ALLIANCE SELECT FOODS INTERNATIONAL, INC.

MANAGEMENT REPORT

I. Consolidated Audited Financial Statements

The consolidated financial statements of Alliance Select Foods International, Inc. (the "Company") and its subsidiaries for the period ended December 31, 2014, and the interim unaudited financial statements for the period ended June 30, 2015 on SEC Form 17Q, in compliance with SRC Rule 68, as amended, are attached to the Information Statement and are incorporated by reference.

The Company undertakes to include the interim unaudited financial statements for the period ended September 30, 2015 on SEC Form 17-Q (the "Third Quarter 17-Q") in the materials to be distributed to shareholders together with the Definitive Information Statement for the Company's Annual General Stockholders' Meeting to be held on December 16, 2015 (the "2015 AGM"). The said materials will be distributed to shareholders entitled to vote at the 2015 AGM no later than November 24, 2015. The Company further undertakes to upload the Third Quarter 17-Q on the Company's website (http://allianceselectfoods.com/) at least five (5) days before the Annual General Stockholders' Meeting to be held on December 16, 2015.

II. Disagreements with Accountants on Accounting and Financial Disclosure

There has been no disagreement with the Company's independent external auditors, Navarro Amper & Co., on accounting and financial disclosure. Navarro Amper & Co. has been the Company's independent external auditors for the past 10 years.

For the engagement of the Company's independent external auditors for the fiscal year 2015, the internal auditor of the Company obtained engagement proposals from different independent auditing. firms These proposals were presented to and reviewed by the Audit Committee. The Committee endorsed to the Board of Directors the appointment of Reyes Tacandong & Co. as the independent external auditor of the Company for 2015 based on its qualifications and fees. On September 7, 2015, the Board approved the appointment of Reyes Tacandong & Co. as the Company's independent external auditor for 2015, subject to ratification and approval of shareholders.

The appointment of Reyes Tacandong & Co. will be submitted for approval and ratification of shareholders at the 2015 AGM.

Audit Committee approval policies and procedures for external audit services

The duties and responsibilities of the Audit Committee in relation to external audit services include the following:

1. Review of the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit;

2. Review of the performance of the external auditors, and exercise final approval on the

appointment or discharge of the auditors. In performing this review, the Committee:

a.) At least annually, obtains and reviews a report by the independent auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the institution.

b.) Takes into account the opinions of management and internal auditing.

c.) Ensures that the external auditors have direct and unrestricted access to the Audit committee chairman.

d.) Reviews the audit representation letters before consideration by the Board, giving particular consideration to matters that related to non-standard issues.

e.) Reviews the content of the external's auditor's Management letter.

f.) Reviews and evaluates the lead partner of the independent auditor.

3. Ensure the rotation of the lead audit partner every five (5) years and other audit partners every seven (7) years, and consider whether there should be regular rotation of the audit firm itself.

4. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

III. The Company

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

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

Date	Milestone
September 2003	Incorporated as Alliance Tuna International, Inc.
May 2004	Opened a representative office in Bangkok, Thailand.

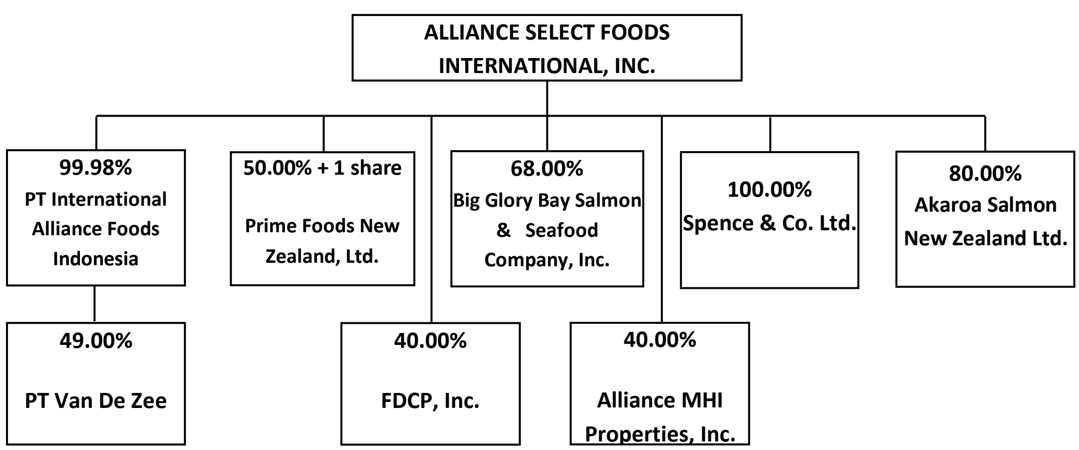
September 2005	Acquired 40.00% stake in FDCP, Inc. ("FDCP"), a tin can producing company in General Santos City, Mindanao, Philippines.
November 2006	Listed on the PSE.
May 2008	Established PT International Alliance Foods Indonesia ("PT IAFI") to expand tuna processing business to Indonesia.
January 2009	Acquired 39.00% stake in Prime Foods New Zealand, Ltd. ("PFNZ") (a smoked salmon processor based in New Zealand) in January and increased to 50.00% stake plus one (1) share in December.
October 2009	Established Big Glory Bay Salmon & Seafood Company, Inc. ("BGB") to process salmon in the Philippines.
June 2010	Jointly established Alliance MHI Properties, Inc. ("AMHI") with Mingjing Holdings, Inc. ("MHI"). The Company owns a 40.00% stake in AMPI.
July 2010	Renamed the Company as "Alliance Select Foods International, Inc."
April 2011	Established ASFI Choice Foods, Inc. ("ACFI") as an investment vehicle in the USA. At present, this subsidiary is not operating.
July 2011	Undertook its first stock rights offering to raise equity for the acquisition of Spence& Company Ltd. ("Spence").
August 2011	Processing plant owned by BGB started operations. Acquired 100.00% stake in Spence, a smoked salmon and seafood processor based in the US, to tap into the US market.
May 2012	Set up PT Van De Zee ("VDZ"), a subsidiary of PT IAFI in Indonesia, to diversify the Company's supply of tuna. VDZ has obtained permits to carry out fishing in Indonesia's Exclusive Economic Zone ("EEZ").
September 2012	Acquired six (6) fishing vessels (in addition to one fishing vessel previously acquired) from a commercial fishing company in the Philippines by virtue of "dacion en pago".
October 2012	Acquired 80.00% stake in Akaroa Salmon New Zealand Ltd. ("Akaroa") to expand operations to include fresh salmon farming.
January 2013	Established Alliance Select Foods Pte. Ltd. ("ASF"), a Singapore based wholly-owned subsidiary whose primary activity will be that of general wholesaler and trader and an investment holding company. At present, this subsidiary is not operating.
March 2013	Jointly established Wild Catch Fisheries, Inc. ("WCFI") with CHL Fishing Industry, Inc. ("CHL") and CHL Construction & Development Enterprises, Inc. ("CHLC"). WCFI is a joint venture fishing company.
May 2014	Completed a private placement transaction with Strongoak Inc. to finance the Company's working capital requirements.

April 2015	Executed a Supplemental Agreement to the Joint Venture (JVA) with CHL and CHLC regarding WCFI on the basis of which, the Company shall have no further funding liability or obligation under the JVA.
May 2015	Cancelled the sale of vessels between the Company and WCFI resulting in the reversion of ownership of such vessels to the Company.
August 2015	Undertook its second stock rights offering to utilize the net proceeds for capital expenditures, repayment of loans, purchase and installation of new management information system, and working capital requirements.
October 2015	Divested from PFNZ and increased ownership interest in BGB from 68% to 100%.

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

In 2014, the Company generated net revenues of around US$81.26 million, a decrease of 3.64% from its net revenues in 2013.

The following presents the conglomerate map of the Company's operating subsidiaries and affiliates, including its corresponding percentage of ownership as of September 30, 2015.



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

SUBSIDIARIES

PT International Alliance Foods Indonesia *("PT IAFI")*

PT IAFI, which is 99.98% owned by the Company, was established under the Indonesian law within the framework of the Foreign Capital Investment Law No. 25 year 2007, based on Notarial Deed No. 101 dated May 21, 2008. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. AHU-24298.AH.01.01 dated May 28, 2008.

PT IAFI is a tuna processing company put up in Indonesia through a joint venture with an Indonesian fishing company, PT Wailan Pratama. PT IAFI is primarily engaged in canned fish processing industry exclusively for international market. Its registered address is in Jl. Raya Madidir Kelurahan Madidir Unet Ling. II Kecamatan Madidir, Bitung, Indonesia.

Prime Foods New Zealand, Ltd. *("PFNZ")*

PFNZ, which was a 50.00% plus one (1) share subsidiary of the Company, is a company domiciled in New Zealand and registered under the Companies Act of 1993 on September 8, 1993. The Ministry of Economic Development assigned company number 625998 to PFNZ as part of its registration process.

PFNZ was originally engaged in the business of processing, manufacturing, and distributing smoked salmon and other seafood under the Prime Smoke and Studholme brand, for distribution in New Zealand and other countries. PFNZ thereafter operated as BGB's sales channel for its export sales. Its plant is located in Hororata, Darfield. Its registered office is located at Level Five, 144 Kilmore Street, Christchurch, New Zealand.

On 30 October 2010, the Company sold its 50% plus 1 share interest in PFNZ to HC & JW Studholme No. 2 Family Trust.

Big Glory Bay Salmon and Seafood Company, Inc. (BGB)

On October 29, 2009, the Company and PFNZ established BGB to engage in the business of manufacturing goods such as salmon and other processed seafood. Its principal address is located at Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. The Company owns 68.00% of BGB.

Operations commenced in August 2011. BGB imports salmon from New Zealand, Chile, and Norway, among others, and processes it in its plant located at General Santos City, Mindanao, Philippines. The smoked salmon products from BGB are sold locally and abroad, with sales channels both in the Philippines and New Zealand.

BGB was registered with the Board of Investments (BOI) on February 26, 2010 as a New Export Producer of Smoked (hot/cold) Salmon and its by-products on a non-pioneer status under the

Omnibus Investments Code of 1987. This entitled BGB to income tax holiday privileges until June 30, 2014.

On 27 October 2015, the Company accepted from PFNZ 50,864,702 BGB shares as full payment for PFNZ's payment obligations to the Company, offsetting previous shareholders' advances made by the Company to PFNZ. This had the effect of BGB now being a 100% subsidiary of the Company.

Spence & Company, Ltd. *("Spence")*

Spence, which is a wholly owned subsidiary of the Company, was founded in Massachusetts, USA by Mr. Charles Alan Spence and Mr. Frederick Heartbly in January 1990. In 2004, Spence moved to its current location at No. 76 Campanelli Drive, Brockton MA 02301 USA, due to expanded operations.

Spence specializes in the production of smoked salmon and other seafood. It is one of the leading salmon processors in the USA and has an established network of marketing channels through which it sells its products.

Akaroa Salmon New Zealand Ltd. *("Akaroa")*

Akaroa, which is 80.00% owned by the Company, is a company incorporated and domiciled in New Zealand and registered under the Companies Act of 1993. Its principal office is located at Christchurch New Zealand.

Akaroa is engaged in the business of sea cage salmon farming and operates two (2) marine farms in Akaroa Harbor, South Island, New Zealand. It also processes fresh and smoked salmon. Akaroa also holds 20.00% stake in Salmon Smolt NZ Ltd., which is a modern hatchery quarantining high quality and consistent supply of smolts (juvenile salmon) for its farm.

AFFILIATES

FDCP, Inc.

FDCP was incorporated on September 18, 1997 to manufacture cans to be used as packing mediums for tuna. It started commercial operations in December 1999. During FDCP's inception, 60.00% of the outstanding capital of the company was owned by First Dominion Prime Holdings, Inc. ("FDPHI"), a Filipino company, and 40.00% was owned by Containers Printers Pte. Ltd. ("CP"), a Singaporean company. In accordance with the agreement between the Company and CP, the Company agreed to purchase CP's 40.00% stake in FDCP in order to improve its product cost structure. The agreement was signed in August 2005, and the transaction was completed with the last payment to CP in November 2005.

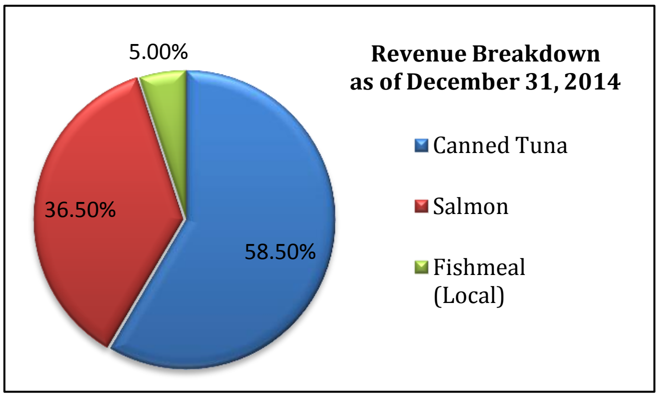
At present, FDCP's only client is the Company. The Company, however, purchases cans from other suppliers.

Alliance MHI Properties, Inc.(“AMHI”)

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

PRODUCT LINES

The Company’s products lines are composed of three (3) groups, namely, canned tuna, raw and smoked salmon, and fishmeal. For the year ended December 31, 2014, canned tuna accounted for 58.50% of total revenues, followed by salmon which contributed around 36.50% of total revenues, and around 5.00% came from fishmeal revenues.



The Company processes and exports its canned tuna products for markets in Europe, North America, Asia, Africa and South America. It is primarily a “private label manufacturer” of canned tuna as it processes and cans tuna in the institutional and retail pack can sizes using its customers’ brands. It currently packs its tuna in three (3) main styles, namely solids, chunks, and flakes, and in packing media consisting of water or brine, vegetable broth, sunflower oil, or soya oil.

The Company’s tuna processing plants have a combined rated capacity of 230 metric tons per day (“MTD”). These are located in General Santos City, Mindanao, Philippines with a rated capacity of 140 MTD, and in Bitung, North Sulawesi, Indonesia with a rated capacity of 90 MTD.

The Company currently produces several varieties of hot and cold smoked salmon products, which are sold either as fillets, slices, or shavings. BGB, with operations based in the Philippines, sells its smoked salmon products domestically as well as around Asia and New Zealand. Spence, a subsidiary located in the USA, is one of the leading salmon processors in the USA and distributes all of its smoked salmon products in major supermarkets in the US market.

The Company also processes scraps, the by-products of its tuna and salmon processing operations into fishmeal in its facilities in both the Philippines and Indonesia. It sells fishmeal domestically in the Philippines and Indonesia to enhance margins. Fishmeal is used as an ingredient in animal feeds.

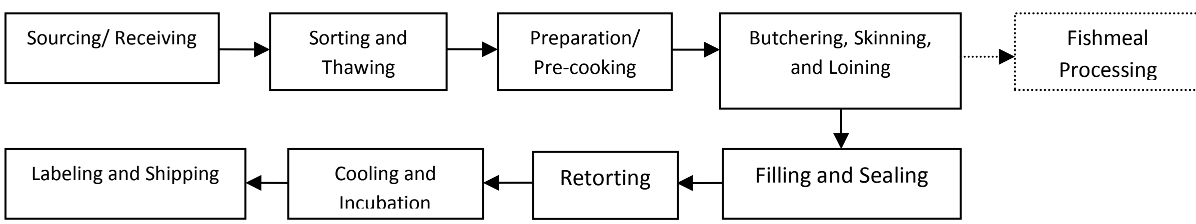
The Company adopts globally-acknowledged best practices in its canned tuna and smoked salmon operations. For its canned tuna operations, the Company has received, among others, certifications of conformity with British Retail Consortium Global Standard for Food Safety and with the International Food Standard from NFS Certification for its canneries in General Santos City, Philippines and Bitung, Indonesia. It has also been accredited by the United States Food and Drug Administration for its facilities, both in the Philippines and in Indonesia, and for its canned tuna products. For its smoked salmon and other smoked seafood operations, the Company has received Safe Quality Food certification from SQF Institute and undergone periodical audits by the relevant authorities of the jurisdictions where it operates. Other accreditations/certifications of the Company include: 1) Dolphin Safe Accredited; 2) Kosher Accredited; 3) Halal Certified; 4) HACCP Program Documentation and Implementation Certified.

As part of the Company's strategy to diversify its supply of raw materials, the Company's subsidiary, PT IAFI, entered into a joint venture fishing company in Indonesia. The joint venture company called VDZ has obtained permits to carry out tuna fishing within Indonesia's EEZ.

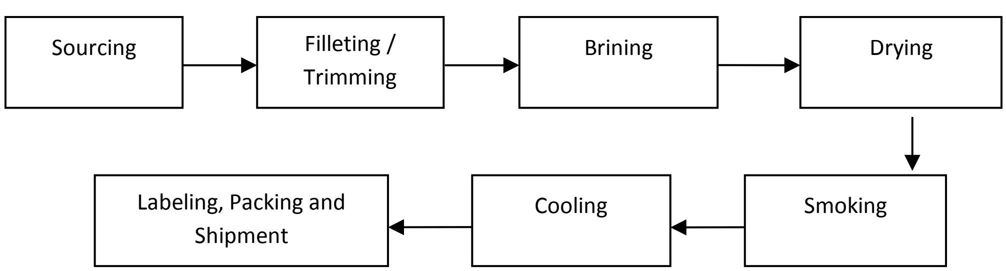
PRODUCTION PROCESS

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

Canned Tuna



Smoked Salmon



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

The following is a discussion and analysis of the Company's financial condition and results of operations and certain trends, risks, and uncertainties that may affect the Company's business. The discussion and analysis of the Company's results of operations is presented in three (3) comparative sections: a) The six (6) months ended June 30, 2015 with comparative figures as of December 31, 2014 and for the period ended June 30 2014, whichever is relevant; b) the year ended December 31, 2014 compared with the year ended December 31, 2013; and c) the year ended December 31, 2013 compared with the year ended December 31 2012. Disclosure relating to liquidity and financial condition and the trends, risks, and uncertainties that have had or that are expected to affect revenues and income, completes the management's discussion and analysis.

This discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Audited Financial Statement of the Company for the year ended December 31, 201, and unaudited financial statements of the Company for the period ended June 30, 2015 attached to the Preliminary Information Statement.

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

Operating Performance

Six months Ended June 30, 2015 versus June 30, 2014

The table below shows the comparisons of key operating results for the six months period ended June 30, 2015 versus the same period in 2014.

	For the Six Months Ended June 30	
In USD'000	**2015**	2014
Revenue - net	**$ 39,616**	42,554
Gross Profit	**4,158**	5,101
Gross Profit Margin	*11%*	*12%*
Selling and Administrative Expenses	**4,981**	3,810
Other Income	**126**	1,031
Other Expenses	**659**	103
Finance Costs	**893**	912
Profit (Loss) Before Tax	**(2,123)**	1,422
Income Tax Expense (Benefit)	**34**	437
Profit (Loss) for the period	**(2,158)**	984
Attributable to:		
Equity holders of the parent	**(1,718)**	576
Non-controlling interest	**(440)**	408
	($2,158)	$984

The Company's net revenue for the first half of 2015 posted at $39.6 million, which is lower by about $2.9 million or 7% as compared to 2014. The consolidated net revenue is composed of 65% and 35% revenue from tuna and salmon, respectively. The Company's tuna business decreased its revenue by 11% as a result of overall 6% decrease in sales volume and accompanied by a decrease in selling price, mainly due to sharp pricing and lower fish cost. The Company's salmon business had a 3% net increase in revenue, mainly due to improved sales volume and selling price of its subsidiary in New Zealand.

The consolidated gross profit for the first half of 2015 amounted to $4.2 million, a gross margin of 11% which was lower by 18% as compared to the prior year, mainly due to lower selling price of canned tuna.

Selling and administrative expenses during the period increased by 31% as compared to the same period in the previous year, mainly due to recognition of buyer's claim and inventory obsolescence amounting to $0.6 million and $0.4 million, respectively. These non-recurring expenses were related to a complaint filed by one of the parent company's customers. As a percentage of sales, the selling and administrative expenses increased to 13% in 2015 from 9% in 2014.

The Company had an after-tax net loss of $2.1 million for the first half of the year, which is a significant decline from the prior year's $0.9 million after-tax net income. This is mainly driven by lower gross margin, incurrence of non-recurring expenses due to a customer complaint and significant amount of foreign exchange loss due to devaluation of New Zealand dollar against US$. It should also be noted that the prior year's after-tax net income includes a gain on transfer of vessel amounting to $0.5 million. This gain was reversed in the end of 2014 as a result of the amendment in the joint venture agreement between the Parent Company and Wild Catch Fisheries Inc. (WCFI), a joint venture fishing company agreement in 2013 by the Parent Company with CHL Fishing Industry, Inc. and CHL Construction & Development Enterprises.

Calendar Year 2014 Compared to Calendar Year 2013

Comparisons of key operating results for the calendar years 2014 and 2013 are summarized in the following table.

FOOD Operating Performance Highlights: 2014 vs. 2013

(Amount in US$ Thousands)	2013	2014	% Change
Revenue	$84,328	$81,262	-3.64%
Gross Profit	7,328	7,880	7.53%
Gross Profit Margin	8.69%	9.70%	
Selling & Administrative Expenses			
Normal	8,477	8,115	-4.27%
Non-recurring expenses	1,538	20,175	1211.77%
Operating Profit	(2,687)	(20,410)	659.58%
Operating Profit Margin	-3.19%	-25.12%	
Finance Cost	1,761	1,831	3.98%

Profit (Loss) for the year	(2,919)	(17,077)	485.03%
Non-controlling interest	(338)	(640)	89.35%
Profit(Loss) attributable to equity holders of the parent	(2,581)	(16,436)	536.81%
Net Profit (Loss) Margin	-3.46%	-21.01%	

** Differences in decimal numbers are due to rounding off.*

The Company's consolidated revenue reached US$81.26 million which was a 3.64% decrease from US$84.33 million the previous year. Almost two thirds of the total revenue was contributed by the tuna division, while the rest was contributed by the salmon division. Revenue of the tuna division declined by 9.00% to US$52.00 million while revenue of the salmon division grew by 9.00% from US$27.00 million to US$30.00 million due to an increase in sales volume. Shipments of canned tuna totaled 823 containers versus 734 last year or an increase of 12.13%. Despite higher sales volume, net revenue declined by 9.00% due to lower selling prices of US$58,000.00 per container versus US$72,000.00 in 2013. The lower selling price was brought about by a drop in raw material prices worldwide.

The year 2014 has been the most challenging year of the Company due to drastic and unprecedented drop of tuna prices in the global markets, which led to price pressures for canning plants. After reaching a historical high of US$2,390.00 per MT in April 2013, global raw material prices experienced a free fall in 2014, losing half of its value by April 2014 when it went down to US$1,150.00 per MT. Most part of the year was spent waiting for demand to come in while the spread between the fish buying price and selling prices stayed within a very narrow band.

The Company's gross profit increased by US$551,846.00 or 7.53% from US$7.33 million to US$7.88 million. Gross margin of the tuna business declined by 1.00%, from 6.00% to 5.00%, while the salmon business increased from 14.00%to 18.00%, bringing the combined gross margin to 9.70% from 8.69% last year.

Save for non-recurring expenses, the Company was able to cut selling and administrative expenses by 4.27% from US$8.48 million to US$8.12 million as a result of a cost cutting program that the Company underwent during the period.

For the year 2014, the Company took a conservative and prudent position by recognizing non-recurring expenses in its income statement amounting to US$20.18 million comprising mainly of the following items:

- Inventory write down to its market value and allowance for inventory obsolescence for the Company totaling US$3.23 million. These write-downs were attributable to the volatility in raw material prices, leaving the Company with finished goods produced at much higher costs relative to the market prices of finished goods by year-end. In response to this situation, the management decided to take the prudent position of ensuring raw materials are matched with orders. This means that only product for booked orders will be produced.

- Provision for impairment of the value of the three (3) fishing vessels amounting to US$7.79 million carried in the Company's books, in accordance with the provision of

IAS 36 on impairment of assets. This is likewise in line with the strategic direction of management regarding its plan for fishing operation.

- Provision for impairment of the Company's receivable from WCFI, as a result of the amendment of the joint venture agreement between the two (2) parties following the sinking of one fishing vessel last September 2014. The receivable is comprised of the sale of three (3) fishing vessels and various advances to WCFI totaling US$8.45 million. The Company likewise wrote down its investment in WCFI amounting to US$39,279.00. Subsequently, a supplemental agreement was signed between WCFI and the Company to cancel the deed of sale of the three (3) vessels and to return the vessels back to the Company.

The Company's finance cost increased by 3.98% or US$69,889.00, while the share in equity in net earnings of associates and joint ventures amounted to a loss of US$155,275.00 compared to the previous year's income of US$36,195.00.

For the calendar year 2014, the Company ended up with a net loss of US$17.08 million versus last year's loss of US$2.92 million.

Calendar Year 2013 Compared to Calendar Year 2012

Comparisons of key operating results for the calendar years 2013 and 2012 are summarized in the following table.

FOOD Operating Performance Highlights: 2013 vs. 2012

(Amount in US$thousands)	2012	2013	% Change
Revenue	82,337	84,328	2.42%
Gross Profit	10,575	7,328	-30.70%
Gross Profit Margin	12.84%	8.69%	
Selling & Administrative Expenses	6,810	10,015	47.06%
Operating Profit	3,765	(2,687)	-171.37%
Operating Profit Margin	4.57%	-3.19%	
Finance Cost	2,083	1,761	-15.46%
Profit (Loss) for the year	767	(2,919)	-480.57%
Non-controlling interest	(545)	(338)	-37.98%
Profit(Loss) attributable to equity holders of the parent	1,312	(2,581)	-296.72%
Net Profit (Loss) Margin	0.93%	-3.46%	

The year 2013 was a challenging year in many respects. The Company faced an unprecedented softness in the global canned tuna market, which accounts for more than two-thirds of its total sales. The raw material prices for tuna reached stratospheric levels, without a corresponding increase in prices to the Company's customers. Customers baulked at paying these high prices so the Company's profit margins came under relentless pressure. The spread between buying and selling prices stayed within a very narrow band for most of the year.

There was an easing of raw material prices only towards the end of the year. The Company would have suffered a larger setback without the investments in marketing the Company had done in the past, and its excellent relationship with key buyers.

The Company was able to mitigate the effect of higher raw material prices for its canned tune division through strategic investments in fishing operations and backward integration. As the Company's investment gathers pace and as it begins to optimize its fishing resources in 2014 and 2015, the Company is well poised to take advantage of fully integrated operations to improve its profit margins and decrease dependence on higher priced raw materials.

Meanwhile, the salmon division showed a considerable increase in total revenue for 2013. Sales increased from US$21.80 million in 2012 to US$27.40 million in 2013. This increase was across all the four salmon divisions during the year, though one division, Akaroa, had only three months of operation under the Company in 2012 since it was acquired only in October of that year.

Net revenue on a consolidated basis increased by 2.42% from US$82.34 million in 2012 to US$84.33 million in 2013.

Due to the low demand for canned tuna during the year, the Company's gross profit fell to only US$7.33 million in 2013 from US$10.58 in 2012. This 30.70% decline in gross profit was mainly due to the lower margins in the canned tuna division. Consequently, the gross profit margin decreased from 12.84% in 2012 to 8.69% in 2013.

Other income increased significantly from US$87,879.00 to US$1.12 million. This 1,172.77% increase was due to gains on sale of property, plant, equipment and asset amounting to US$546,031.00. Another significant contributor was the foreign exchange gain of almost US$475,758.00.

The Company experienced an increase of 47.06% in selling &administrative expenses. The US$3.21 million increase was mainly due to expenses related to the listing on Singapore Stock Exchange which totaled about US$1.24 million. Other significant increase was because of a US$1.13 million charge for a doubtful account.

Other operating expenses decreased by 64.33% from US$438,082.00 to US$156,275.00. This was mainly the result of an elimination of foreign exchange loss in 2013.

In spite of an increase in sales, the Company's finance costs decreased by US$321,634.00, or 15.46%, from US$2.08 million to US$1.76 million. Lower finance costs can be attributed to lower revolving credit line borrowings and partial payment of the principal of long-term loans.

<u>Financial Condition, Liquidity, and Capital Resources</u>

June 30, 2015 compared to December 31, 2014

The Group's total assets decreased by 4% or $2.3 million; from $65.8 million as at December 31, 2014 to $63.5 million as at June 30, 2015. This was mainly due to a 24% decrease in inventories as a result of a more efficient inventory management for both tuna and salmon businesses. The net decline in inventories was offset with a 14% increase in trade and other receivables, and a 46% increase in prepayments and other current assets.

The Company's total liabilities declined by $0.4 million or 1%. This was mainly driven by $3.1 million decrease in loans payable as a net effect of proceeds from additional loans and payments of existing loans. The net decrease in loans payable was offset with a $2.4 million increase in due to related parties because of advances from a shareholder for working capital purposes. The Group had a total liability to equity ratio of 1.97:1 and 1.82:1 as at June 30, 2015 and December 31, 2014, respectively.

Calendar Year 2014 Compared to Calendar Year 2013

The Company's total assets as of December 31, 2014 decreased by 5.20% to US$65.85 million. This is mainly due to the decrease in property and equipment as a result of the write-off of three (3) fishing vessels and decrease in receivables by 42.43% as a result of the write-off of receivables from WCFI. There was no impairment of goodwill recognized during the year.

Total liabilities increased by 1.78% from US$41.77 million to US$42.52 million. Trade and other payables increased by 23.30%. The other change was a reduction in long term loans from US$4.56 million as of December 31, 2013 to US$3.40 million as of December 31, 2014. This decrease was due to amortization of principal of long term loans.

The hike in share capital and reserves is due to the fresh capital infusion by Strongoak Inc. last May 2014. However, due to the loss incurred during the year, total equity declined by 15.73%. The Company ended in a deficit position of US$15.04 million.

For the year ended December 31, 2014 the Company posted a current ratio of 0.85:1, while total liabilities to equity ratio posted at 1.82:1.

Calendar Year 2013 Compared to Calendar Year 2012

The Company's total assets as of December 31, 2013 increased to US$69.46 million from US$69.09 million as of December 31, 2012. Though the cash and cash equivalents decreased from US$4.19 million to US$1.57 million, there was an increase of 40.86% to US$16.16 million in receivables in 2013, and another 49.13% increase in inventories to US$14.44 million during the year. A significant amount of the inventory has been pre-sold already and was awaiting customer instructions for shipment as of December 31, 2013. Assets held for sale were reduced to zero as compared to about US$4.55 million as of December 31, 2012. This reduction was due to the sale of fishing vessels. All these changes resulted in a 3.77% increase in total current assets from US$33.31 million in December 31, 2012 to US$34.56 million.

Property, plant and equipment decreased by about 8.20% due to the disposal of fishing vessels. There was no impairment of goodwill recognized during the year. Other non-current assets decreased by 9.43% mainly due to restatement of long-term lease deposit to its present value.

Total liabilities increased by 8.32% from US$38.57 million to US$41.77 million. A major change was an increase of 19.45% in short term revolving credit lines from US$23.95 million in 2012 to US$28.61 million as of December 31, 2013. This was due to additional availments for working capital requirements. The other significant change was a reduction in long term loans from

US$5.18 million as of December 31, 2012 to US$4.57 million as of December 31, 2013. This decrease was due to amortization of principal of long term loans.

Total Equity decreased by 9.29% as a result of the loss incurred by the Company during 2013.

For the year ended December 31, 2013, the Company posted a current ratio of 0.95:1, while total liabilities to equity ratio posted at 1.51: 1.

Plan of Operation

The Company does not foresee any cash flow or liquidity problem over the next twelve (12) months. As at June 30, 2015, the Company was compliant with its loan covenant on debt-to-equity ratio. On the other hand, current ratio and interest coverage ratio fell below the specified level imposed by its creditors. These circumstances did not have any adverse effect on the Company's borrowing capacity and overall operation.

The Company is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the Company with entities or other persons, created during the reporting period, which would have a significant impact on the Company's operations and/or financial condition.

As at June 30, 2015, 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 to the following:

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

A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The Company plans to de-recognize a portion of its deferred tax asset based on the projected taxable income. The planned de-recognition of deferred tax asset will result to a deferred income tax expense in the statement of comprehensive income.

V. Key Performance Indicators

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

FOOD Key Ratios					
Current/Liquidity Ratios	**December 31**			**Dec. 31, 2014**	**June 30, 2015**
	2012	**2013**	**2014**		
Current Ratio	1.06	0.95	0.85	0.85	0.82
Quick Ratio	0.50	0.49	0.31	0.31	0.35
Total Liabilities to Equity Ratio	1.26	1.51	1.82	1.82	1.71
Profitability Ratios				**For the Six Months Ended June 30**	
				2014	**2015**
Revenue Growth Rate	60.39%	2.42%	-3.64%	-5.9%	-6.9%
Gross Profit Margin	12.84%	8.69%	9.70%	12.00%	-10.5%
Net Profit Margin	0.93%	-3.46%	-21.01%	2.3%	-5.4%
Return on Equity	-4.50%	-8.83%	-62.96%	1.6%	-7.6%
Return on Assets	1.19%	-4.21%	-25.24%	0.6%	-2.6%

The current ratio is the ratio of the Company's current resources versus its current obligations. This is computed by dividing the current assets by the current liabilities. The result is expressed in number of times.

The quick ratio is the ratio of the Company's cash plus trade and other receivables versus its current obligations. This is computed by dividing the sum of cash and trade and other receivables by the current liabilities. The result is expressed in number of times.

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

The gross profit margin is the ratio of the Company's gross profit versus its net sales for a given period. This is computed by dividing gross profit by net sales. The result is expressed in percentage.

The net profit margin is the ratio of the Company's net income after tax versus its net sales for a given period. This is computed by dividing net income after tax by net sales. The result is expressed in percentage.

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

The return on asset ratio is the ratio of the Company's net income to average total assets. This is computed by dividing net income after tax by the average total assets. The result is expressed in percentage.

VI. Number of Holders of Each Class of Common Security

As of October 31, 2015, there are 2,499,712,463 outstanding and issued common shares of the Company, exclusive of 287,537 treasury shares. The Company does not have any class of shares other than common shares.

Prior to the Company's Stock Rights Offering, the Company's outstanding capital stock prior to the stock rights offering was 1,499,712,463 common shares. The Stock Rights Offering consisted of 1,000,000,000 common shares ("Rights Shares") by way of pre-emptive rights offering exclusively to eligible existing common shareholders of the Company as of August 7, 2015, at the proportion of one Rights Share for every one and one-half common shares of the Company. The offer period of the Stock Rights Offering commenced on August 17, 2015 and ended on August 26, 2015. It was fully subscribed. The Rights Shares were issued out of the increase in authorized capital stock of the Company from 1,500,000,000 common shares to 3,000,000,000 common shares (the "Capital Increase"). The Capital Increase was approved by the Company's Board of Directors in a special meeting held on February 17, 2015, and by shareholders holding at least 2/3 of the Company's outstanding capital stock at the Special Stockholders' Meeting held on March 31, 2015. On October 28, 2015, the Company obtained SEC approval of the Capital Increase. As such, the outstanding capital stock of the Company correspondingly increased from 1,499,712,463 common shares to 2,499,712,463 common shares.

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

The top twenty (20) stockholders of the Company as of October 31, 2015 are the following:

No.	Name	Number of Shares	Percentage
1	PCD Nominee Corporation (Filipino)	1,969,750,536	78.80%
2	Harvest All Investment Limited	177,261,165	7.09%
3	Victory Fund Limited	138,474,015	5.54%
4	PCD Nominee Corporation (Foreign)	132,083,277	5.28%
5	Albert Hin Kay Hong	39,071,537	1.56%
6	Bondeast Private Limited	13,023,411	0.52%
7	Kawsek Jr., Peter	4,538,646	0.18%
8	FCF Fishery Co. Ltd.	3,975,370	0.16%
9	Cordova, Michael W.	3,805,000	0.15%
10	S. Chandra Das	2,604,760	0.10%
11	Laurel, Carlos Damaso Perez	2,500,000	0.10%
12	Orietal Tin Can & Metal Sheet Mfg.	2,210,385	0.09%
13	FDCP, Inc.	1,894,045	0.08%
14	Cheng, Berck Yao	1,200,000	0.05%
15	Tri-Marine International (PTE) Ltd.	1,170,472	0.05%
16	Angping, Jerry C.	1,000,000	0.04%
17	Damalerio Fishing Corp.	920,656	0.04%
18	DFC Tuna Venture Corporation	617,248	0.02%
19	Phil. Fisheries Development Authority	346,207	0.01%
20	Amadeo Fishing Corp.	294,874	0.01%

Please note that the 1,969,750,536 shares reflected above for PCD Nominee Corporation (Filipino) include the 1,382,765,864 shares (55.32%) of Strongoak, Inc. and the 112,170,283 shares (4.49%) of Mingjing Holdings, Inc.

There is no action to be taken at the 2015 AGM with respect to an acquisition, business combination or other reorganization that will affect the amount and percentage of present holdings of the Company's common equity owned beneficially by (i) any person or group who is known to the Company to be the beneficial owner of more than five percent (5%) of any class of the registrant's common equity; (ii) each director and nominee; and (iii) all directors and officers as a group, and the Company's present commitments to such persons with respect to the issuance of shares of any class of its common equity, if any.

VIII. Directors

JONATHAN Y. DEE - 54, Filipino citizen; Director, Chairman**.**

Academic Background
He holds a Bachelor of Science Degree in Operations Management from La Salle University in Philadelphia, PA. USA.

Professional Background/ Experience
Mr. Jonathan Y. Dee has been involved in the food and canning business for approximately 20 years. Mr. Dee also holds various directorships in the investee companies of Dee C. Chuan & Sons, Inc. Prior to his return to the Philippines in 1984, Mr. Dee worked in Bechtel Corporation of San Francisco, California in the area of cost engineering management. Mr. Dee was the President and CEO of the Company before being elected as Chairman of the Board of Directors on December 8, 2014.

GEORGE E. SYCIP - 58, American citizen, Independent Director, Vice-Chairman.

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

Professional Background/ Experience
Mr. SyCip is the Director and Principal of Galaxaco China Group, a project doing business in China, and Halanna Management estate investment and development and consultancy firm serving American, European and Asian clients estate investment and development company. Mr. Sycip currently serves on the Boards or Advisory Boards of several companies and institutions. In Asia, these include Macro Asia Corp., Beneficial-PNB Life Insurance, Medtecs Corporation, and Cityland Development Corporation. In the U.S., he is on the Board of the Bank of the Orient, Arasor International, the California Asia Business Council, and the International Institute for Rural Reconstruction, Give2Asia, and Stanford University's Institute for International Studies. Mr. SyCip was the Chairman of the Board of Directors of the Company before assuming the position of Vice-Chairman on December 8, 2014.

RAYMOND K. H. SEE - 47, Filipino citizen; Director, President and Chief Executive Officer.

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

Professional Background/ Experience
Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation who rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President and Chief Executive Officer of the Company on December 8, 2015.

HEDY S. C. YAP-CHUA - 56, Singaporean citizen; Director.

Academic Background
Ms. Yap-Chua obtained her BA from Pomona College, California, USA.

Professional Background/ Experience

She worked as an analyst and fund manager at the Chemical Bank, Singapore before she joined the various businesses of her family. Aside from her involvement in the operations of their shipping, chartering, and grains businesses, she sits in the board of directors of the investment and holding companies of the family. She is the Managing Director of Bondeast Private Limited, an investment company based in Singapore focusing on Middle Eastern and Asian investments.

ERWIN M. ELECHICON - 56, Filipino citizen; Independent Director.

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

Professional Background/ Experience

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

MARIE GRACE VERA CRUZ - 34, Filipino citizen; Director.

Academic Background

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

Professional Background/ Experience

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

ANTONIO C. PACIS - 74, Filipino citizen; Director.

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

Professional Background/ Experience
Mr. Pacis has been practicing law since 1967 and continues to practice law at Pacis and Reyes Law Office. Mr. Pacis is a member of the Board of Directors of BDO Unibank and the Board of Trustees of the Central Colleges of the Philippines. He was a professor of law at the Ateneo Law School.

IX. **Executive Officers:**

RAYMOND K.H. SEE. – 47, Filipino citizen; President and Chief Executive Officer.

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

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

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

Academic Background

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.

Professional Background/ Experience

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

LISA ANGELA Y. DEJADINA. - 32, Filipino citizen; Senior Vice President for Business Development and Operational Excellence.

Academic Background

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

Professional Background/ Experience

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

GRACE S. DOGILLO. 58, Filipino citizen; Vice President for Finance and Compliance Officer.

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

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

MA. KRISTINA P. AMBROCIO. - 36, Filipino citizen; Assistant Corporate Secretary.

Academic Background

Ms. Ambrocio graduated from the Ateneo de Manila University in 2001 with a major in Philosophy, and minor in Humanities. She obtained her law degree in 2005 from the University of the Philippines, where she was awarded with the Maria Clara Lopez Campos Prize for Best Thesis in Commercial Law. Ms. Ambrocio also completed an Advanced Intellectual Property Law course at the Institute of European Studies of Macau in 2006.

Professional Background/ Experience

Prior to joining the Company, Ms. Ambrocio was Corporate Counsel and Assistant Corporate Secretary of Chevron Philippines, Inc. from August 2012 to October 2015. Ms. Ambrocio was also In-House Counsel/ HR Manager for Group OneUsa, Inc. from June 2011 to August 2012, and an Associate of RR Donnelley, Legal Division from June 2010 to May 2011. Ms. Ambrocio was also an Associate of the Bengzon Negre Untalan Intellectual Property Attorneys from 2008 to 2010, and an Associate of Escano Sarmiento & Partners Law Offices from 2005 to 2007.

X. Market Price of the Issuer's Common Shares

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

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

Table 1: FOOD High and Low Prices: 2012 to 2015								
	2012		2013		2014		2015	
	High	Low	High	Low	High	Low	High	Low
Q1	1.70	1.23	2.20	1.85	1.35	0.96	1.33	1.04
Q2	1.61	1.33	2.16	1.36	1.66	1.20	1.10	1.01
Q3	1.84	1.26	1.52	1.10	1.46	1.22	1.05	0.91
Q4	2.26	1.66	1.26	0.88	1.30	1.09	-	-

On 30 September 2015, the closing price of FOOD was ₱0.92.

XI. Dividends

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

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

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

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

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

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

On August 1, 2011, the Board of Directors of the Company and its stockholders representing at least two-thirds ($^{2}/_{3}$) of its outstanding capital stock, approved the increase in the Company's authorized capital stock from ₱950,000,000.00 to ₱1,500,000,000.00, of which ₱137,500,000.00 was subscribed and paid by way of stock dividends out of the Company's unrestricted retained earnings as of December 31, 2010. The increase in capital stock was approved by the SEC on November 25, 2011 and the issuance of the 15.78% stock dividend was completed on January 25, 2012.

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

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

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

SUBSCRIBER	NO. OF SHARES	VALUE	PAID
PCD Nominee Corp. (Filipino)	952,606,926[1]	P952,606,926.00	P952,606,926.00
PDC Nominee Corp. (Foreign)	47,382,167	P47,382,167.00	P47,382,167.00
Raymond K.H. See	10,521	P10,521.00	P10,521.00
Stephen G. Soliven	386	P386.00	P386.00
TOTAL	1,000,000,000.00	P1,000,000,000.00	P1,000,000,000.00

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

The net proceeds from the Stock Rights Offering, after deducting taxes and PSE fees, will amount to P993,868,800.00. Any fees and expenses relating to the Stock Rights Offering will be settled separately and shall not be deducted from the net proceeds of the Stock Rights Offering. The net proceeds from the Stock Rights Offering will be used for: (a) capital expenditures, (b) repayment of loans, (c) purchase and installation of new management information system, and (d) working capital requirements.

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

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

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

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

XIII. **Corporate Governance**

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

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

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

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

Corporate Governance Updates

The Company filed its revised Manual on Corporate Governance (containing revisions as of July 2014) with the SEC on 31 July 2014. It also filed its Annual Corporate Governance Report (ACGR) with consolidated changes on 18 December 2014. The Company's 2014 ACGR was also attached to the Company's 2014 Annual Report, pursuant to the SEC Advisory dated 12 March 2015.

The Company's Annual Corporate Governance Report may be viewed on the Company's website (http://allianceselectfoods.com/).

In addition, the Company has been regularly submitting corporate governance surveys as required by the PSE Memorandum 2010-0574 dated November 26, 2010. Since this requirement came into force, the Company has been participating in these surveys and filing it with the Exchange in a timely manner. The latest Compliance Report on Corporate Governance was submitted to the Exchange on March 30, 2015 for the year ended December 31, 2014.

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

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

To date, there has been no substantial deviation from the Company's Manual of Corporate Governance.