	24,480,198
16 Transportation and Travel	9,890,952
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	18,287,690
c Security Services	730,424
d COMMUNICATION AND UTILITIES	1,801,788
e OUTSIDE SERVICES	21,911,340
f ADVERTISING, MARKETING AND COMMISSION	7,353,179
g INSURANCE	6,657,233
h CUSTOMS, BROKERAGE AND DEMURRAGE	4,673,937
i OTHERS	22,034,515
i.1 PROVISION FOR IMPAIRMENT LOSS ON TRADE AND OTHER	619,874
i.2 OTHERS	14,491,764
i.3 FUEL AND OIL	1,369,706
i.4 MATERIALS AND SUPPLIES	1,372,653
i.5 FOREIGN EXCHANGE LOSS	4,180,518
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	262,498,437

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

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*			0

BIR Form No. 1702-RT January 2018(ENCS) Page 4	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P4

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

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

1 Gross Income *(From Part IV Item 33)*	259,920,124
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	262,498,437
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	(2,578,313)

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

	Net Operating Loss		
	Year Incurred	A) Amount	B) NOLCO Applied Previous Year
4	2023	2,578,313	0
5	2022	90,003,622	0
6	2021	77,048,328	0
7	2020	284,739,792	0

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

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	2,578,313
5	0	0	90,003,622
6	0	0	77,048,328
7	0	0	284,739,792
8 **Total NOLCO** *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

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

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2022	0	910,432	910,432
2	2021	0	1,358,553	1,358,553
3	2020	0	1,077,946	1,077,946

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

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	910,432
2	0	0	0	1,358,553
3	0	0	0	1,077,946
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

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

1 Net Income/(Loss) per books	(20,582,174)
Add: Non-deductible Expenses/Taxable Other Income	
2 NON DEDUCTIBLE EXPENSE	20,268,205
3 OTHERS	10,697,172
3.1 RETIREMENT BENEFIT EXPENSE	2,768,495
3.2 DEPRECIAITON OF ROU ASSETS	2,002,814
3.3 INTERST EXPENSE	105,991
3.4 INVENTORY WRITE DOWN	423,407
3.5 REALIZED FOREX GAIN	5,396,465
4 Total *(Sum of Items 1 to 3)*	10,383,203
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME SUBJECT TO FINAL TAX	37,981
6 OTHERS	12,923,535
6.1 CONTRACTUAL RENTAL PAYMENTS	1,624,840
6.2 UNREALIZED FOREX GAIN	1,019,091
6.3 REVERSAL OF ALLOWANCE FOR IMPAIRMENT	619,874
6.4 OTHERS	9,659,730
B) Special Deductions	
7	0
8	0

9 Total (Sum of Items 5 to 8)	12,961,516
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(2,578,313)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Reyes Tacandong & Co., the independent auditors appointed by the stockholders , has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

LORENZO SIXTO T. LICHAUCO
Chairman of the Board

JEOFFREY P. YULO
President and Chief Executive Officer

TYRONE D. VILLEGAS
Chief Financial Officer

Signed this 12th day of April 2024

REPUBLIC OF THE PHILIPPINES)
PASIG CITY)

16 APR 2024

SUBSCRIBED AND SWORN TO BEFORE ME, A NOTARY PUBLIC THIS ____________ day of APRIL, 2024, the Affiants exhibiting to me their evidence of identity with details below:

	ID TYPE /NO./ DATE AND PLACE ISSUED
LORENZO SIXTO T. LICHAUCO	DRIVER'S LICENSE NO. 1-74-028833
JEOFFREY P. YULO	PASSPORT NO. P7151375B
TYRONE D. VILLEGAS	PASSPORT NO. P4687957C

Doc No. 257;
Book No. 52;
Page No. 38;
Series of 2024

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Appointment No.96 (2024-2025) valid until 12/31/2025
MCLE Exemption No. VIII-BEP003234, until 04/14/28
Roll No. 46377; IBP LRN 02459; OR 535886; 06/21/2001
TIN 123-011-785; PTR 1634583AA; 01/03/24; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City Tel.+632-86314090

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	3	1	9	1	3	8

COMPANY NAME

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

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Jeoffrey P. Yulo	info@allianceselectfoods.com	(02) 8-637-8800	0917-620-5726

CONTACT PERSON'S ADDRESS

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

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying separate financial statements of ALLIANCE SELECT FOODS INTERNATIONAL, INC. (A Subsidiary of STRONGOAK INC.) (the "Company"), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2023, 2022 and 2021 and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements including disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

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

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash	4	**$1,464,749**	$2,994,718
Trade and other receivables	5	**13,134,872**	6,445,008
Inventories	6	**15,180,995**	5,539,405
Due from related parties	13	**4,080,448**	4,144,015
Other current assets	7	**2,759,852**	3,098,622
Total Current Assets		**36,620,916**	22,221,768
Noncurrent Assets			
Investments in subsidiaries	8	**6,471,798**	6,471,798
Property, plant and equipment	9	**5,306,028**	5,133,112
Deferred tax assets	24	**1,006,034**	3,208,392
Other noncurrent assets	10	**1,619,810**	1,609,157
Total Noncurrent Assets		**14,403,670**	16,422,459
		$51,024,586	$38,644,227
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**$8,530,171**	$4,093,873
Short-term loans payable	12	**22,511,326**	12,034,524
Current portion of:			
Loans payable	12	**416,667**	500,000
Lease liabilities	22	**138,503**	13,053
Due to a related party	13	**1,889,651**	–
Income tax payable		**16,289**	–
Total Current Liabilities		**33,502,607**	16,641,450
Noncurrent Liabilities			
Noncurrent portion of:			
Lease liabilities	22	**416,179**	–
Due to a related party	13	**–**	1,876,604
Loans payable	12	**–**	416,667
Net retirement benefits obligation	14	**198,279**	148,473
Other noncurrent liability	9	**458,292**	470,267
Total Noncurrent Liabilities		**1,072,750**	2,912,011
Total Liabilities		**34,575,357**	19,553,461
Equity			
Capital stock	15	**26,823,389**	26,823,389
Additional paid-in capital (APIC)	15	**1,486,546**	1,486,546
Deficit		**(12,174,976)**	(9,532,648)
Treasury stock - at cost	15	**(5,774)**	(5,774)
Other comprehensive income	14	**320,044**	319,253
Total Equity		**16,449,229**	19,090,766
		$51,024,586	$38,644,227

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022	2021
NET SALES	16	**$56,438,579**	$34,365,130	$32,326,854
COST OF GOODS SOLD	17	**(52,221,383)**	(31,746,248)	(30,620,037)
GROSS PROFIT		**4,217,196**	2,618,882	1,706,817
SELLING AND ADMINISTRATIVE EXPENSES	18	**(3,882,582)**	(2,787,924)	(3,436,256)
INTEREST EXPENSE	12	**(1,042,518)**	(451,305)	(583,153)
OTHER INCOME	19	**337,781**	128,529	2,907,956
INCOME (LOSS) BEFORE INCOME TAX		**(370,123)**	(491,818)	595,364
PROVISION FOR INCOME TAX	24			
Current		**70,111**	16,712	20,282
Deferred		**2,202,094**	2,957,171	242,253
		2,272,205	2,973,883	262,535
NET INCOME (LOSS)		**(2,642,328)**	(3,465,701)	332,829
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to profit or loss				
Remeasurement gain on retirement benefits obligation - net of tax	14	**791**	195,698	–
Effect of change in tax rate	14	**–**	–	8,237
TOTAL COMPREHENSIVE INCOME (LOSS)		**($2,641,537)**	($3,270,003)	$341,066
INCOME (LOSS) PER SHARE				
Basic and Diluted	21	**($0.0010)**	($0.00013)	$0.00013

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2023**	2022	2021
CAPITAL STOCK	15	**$26,823,389**	$26,823,389	$26,823,389
APIC	15	**1,486,546**	1,486,546	1,486,546
TREASURY STOCK - at cost	15	**(5,774)**	(5,774)	(5,774)
DEFICIT				
Balance at beginning of year		**(9,532,648)**	(6,066,947)	(6,399,776)
Net loss		**(2,642,328)**	(3,465,701)	332,829
Balance at end of year		**(12,174,976)**	(9,532,648)	(6,066,947)
OTHER COMPREHENSIVE INCOME	14			
Balance at beginning of year		**319,253**	123,555	115,318
Remeasurement gain on retirement benefit obligation - net of tax		**791**	195,698	–
Effect of change in tax rate		**–**	–	8,237
Balance at end of year		**320,044**	319,253	123,555
		$16,449,229	$19,090,766	$22,360,769

See accompanying Notes to Separate Financial Statements.

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

SEPARATE STATEMENTS OF CASH FLOWS

	Note	**Years Ended December 31** **2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**($370,123)**	($491,818)	$595,364
Adjustments for:				
Interest expense	12	**1,105,273**	479,308	603,820
Depreciation and amortization	9	**934,026**	860,055	861,097
Gain on disposal of asset	10	**(383,782)**	(21,070)	–
Reversal of:				
Inventory write-down	6	**(211,190)**	(1,163,630)	(723,281)
Allowance for ECL		**–**	–	(183,047)
Unrealized foreign exchange gain		**(53,462)**	(140,637)	(108,298)
Retirement benefits cost	14	**49,785**	53,946	85,265
Inventory write-down	6	**7,614**	–	118,176
Interest income	4	**(683)**	(222)	(58,251)
Loss on retirement of property and equipment	19	**–**	13,203	71,111
Gain on disposal of investment in a subsidiary	8	**–**	–	(1,305,576)
Provision for ECL on trade and other receivables	18	**–**	–	9,295
Operating income (loss) before working capital changes		**1,077,458**	(410,865)	(34,325)
Decrease (increase) in:				
Trade and other receivables		**(6,689,864)**	(2,068,926)	696,670
Inventories		**(9,438,014)**	950,463	3,323,284
Other current assets		**310,994**	(349,511)	(821,462)
Increase (decrease) in trade and other payables		**4,263,522**	425,065	(2,641,406)
Net cash generated from (used for) operations		**(10,475,904)**	(1,453,774)	522,761
Income taxes paid		**(26,216)**	(13,973)	(75,108)
Interest received		**683**	222	58,251
Retirement contributions paid	14	**–**	(5,381)	–
Net cash flows from (used in) operating activities		**(10,501,437)**	(1,472,906)	505,904
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	9	**(451,625)**	(314,654)	(666,305)
Decrease in other noncurrent assets		**(10,653)**	90,106	137,025
Collections from related parties		**63,567**	41,282	483,593
Proceeds from sale of:				
Idle assets	10	**383,782**	–	–
Property, plant and equipment	9	–	26,647	–
Investments in subsidiaries	8	–	–	3,632,376
Net cash flows from (used in) investing activities		**(14,929)**	(156,619)	3,586,689

(Forward)

	Note	2023	2022	2021
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Proceeds from availment of loans	27	**$40,905,860**	$22,655,596	$32,142,216
Loans payable	27	**(30,929,058)**	(21,918,112)	(33,322,502)
Interest	27	**(1,005,144)**	(449,111)	(558,762)
Lease liabilities	22	**(29,219)**	(53,656)	(55,091)
Net cash flows from (used in) financing activities		**8,942,439**	234,717	(1,794,139)
EFFECT OF FOREIGN EXCHANGE RATES IN CASH		**43,958**	43,594	10,895
NET INCREASE (DECREASE) IN CASH		**(1,529,969)**	(1,351,214)	2,309,349
CASH AT BEGINNING OF YEAR		**2,994,718**	4,345,932	2,036,583
CASH AT END OF YEAR		**$1,464,749**	$2,994,718	$4,345,932

	Note	2023	2022	2021
SUPPLEMENTARY INFORMATION ON NONCASH ACTIVITIES				
Recognition of:				
Lease liabilities		**$655,317**	$–	$–
ROU assets		**655,317**	–	–
Asset through deferred payment and other liability	9	**–**	549,318	–
Rental payable offset against due from related parties	22	**125,162**	150,869	148,074

	Note	2023	2022	2021
COMPONENTS OF CASH	4			
Cash on hand		**$1,264**	$1,255	$1,583
Cash in banks		**1,463,485**	2,993,463	4,344,349
		$1,464,749	$2,994,718	$4,345,932

See accompanying Notes to Separate Financial Statements.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022 AND
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. **General Information**

Corporate Information

ALLIANCE SELECT FOODS INTERNATIONAL, INC. (ASFII or the "Company"), a public corporation under Section 17.2 of the Securities Regulation Code, was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 1, 2003. The Company is primarily engaged in the business of manufacturing, canning, processing, importing and exporting of food products such as marine, aquaculture and other processed seafood. Its shares of stock are listed in the Philippine Stock Exchange (PSE) since November 8, 2006.

The Company is 55.32% owned by STRONGOAK INC. (Strongoak or the "Parent Company"), a domestic company engaged in investment activities. The ultimate parent company is Seawood Resources, Inc., a domestic company engaged in investing activities.

The Company's registered office address is at Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City.

Investments in Subsidiaries

The Company has investments in the following subsidiaries as at December 31, 2023, 2022 and 2021:

Name of Subsidiary	Nature of Business	Business	% of Ownership **2023**
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	Salmon and other seafoods processing	Philippines	**100.00**
PT International Alliance Food Indonesia (PT IAFI)	Export trading	Indonesia	**99.98**
Alliance MHI Properties, Inc. (AMHI)	Leasing	Philippines	**98.89**
PT Van De Zee (PT VDZ)	Fishing	Indonesia	**49.00**

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

PT IAFI owns 49% of PT VDZ, a fishing company. On August 11, 2022, the Board of Directors (BOD) of the Company approved the liquidation of PT VDZ. However, as at April 12, 2024, the approval of liquidation is still pending with the local authority of Indonesia.

Akaroa holds 25% stake in Salmon Smolt NZ Ltd. (SSNZ), an entity operating a modern hatchery, which quarantines and consistently supplies high quality smolts (juvenile salmon) for Akaroa's farm. The Company divested from its investment in Akaroa in 2021.

Approval of Separate Financial Statements

The separate financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were reviewed and recommended for approval by the Audit Committee on April 11, 2024 and were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2024.

2. **Summary of Material Accounting Policy Information**

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

Basis of Preparation and Statement of Compliance

The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The Company also prepares and issues consolidated financial statements in accordance with PFRS for the same period as the separate financial statements. These may be obtained at the registered office address of the Company or at the SEC.

Bases of Measurement

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

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

Fair value is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The Company uses observable market data to the extent possible when measuring the fair value of an asset or a liability.

Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and,

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 25 to the separate financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS:

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

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

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

Amended PFRS in Issue But Not Yet Effective or Adopted

Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025 -

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

<u>Financial Assets and Liabilities</u>

Recognition and Measurement

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

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

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

Classification

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

As at December 31, 2023 and 2022, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

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

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2023 and 2022, the Company's cash, trade and other receivables, due from related parties and refundable lease deposits (presented under "Other noncurrent assets") are classified under this category.

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

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

As at December 31, 2023 and 2022, the Company's trade and other payables (excluding customers' deposits and statutory payable), loans payable, lease liabilities, due to a related party and other liability are classified under this category.

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

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

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

Impairment of Financial Assets at Amortized Cost

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

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

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

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions. In assessing whether a borrower is in default, the Company considers qualitative and quantitative factors.

Derecognition

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

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

Finished Goods. Costs of finished goods include direct materials and when applicable, direct labor and manufacturing overhead that have been incurred in bringing the inventories to their present location and condition. NRV represents the estimated selling price less estimated costs of completion and costs necessary to make the sale.

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

At each reporting date, inventories are assessed for impairment. When the NRV of the inventories is lower than the cost, the Company recognizes the inventory write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as part of other income in profit or loss.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the year when the related revenue is recognized and the related inventory write-down is reversed.

Other Assets
Other assets that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

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

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

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

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

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

Investments in Subsidiaries and Joint Ventures

The Company's investments in subsidiaries and joint ventures are carried in the separate statements of financial position at cost, less any impairment in value. A subsidiary is an entity in which the Company has control. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Control is generally accompanied by a shareholding of more than one-half of voting rights. The existence and effect of potential voting rights that are substantive are considered when assessing whether the Company controls an entity. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

Property, Plant and Equipment

Property, plant and equipment, except construction-in-progress (CIP), are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. CIP represents structures under construction and is stated at cost. CIP is not depreciated until such time that the relevant assets are ready for use.

The initial cost of property, plant and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other directly attributable costs, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment. The cost of replacing a component of an item of property, plant and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate items (major components) of property, plant and equipment.

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

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

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization for property, plant and equipment, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges for property, plant and equipment are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Equity

Capital Stock and APIC. Capital stock is measured at par value for all shares issued. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings. Proceeds or fair value of the consideration received in excess of par value are recognized as APIC.

Deficit. Deficit represent the cumulative balance of the Company's results of operations as at reporting date. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

Other Comprehensive Income. Other comprehensive income comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertains to remeasurement gain on retirement benefit obligation.

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

Income Recognition

Revenue
The Company generates revenue primarily from sale of goods.

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

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

Revenue from sale of goods is recognized, net of returns and discounts, when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery to and acceptance of the goods by the customers.

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

Contract Balances

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

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

As at December 31, 2023 and 2022, the Company does not have outstanding contract assets.

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

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

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

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

As at December 31, 2023 and 2022, the Company does not have contract fulfillment assets.

<u>Cost and Expense Recognition</u>
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen which can be measured reliably.

Cost of Goods Sold. Cost of goods sold is recognized as expense when the related goods are sold.

Selling and Administrative Expenses. Selling expenses constitute costs incurred to sell and market the goods and services. Administrative expenses constitute costs of administering the business. These are recognized in profit or loss in the period when these are incurred.

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

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

Leases

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

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

ii. the right to direct the use of the identified asset.

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

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

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

i. any lease payments made at or before the commencement date less any lease incentives received;

ii. any initial direct costs; and,

iii. an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

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

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

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

i. fixed payments, including in-substance fixed payments;

ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii. amounts expected to be payable by the lessee under residual value guarantees; and,

iv. the exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

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

Retirement Benefits

Retirement benefits costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries.

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

The Company determines the net interest expense on defined benefit obligation by applying the discount rate to the net retirement benefits obligation at the beginning of the year, taking into account any changes in the liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefits liability, which consist of actuarial gains and losses and the return on plan asset (excluding amount charged in net interest) are recognized immediately in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

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

The net retirement benefit obligation recognized by the Company is the present value of the defined benefit obligation reduced by the fair value of plan asset. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit obligation.

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

Actuarial valuation is made with sufficient regularity by a qualified actuary so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Loss per Share

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

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

Income Taxes

Current tax. Current tax liabilities for the current and prior years are measured at the amounts expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and the carry-forward benefits of unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused NOLCO and excess MCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

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

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

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

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

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

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period
The Company identifies subsequent events as events that occurred after the reporting period but before the date when the separate financial statements were authorized for issue. Any subsequent event that provides additional information about the Company's financial position at the reporting period is reflected in the separate financial statements. Non-adjusting subsequent events are disclosed in the notes to separate financial statement, when material.

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

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

Determining the Functional Currency. Management has determined that the functional currency of the Company is the U.S. Dollar, which is the currency of the primary economic environment in which the Company operates in and it is also the currency that mainly influences the operations of the Company, as majority of its revenue are from export sales and its raw materials are imported from other countries.

Determining Control Over Subsidiaries. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Management has determined that by virtue of its majority ownership of voting rights or by the power to cast the majority of votes through its representatives in the BOD of its subsidiaries as at December 31, 2023 and 2022, the Company has the ability to exercise control over these investees.

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

- The asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Assessing the Extension Options of Lease Commitments. The Group's property leases on office and plant contain extension options exercisable by the Group prior to the end of the contract period to maximize operational flexibility in terms of managing contracts. Extension options are not reflected in measuring lease liabilities in cases when these options are not reasonably certain to be exercised or when the terms and conditions of the renewed contract are uncertain and subject to change considering the economic circumstances under which the Group operates. A reassessment will be made when there is a significant event or significant change in circumstances within its control. There were no reassessments made in 2023, 2022 and 2021.

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

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

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

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

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

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

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

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

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

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

No provision for credit losses on other financial assets at amortized cost was recognized in 2023, 2022, and 2021.

The carrying amounts of the Company's cash in banks, due from related parties and refundable lease deposits (presented under "Other noncurrent assets") are disclosed in Notes 4, 10 and 13.

Estimating the NRV of Inventories. The NRV of inventories represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale for finished goods, and current replacement costs for raw and packaging materials and parts and supplies. The Company determines the estimated selling price for inventories based on the recent sale transaction of similar goods with adjustments to reflect any changes in economic conditions since the date the transactions occurred. The Company records provisions for the excess of cost over NRV of inventories. While the Company believes that the estimates are reasonable and appropriate, significant differences in the actual experience or significant changes in estimates may materially affect the profit or loss and equity.

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

Estimating the Useful Lives of Property, Plant and Equipment. The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation and amortization expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Company's property, plant and equipment in 2023, 2022 and 2021.

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

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

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

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and,
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the greater of the fair value less cost to sell and the value in use.

The recoverable amount of property, plant and equipment represents the assets' value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

No provision for impairment loss was recognized for other current assets and property, plant and equipment in 2023, 2022 and 2021. The carrying amounts of other current assets and property, plant and equipment are disclosed in Notes 7 and 9.

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

Estimating the Retirement Benefit Costs. The determination of the obligation and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions, which include, among others, discount rates and salary increase rates may differ from actual developments in the future. Due to the complexities involved in the valuation and its long-term nature, the retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

Recognizing the Deferred Tax Assets. The carrying amounts of deferred tax assets at each reporting date are reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits from unused NOLCO and excess MCIT is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

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

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

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

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

4. Cash

This account consists of:

	2023	2022
Cash on hand	**$1,264**	$1,255
Cash in banks	**1,463,485**	2,993,463
	$1,464,749	$2,994,718

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

Interest income was derived from the following:

	Note	2023	2022	2021
Cash in banks	19	**$683**	$222	$3,784
Due from related parties	13	**–**	–	54,467
		$683	$222	$58,251

5. Trade and Other Receivables

This account consists of:

	Note	2023	2022
Trade receivables:			
Third parties		**$12,234,858**	$5,976,444
Related party	13	**234,185**	234,185
Others		**1,155,108**	734,805
		13,624,151	6,945,434
Allowance for ECL		**(489,279)**	(500,426)
		$13,134,872	$6,445,008

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

Trade receivables amounting to $3.0 million and $2.6 million are used to secure short-term loans from local banks as at December 31, 2023 and 2022, respectively (see Note 12).

Other receivables include the amount of the sale of idle assets and advances to employees that are subject to salary deduction.

Movements in the allowance for ECL are as follows:

	2023	2022
Balance at beginning of year	**$500,426**	$525,895
Write-off	**(11,147)**	(25,469)
Balance at end of year	**$489,279**	$500,426

6. Inventories

This account consists of:

	Note	2023	2022
At cost:			
Raw materials and packaging supplies		**$7,667,723**	$2,842,375
Finished goods	17	**7,353,967**	2,776,150
Parts and supplies		**231,311**	196,462
		$15,253,001	5,814,987
At NRV:			
Raw materials and packaging supplies		**7,621,507**	2,702,885
Finished goods		**7,328,177**	2,640,058
		14,949,684	5,342,943
At lower of cost and NRV		**$15,180,995**	$5,539,405

Movements in the inventory write-down are as follows:

	Note	2023	2022
Balance at beginning of year		**$275,582**	$1,439,212
Reversals		**(211,190)**	(1,163,630)
Provision	6	**7,614**	–
Balance at end of year		**$72,006**	$275,582

Reversal of inventory write-down mainly pertains to inventories that were already condemned and subsequently disposed. These were recognized as part of cost of goods sold.

Raw materials charged to cost of goods sold amounted to $48.0 million, $23.0 million, and $22.3 million in 2023, 2022 and 2021, respectively (see Note 17).

7. Other Current Assets

This account consists of:

	2023	2022
Advances to suppliers	**$1,302,998**	$1,923,276
Input VAT	**1,231,334**	941,216
Prepayments:		
Subscriptions	**105,646**	78,184
Taxes	**42,550**	69,414
Insurance	**34,254**	35,287
Rent	**33,476**	24,807
Others	**9,594**	26,438
	$2,759,852	$3,098,622

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

Other prepayments pertain to payment for subscription and other fees.

8. Investments in Subsidiaries

Details of investments are as follows:

Name of Subsidiaries	**2023**	2022
BGB	**$6,177,761**	$6,177,761
PT IAFI	**4,999,000**	4,999,000
AMHI	**294,037**	294,037
	11,470,798	11,470,798
Allowance for impairment loss	**(4,999,000)**	(4,999,000)
	$6,471,798	$6,471,798

In 2021, the Company sold its interest in Akaroa amounting to $2.3 million for a total consideration of NZD 7.50 million ($5.1 million), inclusive of payments for foreign dividends and other related costs. The disposal of Akaroa resulted in a gain on sale of $1.3 million. The Company earned and received foreign dividend from Akaroa amounting to $1.2 million (see Note 19). The cash proceeds from the foreign dividends were used to pay-off the Company's loans payable in March 2022.

No impairment was recognized on the Company's investments in subsidiaries in 2023, 2022 and 2021.

9. Property, Plant and Equipment

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

	December 31, 2023									
	Building	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and equipment	Fishmeal Facility	CIP	ROU Assets	Total
Cost										
Balance at beginning of year	$1,435,048	$5,780,408	$251,743	$239,266	$257,483	$63,090	$1,628,533	$24,761	$633,208	$10,313,540
Additions	31,100	215,801	33,079	40,337	28,229	1,498	33,683	67,898	655,317	1,106,942
Reclassification	24,379	–	–	–	–	–	–	(24,379)	–	–
Balance at end of year	1,490,527	5,996,209	284,822	279,603	285,712	64,588	1,662,216	68,280	1,288,525	11,420,482
Accumulated Depreciation and Amortization										
Balance at beginning of year	958,290	2,908,624	123,423	65,213	142,324	49,243	219,513	–	612,392	5,079,022
Depreciation and amortization	94,342	522,341	25,065	34,638	10,148	6,525	88,479	–	152,488	934,026
Balance at end of year	1,052,632	3,430,965	148,488	99,851	152,472	55,768	307,992	–	764,880	6,013,048
Allowance for Impairment Losses										
Balance at beginning and end of year	–	101,406	–	–	–	–	–	–	–	101,406
Carrying Amount	$437,895	$2,463,838	$136,334	$179,752	$133,240	$8,820	$1,354,224	$68,280	$523,645	$5,306,028

	December 31, 2022									
	Building	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and equipment	Fishmeal Facility	CIP	ROU Assets	Total
Cost										
Balance at beginning of year	$1,435,048	$5,056,304	$238,062	$337,903	$246,146	$45,043	$1,601,900	$–	$633,208	$9,593,614
Additions	–	755,216	13,681	12,369	13,265	18,047	26,633	24,761	–	863,972
Disposals	–	(31,112)	–	–	–	–	–	–	–	(31,112)
Retirement	–	–	–	(111,006)	(1,928)	–	–	–	–	(112,934)
Balance at end of year	1,435,048	5,780,408	251,743	239,266	257,483	63,090	1,628,533	24,761	633,208	10,313,540
Accumulated Depreciation and Amortization										
Balance at beginning of year	866,716	2,472,451	98,228	130,560	138,461	42,035	136,488	–	459,294	4,344,233
Depreciation and amortization	91,574	461,708	25,195	32,456	5,791	7,208	83,025	–	153,098	860,055
Disposals	–	(25,535)	–	–	–	–	–	–	–	(25,535)
Retirement	–	–	–	(97,803)	(1,928)	–	–	–	–	(99,731)
Balance at end of year	958,290	2,908,624	123,423	65,213	142,324	49,243	219,513	–	612,392	5,079,022
Allowance for Impairment Losses										
Balance at beginning and end of year	–	101,406	–	–	–	–	–	–	–	101,406
Carrying Amount	$476,758	$2,770,378	$128,320	$174,053	$115,159	$13,847	$1,409,020	$24,761	$20,816	$5,133,112

In March 2022, the Company entered into a 20-year agreement with a third party for the purchase of solar power equipment on installment basis. The agreement requires the Company to pay fixed monthly fee with agreed interest (see Note 12).

The cost of the solar power equipment amounted to $549,318 which is presented as part of "Machinery and equipment" account. As at December 31, 2023 and 2022, the current and noncurrent portions of the related liability amounted to $15,245 and $14,307 and $458,292 and $470,267, respectively.

In 2022, the Company sold several machinery and equipment for $26,647 resulting in a gain of $21,070 (see Note 19).

In 2022, the Company retired several property and equipment resulting in a loss of $13,203, (see Note 19).

The cost of fully depreciated property, plant and equipment still used in the Company's operations amounted to $1,038,378 and $896,770 as at December 31, 2023 and 2022, respectively.

Depreciation and amortization charged to operations are as follows:

	Note	**2023**	2022	2021
Cost of goods sold	17	**$830,281**	$785,462	$779,411
Selling and administrative expenses	18	**103,745**	74,593	81,686
		$934,026	$860,055	$861,097

The Company assesses impairment on its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The relevant factors that the Company considers in their impairment assessment when there is significant underperformance of a business in relation to expectations, decline in economic trends or changes in the use of the assets.

Management has assessed that the amount of allowance for impairment losses of the Company's property, plant and equipment as at December 31, 2023 and 2022 is adequate.

10. **Other Noncurrent Assets**

This account consists of:

	Note	**2023**	2022
Receivable from Wild Catch Fisheries, Inc. (WCFI)	13	**$2,183,281**	$2,183,281
Refundable lease deposits	22	**1,619,810**	1,609,157
Investments in joint ventures	13	**280,243**	280,243
Idle assets		**–**	13,928,472
		4,083,334	18,001,153
Allowance for impairment losses		**(2,463,524)**	(16,391,996)
		$1,619,810	$1,609,157

Receivable from WCFI pertains to the proceeds from the sale of a fishing vessel and advances for fish deposit. WCFI ceased its commercial fishing operations since 2014. This was fully provided with allowance for impairment loss.

Refundable lease deposits pertain to lease deposits for plant and office (see Note 22).

Investments in joint ventures pertain to 39% ownership interest in FDCP, Inc. (FDCP) and 40% ownership interest in WCFI. FDCP has ceased its manufacturing and wholesale of tin cans operations in 2015. The Company's investments in joint ventures are fully provided with allowance for impairment losses.

Idle assets pertain to fishing vessels that were no longer used in the Company's operation and are fully provided with an allowance for impairment loss as at December 31, 2022. In 2023, the idle assets were sold, resulting to a gain of $383,782 (see Note 19).

11. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade payables to:			
Third parties		**$7,166,923**	$2,806,965
Related parties	13	**260,957**	260,957
Accruals for:			
Outside services		**321,732**	146,927
Interest	27	**78,962**	43,323
Professional fees		**35,894**	40,671
Salaries, wages and other benefits		**27,240**	45,453
Customs, brokerage and demurrage		**–**	8,751
Others		**235,437**	375,804
Statutory payable		**205,531**	363,173
Customers' deposits		**197,495**	1,849
		$8,530,171	$4,093,873

Trade payables from third parties are noninterest-bearing and are generally settled within 30 days. Trade payables includes the current portion of a liability related to the acquisition of solar power equipment (see Note 9).

Accruals are generally settled within the year. Other accrued expenses mainly pertain to provision and insurance.

Statutory payable includes amounts payable to government agencies and are normally settled in the following month.

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

12. **Loans Payable**

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

	2023	2022
Short-term loans from local banks	**$22,511,326**	$12,034,524
Current portion of long-term loans	**416,667**	500,000
	$22,927,993	$12,534,524

The loans from local banks, with terms ranging from four to eleven months, pertain to working capital loans and availments of revolving facilities in the form of export packing credit, export bills purchase, import letters of credit and trust receipts. Short-term loans from local banks bear interest rates ranging from 5.75% to 6.25% per annum in 2023 and 3.00 % to 5.75% per annum in 2022.

	2023	2022
Long-term loans from local banks	**$416,667**	$916,667
Current portion of long-term loans	**(416,667)**	(500,000)
Noncurrent portion	**$–**	$416,667

Long-term loans from local banks bear interest rates of 8.00% per annum in 2023 and 3.55% to 8.00% per annum in 2022.

Short-term and long-term loans are secured by the Company's trade receivables amounting to $3.0 million and $2.6 million as at December 31, 2023 and 2022, respectively (see Note 5).

Interest expense is recognized from the following:

	Note	**2023**	2022	2021
Selling and administrative expenses:				
Short-term loans		**$903,091**	333,439	$435,535
Due to a related party	13	**81,896**	64,174	96,117
Long-term loans		**55,796**	50,159	42,912
Lease liabilities	22	**1,735**	3,533	8,589
		1,042,518	451,305	583,153
Cost of goods sold:				
Lease liabilities	22	**35,676**	6,376	$20,667
Other liability	9	**27,079**	21,627	–
		$1,105,273	$479,308	$603,820

13. **Related Party Transactions**

The Company, in the normal course of business, has transactions with its related parties as summarized below.

		Amount of Transactions		Outstanding Balance	
Related Party	Note	**2023**	2022	**2023**	2022
Trade and other receivables	5				
Joint venture		**$–**	$–	**$234,185**	$234,185
Due from Related Parties					
Subsidiaries		**($63,567)**	($192,151)	**$10,313,155**	$10,376,722
Allowance for impairment loss		**–**	–	**(6,232,707)**	(6,232,707)
				$4,080,448	$4,144,015
Other Noncurrent Assets					
Receivable from WCFI	10	**$–**	$–	**$2,183,281**	$2,183,281
Joint ventures		**–**	–	**280,243**	280,243
Subsidiary		**(37,394)**	(90,106)	**1,496,564**	1,533,958
Allowance for impairment loss	10	**–**	–	**(2,463,524)**	(2,463,524)
				$1,496,564	$1,533,958
Trade and other payables	11				
Joint venture		**$–**	$–	**$260,957**	$260,957
Due to a Related Party		**$13,047**	($108,916)	**$1,889,651**	$1,876,604

Trade and Other Receivables. Receivable from FDCP pertains to return of purchased tin cans with damages.

Due from Related Parties. The Company has advances to its subsidiaries for working capital requirements. The outstanding balances are either interest-bearing or noninterest-bearing and are payable in cash upon demand.

Interest income recognized in 2021 on these advances follows (see Note 4):

Due from:	2021
BGB	$38,470
AMHI	4,191
Akaroa	11,806
	$54,467

Interest rate ranges from 1.00% to 7.50% per annum in 2021. In 2022, the Company waived imposition of interest on due from related parties.

Other Noncurrent Assets. Refundable lease deposit to AMHI resulted from a long-term lease contract (see Note 22).

Trade and Other Payables. The Company purchased some of its tin can requirements from FDCP. Trade payable to AMHI pertains to unpaid rentals. Payable to Parent Company pertains to various operating expenses. The outstanding balances are unsecured, noninterest-bearing and have no repayment terms. These are settled in cash, except for rental payable amounting to $119,355 and $150,869 which was offset against due from AMHI in 2023 and 2022, respectively (see Note 22).

Due to a Related Party. It pertains to borrowed funds amounting to $2.0 million, which bears 6.31% annual interest and payable in lump sum. In 2022, the Immediate Parent extended the payment term for another two years from 2022 to 2024 with a callable option after the first year at 3% annual interest. Movements in 2023 and 2022 pertain to the foreign currency adjustment.

Interest expense amounted to $81,896, $64,174 and $96,117 in 2023, 2022 and 2021, respectively (see Note 12).

The remuneration of the key management personnel of the Company is composed of short-term and retirement benefits. Short-term employee benefits amounted to $684,145, $569,962 and $486,863 in 2023, 2022 and 2021, respectively. Retirement benefits amounted to $49,785, $53,946 and $277,790 in 2023, 2022 and 2021, respectively.

14. Retirement Benefits Obligation

The Company values its defined benefit obligation using the projected unit credit method. The benefit shall be payable to employees who retire from service who are at least 60 years old and with at least five years of continuous service.

The most recent actuarial valuation was made as at December 31, 2023 by an independent actuary.

Retirement benefit costs recognized in the separate statements of comprehensive income in respect of this defined benefit plan are as follows (see Note 18):

	2023	2022	2021
Service cost:			
Current service cost	**$39,239**	$39,456	$73,295
Net interest expense	**10,546**	14,490	11,970
	$49,785	$53,946	$85,265

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

	2023	2022
Present value of defined benefit obligation	**$207,940**	$163,680
Fair value of plan assets	**(9,661)**	(15,207)
	$198,279	$148,473

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

	2023	2022
Balance at beginning of year	**$163,680**	$435,459
Current service cost	**39,239**	39,456
Interest cost	**11,626**	15,823
Retirement benefits paid	**(6,805)**	(23,373)
Unrealized foreign exchange gain	**1,183**	(41,259)
Remeasurement gain:		
Arising from experience adjustments	**(19,289)**	(135,494)
Arising from changes in financial assumptions	**18,306**	(126,932)
Balance at end of year	**$207,940**	$163,680

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

	2023	2022
Balance at beginning of year	**$15,207**	$36,696
Retirement benefits paid	**(6,805)**	(23,373)
Interest income	**1,080**	1,333
Unrealized foreign exchange gain/(loss)	**107**	(3,335)
Gain/(loss) on plan assets	**72**	(1,495)
Contribution to the fund	**–**	5,381
Balance at end of year	**$9,661**	$15,207

The details of the fair value of plan assets are as follows:

	2023	2022
Cash	**$10,378**	3,995
Debt instruments	**6,262**	$11,247
Withholding taxes payable	**(51)**	(9)
Fees payables	**(123)**	(33)
Benefits payable	**(6,805)**	–
Other assets	**–**	7
	$9,661	$15,207

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

	2023	2022	2021
Discount rate	**6.05%**	7.06%	3.82%
Expected rate of salary increases	**3.00%**	3.00%	5.00%

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

	Basis Points	**2023**	2022
Discount rate	+1%	**($18,137)**	($14,712)
	-1%	**20,617**	16,896
Salary increase rate	+1%	**21,304**	17,548
	-1%	**(19,260)**	(15,598)

The cumulative remeasurement gains on retirement benefits obligation recognized in other comprehensive income are as follows:

	Cumulative Remeasurement Gains	**Deferred Tax**	**Net**
Balance as at January 1, 2023	**$425,671**	**($106,418)**	**$319,253**
Remeasurement gain	**1,055**	**(264)**	**791**
Balance as at December 31, 2023	**$426,726**	**($106,682)**	**$320,044**
Balance as at January 1, 2022	$164,740	($41,185)	$123,555
Remeasurement gain	260,931	(65,233)	195,698
Balance as at December 31, 2022	$425,671	($106,418)	$319,253
Balance as at January 1, 2021	$164,740	($49,422)	$115,318
Change in tax rate	–	8,237	8,237
Balance as at December 31, 2021	$164,740	($41,185)	$123,555

The table below shows the maturity profile of the undiscounted benefit payments as at December 31, 2023:

	Amount
Less than one year	$12,568
One year to less than five years	55,359
Five years to less than ten years	436,326
Ten years to less than fifteen years	340,999
Fifteen years to less than twenty years	248,745
Twenty years and above	621,273

The average duration of the benefit obligation is 16 years as at December 31, 2023.

The plan exposes the Company to the following risks:

- Salary risk - any increase in the retirement plan participants' salary will increase the retirement plan's liability.
- Longevity risk - any increase in the plan participants' life expectancy will increase the retirement plan's liability.
- Investment risk - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise. However, the compositions of plan assets are balanced enough not to expose the Company to significant concentrations of investment risk.

- Interest rate risk - a decrease in bond interest rate will increase the present value of retirement liability. However, this is partially counterbalanced by an increase in the return on the plan assets.

The Company does not expect to contribute to the plan assets in 2024.

15. **Equity**

Details of the Company's capital stock as at December 31, 2023 and 2022 are as follows:

	Shares	Amount in Peso
Authorized		
Ordinary shares at ₱0.50 par value a share	3,000,000,000	₱1,500,000,000

	Shares	Amount in Peso	Equivalent Amount in USD
Issued	2,500,000,000	₱1,385,698,647	$26,823,389
Treasury shares at cost	(287,537)	(143,769)	(5,774)
Outstanding	2,499,712,463	₱1,385,554,878	$26,817,615

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

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

As at December 31, 2023 and 2022, APIC amounted to $1.49 million.

The total number of shareholders of the Parent Company as at December 31, 2023 and 2022 is 237.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit standing and stable capital ratios in order to support its business and maximize shareholder value. The Company maintains its current capital structure and will make adjustments, if necessary, in order to generate a reasonable level of returns to stockholders over the long term. No changes were made in the objectives, policies or processes during the year.

The Company considers the equity presented in the separate statements of financial position as its core capital.

For the purpose of the Company's capital management, capital includes issued capital, APIC and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments when there are changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using debt-to-equity ratio, which is total debt divided by total equity.

The debt-to-equity ratio is as follows:

	2023	2022
Debt	**$34,575,357**	$19,553,461
Equity	**16,449,229**	19,090,766
Debt-to-Equity Ratio	**2.10:1**	1.02:1

Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. The public ownership is 30.6% and 31% as at December 31, 2023 and 2022, respectively.

The Company reviews its capital structure on an annual basis. As part of this review, the Company considers the cost of capital and the risks associated with it.

16. Net Sales

This account consists of:

	2023	2022	2021
Canned tuna	**$51,677,722**	$32,051,067	$29,201,221
By-products	**3,492,148**	2,218,319	2,254,147
Whole fish	**1,268,709**	95,744	871,486
	$56,438,579	$34,365,130	$32,326,854

Details of the Company's revenue based on geographical markets are as follows:

	2023	2022	2021
International	**$50,037,689**	$30,094,958	$29,170,529
Local	**6,400,890**	4,270,172	3,156,325
	$56,438,579	$34,365,130	$32,326,854

17. Cost of Goods Sold

This account consists of:

	Note	2023	2022	2021
Raw materials used	6	**$48,017,068**	$23,023,892	$22,260,065
Direct labor		**3,572,375**	2,063,611	2,261,135
Manufacturing overhead:				
Indirect labor		**1,056,855**	810,087	934,607
Depreciation and amortization	9	**830,281**	785,462	779,411
Fuel		**795,389**	659,837	411,517
Rent	22	**523,381**	486,534	528,720
Warehousing		**449,905**	1,075,602	1,538,469
Light and water		**324,598**	294,283	290,769
Others		**1,229,348**	777,064	804,368
Total manufacturing costs		**56,799,200**	29,976,372	29,809,061
Finished goods at beginning of year	6	**2,776,150**	4,546,026	5,357,002
Total cost of goods manufactured		**59,575,350**	34,522,398	35,166,063
Finished goods at end of year	6	**(7,353,967)**	(2,776,150)	(4,546,026)
		$52,221,383	$31,746,248	$30,620,037

Other manufacturing overhead consists of interest expense on lease liabilities, repairs and maintenance, outside services, and insurance, among others.

18. Selling and Administrative Expenses

This account consists of:

	Note	2023	2022	2021
Salaries, wages and other benefits		**$1,207,948**	$1,110,126	$1,109,118
Taxes and licenses		**804,697**	165,218	250,443
Outside services		**736,022**	649,373	996,102
Freight and transportation		**202,497**	95,001	76,292
Rent		**175,525**	87,396	112,549
Advertising, marketing and commission		**132,230**	65,597	107,600
Insurance		**119,715**	149,611	161,624
Depreciation and amortization	9	**103,745**	74,593	81,686
Representation and entertainment		**80,653**	72,014	113,802
Customs, brokerage and demurrage		**84,050**	111,702	82,659
Retirement benefit costs	14	**49,785**	53,946	85,265
Materials and supplies		**24,684**	27,843	21,440
Communication and utilities		**32,401**	25,699	35,872
Donations		**2,435**	6,247	3,427
Inventory write-down	6	**7,614**	–	118,176
Provision for impairment loss on trade and other receivables	5	**–**	–	9,295
Others		**118,581**	93,558	70,906
		$3,882,582	$2,787,924	$3,436,256

19. Other Income (Charges)

This account consists of:

	Note	**2023**	2022	2021
Gain (loss) on:				
Disposal of asset	9	**$383,782**	$21,070	$–
Retirement of property and equipment	9	**–**	(13,203)	(71,111)
Disposal of investment in a subsidiary	8	**–**	–	1,305,576
Bank charges		**(139,585)**	(64,639)	(93,677)
Realized foreign exchange gain (loss)		**(75,177)**	(32,536)	13,230
Unrealized foreign exchange gain		**18,326**	97,043	97,403
Interest income	4	**683**	222	58,251
Dividend income	8	–	–	1,188,376
Others – net		**149,752**	120,572	409,908
		$337,781	$128,529	$2,907,956

Others mainly pertains to sale of scraps.

20. Salaries, Wages and Other Benefits

This account consists of:

	Note	**2023**	2022	2021
Short-term employee benefits		**$1,199,696**	$1,274,037	$1,392,666
Post-employee benefits	14	**49,785**	53,946	85,265
		$1,249,481	$1,327,983	$1,477,931

21. Income (Loss) Per Share

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

	2023	2022	2021
Net income (loss)	**($2,642,328)**	($3,465,701)	$332,829
Weighted average number of ordinary shares outstanding	**2,499,712,463**	2,499,712,463	2,499,712,463
	($0.00106)	($0.00139)	$0.00013

The weighted average number of shares refers to shares in circulation during the period that is after the effect of treasury stock (see Note 15).

As at December 31, 2023, 2022 and 2021, the Parent Company has no dilutive potential shares.

22. **Lease Agreements**

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

Rent expense is allocated as follows:

	Note	**2023**	2022	2021
Cost of goods sold	17	**$523,381**	$486,534	$528,720
Selling and administrative expenses	18	**175,525**	87,396	112,549
		$698,906	$573,930	$641,269

Long-term Leases
Plant. On January 1, 2023, the lease contract was renewed by and between the Company and AMHI with the monthly rental of $10,451, subject to annual escalation of 5%. The term shall be for a period of five years from January 1, 2023 until December 31, 2027, renewable every five years thereafter, upon terms and conditions mutually agreeable to the parties.

Office. The Company entered into a lease agreement for its head office space with a third party lessor on August 1, 2023, effective until July 31, 2025 and renewable upon mutual agreement of the parties with the monthly rental of $3,209.

Refundable lease deposits for plant and office amounted to $1.62 million and $1.61 million as at December 31, 2023 and 2022, respectively (see Note 10). This is to be returned upon expiration of the lease term.

Details and movements of ROU assets are disclosed in Note 9.

The balance of and movements in lease liabilities, are as follows:

	Note	**2023**	2022
Balance at beginning of year		**$13,053**	$217,957
Additions		**655,317**	–
Offsetting with due from a related party		**(125,162)**	(150,869)
Interest	12	**37,411**	9,909
Rental payments		**(29,219)**	(53,656)
Effect of foreign exchange gain		**3,282**	(10,288)
Balance at end of year		**554,682**	13,053
Less current portion		**138,503**	13,053
Noncurrent portion		**$416,179**	$–

The incremental borrowing rate applied to the lease liabilities ranges of 5.91% and 9.54% per annum. ROU assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The difference between the lease liabilities and ROU assets at initial recognition was adjusted to the opening retained earnings.

The amounts recognized in profit or loss is as follows:

	Note	**2023**	2022	2021
Rental		**$707,084**	$581,096	$641,269
Amortization	9	**152,488**	153,098	153,098
Interest	12	**37,411**	9,909	29,256
		$896,983	$744,103	$823,623

23. Corporate Social Responsibility (CSR)

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

In 2021, the Company continued to support Changco Elementary School by donating materials for their water connection system. In 2022, the Company supported the school's *brigada eskwela* by donating painting materials in preparation of the school opening and held another *makiPASKO sa CHANGCO* Year 3, a Christmas CSR activity last December 2022. In 2023, the Company continued to sponsor the Christmas Party of the school and held another *makiPASKO sa CHANGCO* Year 4.

24. Income Taxes

The current income tax expense in 2023, 2022 and 2021 represents MCIT amounting to $70,111, $16,712 and $20,282, respectively.

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

	2023	2022
Deferred tax assets		
Allowance for impairment losses on:		
Trade and other receivables and other noncurrent assets	**$806,510**	$809,297
Property, plant and equipment	**25,352**	25,352
Retirement benefit obligation recognized in profit or loss	**115,193**	102,747
MCIT	**114,262**	65,625
Inventory write-down	**18,002**	68,896
Excess of amortization and interest over rental payments	**6,939**	–
Other noncurrent liability	**5,107**	2,624
NOLCO	**–**	2,240,680
	$1,091,365	$3,315,221

(Forward)

	2023	2022
Deferred tax liabilities		
Cumulative remeasurement gain on retirement benefits obligation	**$80,749**	$80,485
Unrealized foreign exchange gain	**4,582**	24,403
Excess of amortization and interest over rental payments	**–**	1,941
	85,331	106,829
Net deferred tax assets	**$1,006,034**	$3,208,392

The Company did not recognize the following deferred tax assets since the management believes that future taxable income will not be available to allow the deferred assets to be utilized:

	2023	2022
Allowance for impairment losses on trade and other receivables and other noncurrent assets	**$1,558,177**	$4,971,882
NOLCO	**2,252,271**	–
	$3,810,448	$4,971,882

Details of NOLCO are as follows:

Year Incurred	Amount	Incurred	Balance	Expiry Year
2023	$–	$46,365	$46,365	2026
2022	1,652,116	–	1,652,116	2025
2021	1,556,187	–	1,556,187	2026
2020	5,754,417	–	5,754,417	2025
	$8,962,720	$46,365	$9,009,085	

The details of the Company's MCIT, which can be utilized as a credit against future income tax payable, are as follows:

Year Incurred	Amount	Incurred	Expired	Balance	Expiry Year
2023	$–	$70,111	$–	$70,111	2026
2022	16,712	–	–	16,712	2025
2021	27,439	–	–	27,439	2024
2020	21,474	–	(21,474)	–	2023
	$65,625	$70,111	($21,474)	$114,262	

The income tax rates used in preparing the separate financial statements as at and for the years ended December 31, 2023 and 2022 are 25% RCIT and 1% and 1.5% for MCIT.

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

	2023	2022	2021
Provision for (benefit from) income tax computed at statutory tax rate	**($92,531)**	($122,955)	$148,841
Tax effects of:			
Nondeductible expenses	**3,504,824**	1,562	857
Interest income already subjected to final tax	**(171)**	(56)	(946)
Nondeductible interest expense	**43**	14	237
Nontaxable income	–	–	(297,094)
Change in unrecognized deferred tax assets	**(1,161,434)**	2,959,374	(1,341,210)
Expired MCIT	**21,474**	135,944	162,817
Change in tax rates	–	–	1,589,033
Provision for income tax computed at effective tax rate	**$2,272,205**	$2,973,883	$262,535

25. **Fair Value of Financial Assets and Liabilities**

The table below presents the carrying amounts and fair value of the Company's financial assets and financial liabilities as at December 31, 2023 and 2022.

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash in banks	**$1,463,485**	**$1,463,485**	$2,993,463	$2,993,463
Trade and other receivables	**13,134,872**	**13,134,872**	6,445,008	6,445,008
Due from related parties	**4,080,448**	**4,080,448**	4,144,015	4,144,015
Refundable lease deposits	**1,619,810**	**1,619,810**	1,609,157	1,609,157
	$20,298,615	**$20,298,615**	$15,191,643	$15,191,643
Financial Liabilities				
At amortized cost:				
Trade and other payables*	**$8,111,899**	**$8,111,899**	$3,714,548	$3,714,548
Loans payable	**22,927,993**	**22,927,993**	12,951,191	12,951,191
Lease liabilities	**554,682**	**554,682**	13,053	13,053
Due to a related party	**1,889,651**	**1,889,651**	1,876,604	1,876,604
Other noncurrent liability	**458,292**	**458,292**	470,267	470,267
	$33,942,517	**$33,942,517**	$19,025,663	$19,025,663

**Excluding customers' deposits, statutory payable and current portion of other liability*

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

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

Lease Liabilities, Loans Payable and Other Noncurrent Liability. The fair values of these financial instruments are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. The fair values of these financial instruments are estimated using significant and unobservable inputs (Level 3 hierarchy). The effect of the discounting in determining the fair value is not material.

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

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2023 and 2022.

26. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash, trade and other receivables, due from related parties, receivables from WCFI, refundable lease deposits, trade and other payables (excluding customers' deposits and statutory payable), loans payable, lease liabilities, other liability and due to a Related Party. The main purpose of these financial instruments is to finance the Company's operations.

The Company is exposed to credit risk, market risk, and liquidity risk. The Company's management oversees the management of these risks. The Company's BOD and management review and approve the policies for managing each of the risks, which are summarized below.

Credit Risk

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

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

	2023	2022
Cash in banks	**$1,463,485**	$2,993,463
Trade and other receivables	**13,624,151**	6,945,434
Due from related parties	**10,313,155**	10,376,722
Receivable from WCFI	**2,183,281**	2,183,281
Refundable lease deposits	**1,619,810**	1,609,157
	$29,203,882	$24,108,057

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

Sales to customers are required to be settled in cash, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

	Neither Past Due nor Impaired			
	High Grade (12-month ECL)	**Standard Grade (Lifetime ECL - not credit-impaired)**	**Impaired (Lifetime ECL - credit impaired)**	**Total**
Cash in banks	**$1,463,485**	**$–**	**$–**	**$1,463,485**
Trade and other receivables	**–**	**13,134,872**	**489,279**	**13,624,151**
Due from related parties	**–**	**4,080,448**	**6,232,707**	**10,313,155**
Receivable from WCFI	**–**	**–**	**2,183,281**	**2,183,281**
Refundable lease deposits	**1,619,810**	**–**	**–**	**1,619,810**
	$3,083,295	**$17,215,320**	**$8,905,267**	**$29,203,882**

	Neither Past Due nor Impaired			
	High Grade (12-month ECL)	Standard Grade (Lifetime ECL - not credit-impaired)	Impaired (Lifetime ECL - credit impaired)	Total
Cash in banks	$2,993,463	$–	$–	$2,993,463
Trade and other receivables	–	6,445,008	500,426	6,945,434
Due from related parties	–	4,144,015	6,232,707	10,376,722
Receivable from WCFI	–	–	2,183,281	2,183,281
Refundable lease deposits	1,609,157	–	–	1,609,157
	$4,602,620	$10,589,023	$8,916,414	$24,108,057

As at December 31, 2023 and 2022, the amount of cash and refundable lease deposits are neither past due nor impaired and were classified as "*High Grade*", while trade and other receivables and due from related parties were classified as "*Standard Grade"*. Impaired trade and other receivables, due from related parties and receivable from WCFI were classified as *"Substandard Grade".*

The credit quality of such loans and receivables is managed by the Company using the internal credit quality ratings as follows:

High Grade. Pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.

Standard Grade. Other financial assets not belonging to high-grade financial assets are included in this category.

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

Impairment. For trade receivables, the Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

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

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

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

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

The Company's provision for impairment loss is disclosed in Notes 5 and 13.

Market Risk

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

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

The Company has transactional currency exposures arising from purchase and construction contract transactions denominated in currencies other than the reporting currency. The Company does not enter into forward contracts to hedge currency exposures. To mitigate the Company's exposure to foreign currency risk, foreign currency cash flows and fluctuations in the foreign exchange rates are monitored.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	2023		2022	
	U.S. Dollar Equivalent	**Philippine Peso**	U.S. Dollar Equivalent	Philippine Peso
Cash	**$300,932**	**₱16,672,617**	$262,547	₱14,638,308
Trade and other receivables	**463,205**	**25,758,356**	312,923	17,447,022
Due from related parties	**2,376,659**	**131,595,593**	2,467,733	137,588,453
Refundable lease deposits	**1,542,852**	**85,427,737**	1,609,157	79,512,773
Trade and other payables*	**2,424,884**	**134,265,827**	668,814	37,289,725
Deferred payment liability	**473,537**	**26,219,744**	484,574	27,017,410
Lease liabilities	**554,682**	**30,712,742**	13,053	727,770
Due to a related party	**1,889,651**	**104,630,000**	1,876,604	104,630,000

** Excluding customers' deposits, statutory payable and current portion of other liability*

Management's Assessment of the Reasonableness of Possible Change in Foreign Exchange Rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items adjusted and translated at period end for a 9% change in 2023 and 2022, in foreign currency rates.

Foreign Currency Sensitivity Analysis. The sensitivity analysis includes all of the Company's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase loss before income tax when the U.S. Dollar strengthens against the relevant currency. For the weakening of the U.S. Dollar against the relevant currency, there would be an equal and opposite impact on loss before income tax.

The following table demonstrates the sensitivity to a 9% in 2023 and 2022 change in USD exchange rates, with all other variables held constant:

	Effect on Loss Before Tax	
	2023	2022
Cash	**($25,278)**	($23,629)
Trade and other receivables	**(38,909)**	(28,163)
Due from related parties	**(207,290)**	(222,096)
Refundable lease deposits	**(136,064)**	(144,824)
Trade and other payables*	**203,690**	60,193
Lease liabilities	**39,777**	1,175
Other liability	**46,593**	43,612
Due to a related party	**158,731**	168,894

**Excluding customers' deposit, statutory payable and current portion of other liability*

Interest Rate Risk. Interest rate risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate.

The Company does not have any variable interest financial instruments carried at amortized cost as at December 31, 2023 and 2022.

Management believes that any variation in the interest will not have a material impact on the net loss of the Company. Bank loans amounting to $22.92 million and $12.95 million as at December 31, 2023 and 2022, respectively, agreed at interest rates ranging from approximately 3.55% to 8.00% per annum for bank loans and 6.50% and 9.59% per annum for long-term loans; expose the Company to fair value interest rate risk.

Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	December 31, 2023			
	Contractual Cash Flows			
	Weighted Average Effective Interest Rate	**Less than One Year**	**One to Five Years**	**Total**
Trade and other payables*	**–**	**$8,111,900**	**$–**	**$8,111,900**
Loans payable	**3.00% - 9.59%**	**22,927,993**	**–**	**22,927,993**
Lease liabilities	**5.91% - 9.54%**	**138,503**	**416,179**	**554,682**
Other liability	**5.7%**	**15,245**	**458,292**	**473,537**
Due to a related party	**4.57 %**	**–**	**1,889,651**	**1,889,651**
Future interest	**3.00% - 9.59%**	**953,069**	**137,114**	**1,889,651**
		$32,146,710	**$2,901,236**	**$35,847,414**

** Excluding customers' deposits, statutory payable and current portion of other liability.*

	December 31, 2022			
	Contractual Cash Flows			
	Weighted Average Effective Interest Rate	Less than One Year	One to Five Years	Total
Trade and other payables*	–	$3,714,549	$–	$3,714,549
Loans payable	2.50 % -8.00%	12,534,524	416,667	12,951,191
Lease liabilities	5.91% - 9.54%	13,155	–	13,155
Other liability	5.7%	14,307	470,267	484,574
Due to a related party	3%	–	1,876,603	1,876,603
Future interest	2.50% - 9.54%	278,919	366,948	645,867
		$16,555,454	$3,130,485	$19,685,939

** Excluding customers' deposits, statutory payable and others*

27. **Reconciliation of Liabilities Arising from Financing Activities**

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

		Financing Cash Flows		**Non-cash Changes**				
	2022	**Availments**	**Payments**	**Recognition**	**Interest Expense**	**Foreign Exchange Gain**	**Offsetting**	**2023**
Loans payable	**$12,951,191**	**$40,905,860**	**($30,929,058)**	**$–**	**$–**	**$–**	**$–**	**$22,927,993**
Due to a related party	**1,876,604**	**–**	**–**	**–**	**–**	**13,046**	**–**	**1,889,650**
Lease liabilities	**13,053**	**–**	**(29,219)**	**655,317**	**37,411**	**3,282**	**(125,162)**	**554,682**
Other liability	**484,574**	**–**	**(41,473)**	**–**	**27,079**	**3,357**	**–**	**473,537**
Interest payable	**43,323**	**–**	**(1,005,144)**	**–**	**1,040,783**	**–**	**–**	**78,962**
	$15,368,745	**$40,090,264**	**($31,189,298)**	**$655,317**	**$1,105,273**	**$19,685**	**($125,162)**	**$25,924,824**

		Financing Cash Flows		Non-cash Changes				
	2021	Availments	Payments	Recognition	Interest Expense	Foreign Exchange Loss	Offsetting	2022
Loans payable	$12,213,707	$22,655,596	($21,918,112)	$–	$–	$–	$–	$12,951,191
Due to a related party	2,069,832	–	–	–	–	(193,228)	–	1,876,604
Lease liabilities	217,957	–	(53,656)	–	9,909	(10,288)	(150,869)	13,053
Interest payable	44,662	–	(449,111)	–	447,772	–	–	43,323
Other liability	–	–	(32,293)	549,318	21,627	(54,078)	–	484,574
	$14,546,158	$22,655,596	($22,453,172)	$549,318	$479,308	($257,594)	($150,869)	$15,368,745

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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Website : www.reyestacandong.com

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

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

We have audited the accompanying separate financial statements of ALLIANCE SELECT FOODS INTERNATIONAL, INC. (A Subsidiary of STRONGOAK INC.) (the "Company"), as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, on which we have rendered our report dated April 12, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has a total number of two hundred twenty-two (222) stockholders owning one hundred (100) or more shares each as at December 31, 2023 and 2022.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

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

We have audited in accordance with Philippine Standards on Auditing the separate financial statements of ALLIANCE SELECT FOODS INTERNATIONAL, INC., a subsidiary of STRONGOAK INC., (the "Company") as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 12, 2024. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2023 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic separate financial statements. The information in this schedule has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

CEDRIC M. CATERIO
Partner
CPA Certificate No. 87322
Tax Identification No. 102-083-647-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 19-005765-001-2022;
Valid until December 13, 2025
PTR No. 10072410;
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

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

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

DECEMBER 31, 2023

		Amount
Retained earnings, beginning of reporting period available for dividend declaration		**($12,287,262)**
Add/less: Net income (loss) for the current year		**(2,642,328)**
Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	2,223,856	
Net movement in net retirement liability, excluding remeasurement losses	50,861	
Net movement in deferred tax assets (excluding effect of appraisal increase on utility plant and equipment and remeasurement losses on retirement benefit liability)	38,800	
Sub-total		**2,313,517**
Total retained earnings, end of the reporting period available for dividend		**($12,616,073)**