The prospectus is being displayed in the website to make the Prospectus accessible to more investors. The Philippine Stock Exchange, Inc. ("PSE") assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in the Prospectus. Furthermore, the PSE makes no representation as to the completeness of the Prospectus and disclaims any liability whatsoever for any loss arising from or in reliance in whole or in part on the contents of the Prospectus.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

(A corporation duly organized under the laws of the Republic of the Philippines)

Prospectus relating to the ₱1,000,000,000.00 Rights Offer by way of subscription to 1,000,000,000 Common Shares with a Par Value of ₱1.00 per Share to be issued out of an increase in Authorized Capital Stock to be offered at an Offer Price of ₱1.00 per Rights Share to be listed and traded in The Philippine Stock Exchange, Inc. at a Ratio of 1 Rights Share for every 1.50 Common Shares held as of Record Date of August 7, 2015

Issue Manager and Underwriter

Abacus Capital & Investment Corporation

Final Prospectus dated July 22, 2015

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISISON.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

A Corporation duly organized under the laws of the Republic of the Philippines
Corporate Office: Suite 1205 East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City, Metro Manila 1600 Philippines
Telephone Numbers: 635-5241 to 44
www.allianceselectfoods.com

This Prospectus relates to the stock rights offering (the "Rights Offer") of Alliance Select Foods International, Inc. ("FOOD", "ASFII", or the "Company"), formerly Alliance Tuna International, Inc., of 1,000,000,000 common shares (the "Rights Shares") with a par value of ₱1.00 per share (the "Common Shares"), by way of pre-emptive rights offering exclusively to eligible existing common shareholders of FOOD (the "Eligible Shareholders") at the proportion of one (1) Rights Share for every one and one-half (1.50) existing Common Shares (the "Entitlement Shares") held as of August 7, 2015 (the "Record Date") at an offer price of ₱1.00 per Rights Share (the "Offer Price"), or for an aggregate offer price of ₱1,000,000,000.00. See "Determination of Offer Price" on page 56 of this Prospectus.

Any fractional share shall be disregarded in the computation of the Rights Shares that the Eligible Shareholders will be entitled to, and fractional entitlements will be rounded down to the nearest whole number of the Rights Shares. Such fractions will be aggregated and sold for the benefit of the Company. The Rights Shares will represent 40.00% of the outstanding Common Shares of the Company after the Rights Offer. No secondary shares shall be part of the Rights Offer.

As of the date of this Prospectus, the authorized capital stock of the Company is ₱1,500,000,000.00 consisting of 1,500,000,000 Common Shares with a par value of ₱1.00 per share, of which 1,499,712,463 Common Shares are outstanding, exclusive of 287,537 treasury shares. The Company is in the process of applying for an increase in the authorized capital stock of 1,500,000,000 common shares with the Philippine Securities and Exchange Commission ("SEC"), thereby increasing its total authorized capital stock to ₱3,000,000,000.00, consisting of 3,000,000,000 Common Shares with a par value of ₱1.00 per share. The Rights Shares will be issued out of the increase in the authorized capital stock of the Company and will be subject to the SEC's approval of the Company's application for an increase in its authorized capital stock, which will be applied with the SEC after the completion of the Rights Offer. After the completion of the Rights Offer and approval of the Company's application for an increase in its authorized capital stock, the outstanding Common Shares of the Company shall be 2,499,712,463 Common Shares. Shares from the unissued portion of the authorized capital stock are not subject to pre-emptive rights of the shareholders, and may be issued in such quantities, at such time, and under such terms as the Board of Directors of the Company shall determine.

All of the Common Shares in issue or to be issued pursuant to the Rights Offer have, or upon issuance will have, identical rights and privileges. Please refer to section "Description of Securities" on page 47 of this Prospectus. The Common Shares may be owned by any person regardless of citizenship or nationality, subject to the limits prescribed by Philippine laws on foreign ownership in certain types of domestic companies. At present, there are no foreign ownership restrictions on the outstanding capital stock of the Company with respect to its business as presently conducted. See sections "Terms of the Rights Offer" starting on page 19 of this Prospectus and "Philippine Foreign Investment, Exchange Controls, and Foreign Ownership" on page 121 of this Prospectus.

The Company expects to raise gross proceeds of ₱1,000,000,000.00. The net proceeds from the Rights Offer, after deducting taxes and PSE fees, will amount to ₱993,868,800.00. Any fees and expenses relating to the Company's Rights Offer will be settled separately and shall not be deducted from the net proceeds of

the Rights Offer. The net proceeds from the Rights Offer 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 Company is authorized to pay dividends out of its surplus profits, in cash, properties of the Company, shares of stock, and/or securities of other companies belonging to the Company, subject to compliance with certain regulatory requirements. The ability to pay dividends will depend on the Company's retained earnings and financial condition. Dividends paid in the form of cash or property are subject to approval by the Company's Board of Directors. Dividends paid in the form of additional Common Shares are required to have further approval from its shareholders holding or representing at least two-thirds (2/3) of the Company's outstanding capital stock entitled to vote. At present, the Company has not adopted a specific dividend policy. Nevertheless, the Company has declared dividends in 2007, 2008, 2009, and 2011.

The information contained in this Prospectus is publicly available and has been supplied by the Company solely for the purpose of the Rights Offer. Unless otherwise stated, the information contained in this Prospectus is as of July 22, 2015. All information contained in this Prospectus has been supplied by the Company, which accepts full responsibility for the accuracy and completeness of the information contained herein. The Company confirms that, after having made all reasonable inquiries, and to the best of its knowledge and belief, there are no other material facts, the omission of which would make any statement in this Prospectus misleading in any material respect. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstance, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

Abacus Capital & Investment Corporation ("Abacus Capital"), as the Issue Manager and Underwriter, represents and warrants that it has exercised the level of due diligence required under existing regulations in ascertaining that all material information appearing in this Prospectus are true and correct as of the date indicated herein. Abacus Capital also warrants and represents that, to the best of its knowledge, after exercising the appropriate due diligence review, there are no other material facts, the omission of which would make any statement in the Prospectus, as a whole, misleading. Except for failure to exercise the required due diligence review, Abacus Capital assumes no liability for any information supplied in this Prospectus. Abacus Capital has agreed not to receive any underwriting fees, the underwriting being a technical compliance undertaken pursuant to the requirements of The Philippine Stock Exchange, Inc. ("PSE"). One of the Company's major beneficial shareholders, Strongoak Inc., has committed to subscribe to its respective Entitlement Shares, and to all unsubscribed Rights Shares remaining after the second round of the Rights Offer pursuant to its letter of commitment submitted to the PSE. Nevertheless, Abacus Capital has a firm commitment to subscribe to all unsubscribed shares remaining after the second round of the Rights Offer, and after the implementation of the aforementioned major shareholders' commitment. The Company agrees to hold Abacus Capital, its shareholders, officers, employees, and authorized representatives free and harmless against any claims, liabilities, and judgments arising from or in connection with the obligation as an underwriter for the Rights Offer.

Prospective investors to the Rights Shares must conduct their own evaluation of the Company and the terms and conditions of the Rights Offer, including the merits and risks involved. Please refer to "Investment Considerations and Risk Factors" starting on page 25 of this Prospectus. The readers of this Prospectus are further enjoined to consult their financial advisers, tax consultants, and other professional advisers with respect to the acquisition, holding, or disposal of the Rights Shares described herein. The Rights Offer is being made on the basis of this Prospectus only.

Market and certain industry data used throughout this Prospectus were obtained from internal surveys, market research, publicly available information, and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, internal surveys, industry forecasts, and market research, while believed to be reliable, have not been independently verified, and neither the Company nor Abacus Capital makes any representation as to the accuracy of such information.

This Prospectus includes forward-looking statements. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends affecting its business. Words including, but not limited to, "believes", "may", "will", "estimates," "continues," "anticipates," "intends," "expects," "forecasts", and similar words are intended to identify forward-looking statements. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements. One should read this Prospectus and the documents referenced in this Prospectus completely and with the understanding that actual future results may be materially different from what the Company expects. Forward-looking statements contained herein are qualified by these cautionary statements.

The Company's Common Shares are listed on the PSE under the symbol "FOOD". On April 30, 2015, the closing price of FOOD was ₱1.09.

On July 2, 2015, the Company submitted an Application for Confirmation of Exempt Transaction to the SEC, pursuant to Section 10.1(i) of the Securities Regulation Code ("SRC"). On July 21, 2015, a Confirmation of Exempt Transaction was issued by the SEC.

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. The approval of the application will be made only upon compliance with the requirements for listing. The listing of the Rights Shares of the Company is subject to the approval of the PSE Board of Directors. Such approval for listing, however, is permissive only and does not constitute a recommendation or endorsement of the Rights Shares by the PSE. The PSE assumes no responsibility for the correctness of any of the statements, opinions, and reports made or expressed in this Prospectus. Furthermore, the PSE makes no representation as to the completeness of the Prospectus and disclaims any liability whatsoever for any loss arising from or in reliance in whole or in part on the contents of the Prospectus.

This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described herein, nor does it constitute an offer to sell or a solicitation of an offer to buy the shares described herein in any jurisdiction in which such offer or solicitation or sale is not authorized, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, salesperson, or other person has been authorized by the Company or Abacus Capital to issue any advertisement or to give information or make any representation not contained in this Prospectus, and if issued, given, or made, such advertisement must not be relied upon as having been authorized by the Company or by Abacus Capital.

This Prospectus has been authorized for circulation and distribution only in the Philippines. The distribution of this Prospectus and the offer of the Rights Shares may be restricted by law in certain jurisdictions. The Company and Abacus Capital require persons into whose possession this Prospectus comes to inform them of, and observe all such restrictions. Prospective investors should also inform themselves on any taxation or legislation affecting them personally, and should consult their professional advisers with respect to the acquisition or disposition of the Rights Shares.

For investor relation matters, investors may contact Ms. Elmira A. Nate, the Company's Public Information Officer ("PIO"), at (+632) 6355241, telefax number (+632) 6335235, and via e-mail at eanate@allianceselectfoods.com.

THE SECURITIES BEING OFFERED ARE EXEMPT AND, ACCORDINGLY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE AND ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE SECURITIES REGULATION CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION PURSUANT TO SECTION 10 OF THE SECURITIES REGULATION CODE.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

By:

RAYMOND K. H. SEE
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this JUL 2 3 2015 at PASIG, Metro Manila, affiant exhibiting to me his Philippine Passport No. EC 3695414 issued by the Department of Foreign Affairs – Manila, and expiring on March 16, 2020.

Doc. No. 262;
Page No. 74;
Book No. IV;
Series of 2015.

ANNSLEY B. BANGKAS
Notary Public for Pasig City
Until 31 December 2016
Appointment No. 30 (2015-2016)
2203-A West Tower, PSE Centre
Ortigas Center, Pasig City
PTR No. 0381215; Pasig City; 01/07/15
IBP No. 0983150; RSM Chap., 01/06/15
Roll of Attorneys No. 50395

TABLE OF CONTENTS

ANNEX I:

LIST OF TABLES

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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following words or expressions shall have the following meanings:

GLOSSARY OF TERMS RELATED TO THE RIGHTS OFFER	
"Abacus Capital"	Abacus Capital & Investment Corporation, the Company's Issue Manager and Underwriter
"AOI" and "By-Laws"	Articles of Incorporation and By-Laws of the Company
"Applicant"	A person, whether natural or juridical, who seeks to subscribe to the Rights Shares by submitting an Application under the terms and conditions prescribed by this Prospectus
"Application to Subscribe and Purchase Form" or "Application"	The application form to subscribe to and purchase the Rights Shares under the Rights Offer
"Banking Day"	Any of the days in a week, except Saturdays, Sundays, and holidays, when banks are not required to do, or are authorized by law to close for business in Metro Manila
"BIR"	Bureau of Internal Revenue
"Board of Directors" or "Directors" or "BOD"	The board of directors of the Company
"Book Value per Common Share"	The result of dividing the Total Shareholders' Equity account of the Company by the total number of Common Shares outstanding
"BSP"	Bangko Sentral ng Pilipinas
"Common Shares" or "Shares"	The shares of common stock of the Company with a par value of ₱1.00 per share, including the Rights Shares
"Company", "Issuer", "FOOD" or "ASFII"	Alliance Select Foods International, Inc. (formerly known as Alliance Tuna International, Inc.) FOOD is also the trading symbol of the Company in The Philippine Stock Exchange, Inc.
"Corporation Code"	Batas Pambansa Blg. 68, otherwise known as "The Corporation Code of the Philippines"
"DST"	Documentary Stamp Tax

"Earnings per Share"	The result of dividing the Net Income after Tax account of the Company by the total number of Common Shares outstanding
"EBITDA"	Earnings before interest, taxes, depreciation, and amortization
"Eligible Applicant"	Any person of legal age or duly organized and existing corporations, partnerships, or other corporate entities applying to subscribe to the Rights Shares
"Eligible Shareholders"	All registered shareholders of the Company as of the Record Date that are entitled to subscribe to their Entitlement Shares
"Entitlement Shares"	The number of Rights Shares that an Eligible Shareholder shall be entitled to subscribe in the Rights Offer. It is the ratio of one (1) Rights Share for every one and one-half (1.50) existing Common Shares held as of the Record Date. See the "Terms of the Rights Offer" of this Prospectus
"Listing Date"	October 20, 2015. The Listing Date is dependent on the SEC approval of the increase in the Company's authorized capital stock
"Manual"	Manual of Corporate Governance
"Offer Period"	The period commencing at 9:00 a.m. on August 17, 2015 and ending at 12:00 noon on August 26, 2015, unless extended by agreement between the Company, Abacus Capital, and the PSE, within which the Eligible Applicants may subscribe to the Rights Shares
"Offer Price"	₱1.00 per Rights Share
"₱" or "Peso" or "PHP"	Philippine Peso, or lawful currency of the Republic of the Philippines
"PCD Nominee"	PCD Nominee Corporation, a corporation wholly owned by PDTC whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC
"PDTC"	Philippine Depository and Trust Corporation
"PFRS"	Philippine Financial Reporting Standards
"Prospectus"	This document together with all its annexes and attachments
"PSE"	The Philippine Stock Exchange, Inc.

"R.A."	Republic Act
"Receiving Agent" and "Escrow Agent"	Development Bank of the Philippines – Trust Banking Group
"Record Date"	Represents the date after 15 trading days from the date of the PSE approval of the Rights Offer listing application
"Rights Offer"	The offer for subscription of the Rights Shares to Applicants, under the terms and conditions contained in the Prospectus and the Application
"Rights Shares"	The 1,000,000,000 Common Shares of the Company that are the subject of the Rights Offer, which will be issued out of the increase in the Company's authorized capital stock
"Rp" or "IDR"	Rupiah, the basic unit of money in Indonesia
"SCCP"	Securities Clearing Corporation of the Philippines
"SEC"	Philippine Securities and Exchange Commission
"SRC"	Republic Act No. 8799, otherwise known as "The Securities Regulation Code"
"Stock Transfer Agent"	Securities Transfer Services, Inc.
"Subsidiary"	A company in which the Company owns, directly or indirectly, at least majority of the outstanding capital stock
"Trading Day"	Any day on which trading is allowed in the PSE
"Trading Participant" or "TPs"	Member broker of the PSE
"USD" or "$" or "US$"	United States Dollar
"VAT"	Value-added Tax
"VWAP"	Volume Weighted Average Price

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GLOSSARY OF OTHER TERMS AND ABBREVIATIONS	
"ACFI"	ASFI Choice Foods, Inc.
"Akaroa"	Akaroa Salmon New Zealand Ltd.
"Albacore"	Tuna specie with the scientific name *Thunnus alalunga*. This specie accounted for about 5.85% of total global tuna catch in 2013
"AMPI"	Alliance MHI Properties, Inc.
"ASF"	Alliance Select Foods Pte. Ltd.
"BFAR"	Department of Agriculture - Bureau of Fisheries and Aquatic Resources
"BGB"	Big Glory Bay Salmon and Seafood Company, Inc.
"Bigeye"	Tuna specie with the scientific name *Thunnus obesus*. This specie accounted for about 8.95% of the global tuna catch and 5.61% of total catch in the WCPO in 2013
"BRC"	British Retail Consortium
"CHL"	CHL Fishing Industry, Inc.
"CHLC"	CHL Construction & Development Enterprises, Inc.
"DENR"	The Philippine Department of Environment and Natural Resources
"DOLE"	Department of Labor and Employment of the Philippines
"ECC"	Environmental Compliance Certificate
"EEZ"	Indonesia's Exclusive Economic Zone
"EU"	European Union
"FCL"	Full Container Load is a unit of measurement equal to the space occupied by a standard twenty-foot container or twenty-foot equivalent unit. This is used in stating the capacity of a container vessel or storage area.
"FDCP"	FDCP, Inc.

"FDPHI Group"	First Dominion Prime Holdings, Inc. and its subsidiaries comprising of Nautica Canning Corporation, Maranaw Canning Corporation, and Clearwater Tuna Corporation.
"HACCP"	Hazard Analysis and Critical Control Points is a systematic preventive approach to food safety that addresses physical, chemical, and biological hazards as a means of prevention rather than finished product inspection. This system is used at all stages of food production and preparation processes
"Institutional Pack"	This includes the "603x214", "603x408", and "603x700" cans that have a net weight of one (1), two (2), and three (3) kgs, respectively. The end users of this pack size include restaurants, fast food chains, school systems, and other public feeding systems.
"IUU"	Illegal Unreported and Unregulated
"Kilograms" or "Kilo" or "kgs"	A unit of weight equivalent to 1,000 grams
"King Salmon"	Also known as Chinook salmon or Quinnat
"MCC"	Maranaw Canning Corporation
"MHI"	Mingjing Holdings, Inc.
"MT"	Metric Ton is a unit of weight equivalent to 1,000 kilograms
"MTD"	Metric Ton per Day is a unit of productivity, equivalent to a production of 1,000 kilograms per day
"NZ$"	New Zealand Dollars
"PFNZ"	Prime Foods New Zealand, Ltd.
"Plant"	Collectively represents the Company's leased plant, property, equipment, and land from AMPI
"PPM"	Parts per million, means out of a million. Usually describes the concentration of something in water or soil
"PT IAFI"	PT International Alliance Foods Indonesia
"Retail Pack"	This includes the "211", "300", "307", and "401" cans that have a net weight ranging from 80 grams to 450 grams. These pack sizes are the cans sold in supermarkets and other retail establishments for consumers

"Skipjack"	Tuna specie with the scientific name *Katsuwonus pelamis*. This specie accounted for about 58.29% of global tuna catch and 73.29% in the WCPO in 2013
"Spence"	Spence & Company, Ltd.
"UK"	United Kingdom
"US" or "USA"	United States of America
"US FDA"	United States Food and Drug Administration
"VDZ"	PT Van De Zee
"WCFI"	Wild Catch Fisheries, Inc.
"WCPFC"	Western and Central Pacific Fisheries Commission
"WCPO"	Western Central Pacific Ocean An area of the Pacific Ocean that is separated from the Eastern Pacific Ocean by 150^{0}W longitude. This area of the Pacific Ocean is a primary fishing area for tuna. In 2013, 57.28% of the global tuna catch came from this area.
"Yellowfin"	Tuna specie with the scientific name *Thunnus albacares*. This specie accounted for 26.90% of global tuna catch and 21.11% of the tuna catch in the WCPO in 2013

Certain monetary amounts and currency translations included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Words importing the singular, where applicable, shall include the plural and vice-versa, and words importing the masculine gender, where applicable, shall include the feminine and neuter genders.

All references in this Prospectus to a time of the day are to Philippine Time.

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PARTIES TO THE OFFER

The Issuer:	**Alliance Select Foods International, Inc.** Suites 1205 East Tower Philippine Stock Exchange Centre Exchange Road, Ortigas Center Pasig City, Metro Manila 1600 Philippines
Issue Manager and Underwriter:	**Abacus Capital & Investment Corporation** Unit-E2904-A East Tower Philippine Stock Exchange Centre Exchange Road, Ortigas Center Pasig City, Metro Manila 1600 Philippines
Independent Auditors:	**Navarro Amper & Co.** 19thFloor, Net Lima Plaza 5th Avenue corner 26th Street Bonifacio Global City, Taguig, 1634
Legal Counsel to the Issue:	**Picazo Buyco Tan Fider & Santos** Penthouse, Liberty Center 104 H.V. Dela Costa Street Salcedo Village Makati City 1227 Metro Manila, Philippines
Stock Transfer Agent:	**Securities Transfer Services, Inc.** Ground Floor, Benpres Building Exchange Road corner Meralco Avenue Pasig City
Receiving Agent and Escrow Bank:	**Development Bank of the Philippines** **Trust Banking Group** DBP Head Office Gil J. Puyat Avenue, Makati City

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SUMMARY

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

THE OFFER

The Company is offering for subscription a total of 1,000,000,000 Rights Shares, each with a par value of ₱1.00 to eligible existing common shareholders. The Rights Shares will be issued out of the increase in the Company's authorized capital stock from 1,500,000,000 shares to 3,000,000,000 shares. The Company will file with SEC an application for increase in authorized capital stock after the completion of the Rights Offer. After the completion of the Rights Offer and the approval of the Company's application for an increase in its authorized capital stock, the outstanding shares of the Company will increase to 2,499,712,463 Common Shares from the present outstanding shares of 1,499,712,463 Common Shares.

The Rights Shares shall enjoy equal rank, preference, and priority with the issued and outstanding Common Shares of the Company. Each eligible shareholder is entitled to subscribe to one (1) Rights Share for every one and one-half (1.50) existing Common Shares held as of Record Date at an Offer Price of ₱1.00 per Rights Share. The Rights Shares will represent 40.00% of the Company's outstanding capital stock after the completion of the Rights Offer.

The Company expects to raise gross proceeds of ₱1,000,000,000.00. The net proceeds from the Rights Offer, after deducting taxes and PSE fees, will amount to ₱993,868,800.00. Any fees and expenses relating to the Company's Rights Offer will be settled separately and shall not be deducted from the net proceeds of the Rights Offer. The net proceeds from the Rights Offer 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.

Any fractional shares will not be allotted to eligible existing shareholders and fractional entitlements will be rounded down to the nearest whole number of the Rights Shares. Such fractions will be aggregated and sold for the benefit of the Company. The Rights Shares may be subscribed by the shareholders of record of the Company as of the Record Date ("Eligible Shareholders"). Below are the key dates of the Rights Offer:

Pricing Date	February 17, 2015
PSE Board Approval Date	July 8, 2015
Ex-Date	August 4, 2015
Record Date	August 7, 2015
Offer Period	August 17 - 26, 2015
Listing Date and Start of Trading	October 20, 2015

Abacus Capital has been engaged as underwriter of the Rights Offer. No underwriting fee will be collected with respect to the Rights Offer. To ensure 100.00% subscription, shareholders are allowed to apply for additional subscription, which will be granted on a pro-rata basis. Furthermore, one of the Company's major beneficial shareholders, Strongoak Inc., has committed to subscribe to its respective Entitlement Shares and to all unsubscribed Rights Shares remaining after the second round of the Rights Offer pursuant to its letter of commitment submitted to the

PSE. Abacus Capital also has a firm commitment to subscribe to all unsubscribed shares remaining after the second round of the Rights Offer and after the implementation of the aforementioned major shareholders' commitment.

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 in 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 then 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. ("AMPI") 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 (1) 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.

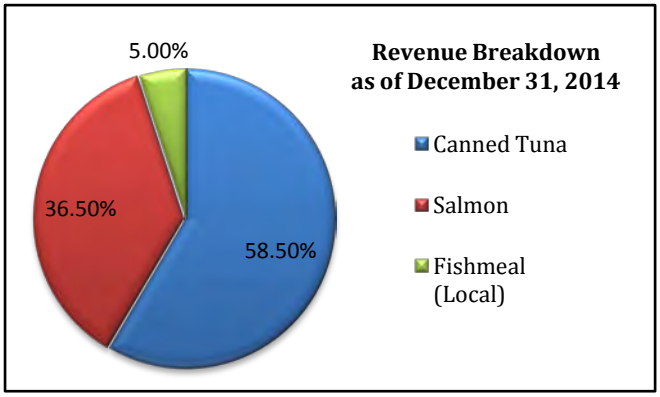
The Company is a processor and exporter of canned tuna as well as smoked salmon, and it commits to manufacture, in partnership with its global customers and local suppliers, high quality food products from naturally sustainable sources. As part of the Company's expansion strategy to secure its own raw 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 ownership. For more information on the Company's subsidiaries and affiliates, please refer to page 60 of this Prospectus.

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.

For smoked salmon, the Company processes and sells these to both institutional and retail customers. The Company currently produces several varieties of hot and cold smoked salmon products, which are sold either as fillets, slices, or shavings. PFNZ, which is located in New Zealand, used to be a salmon processing arm of the Company until it ceased manufacturing operations in 2014. At present, it serves as a primary customer and marketing channel of BGB to New Zealand. Its subsidiary 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 ("BRC") global standards and with International Food Standard for its canneries in General Santos City, Philippines and Bitung, Indonesia. It has also been accredited by the United States Food and Drug Administration ("US FDA") for its facilities in both the Philippines and 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.

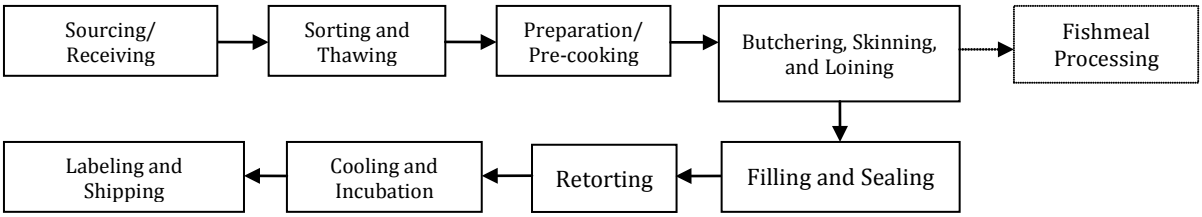
Please refer to the section "Product Lines" on page 65 of this Prospectus for further information on each of the Company's products.

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.

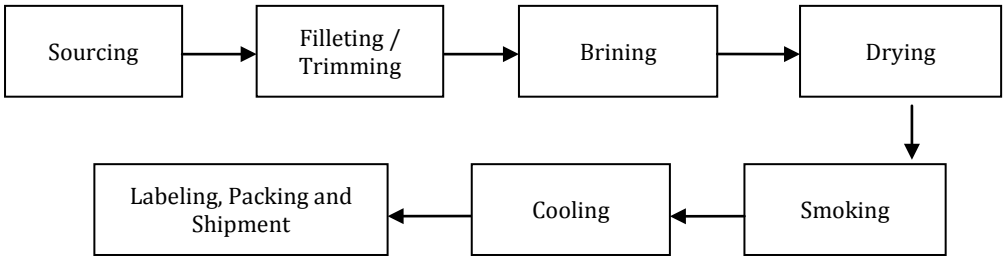
PRODUCTION PROCESS

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



COMPETITIVE STRENGTHS

The Company's competitive strengths include the following:

- The Company has established good relationships with the Company's customers
- Integrated canned tuna and smoked salmon operations
- Strategic location of production facilities for the Company's canned tuna products
- New management team

For a detailed discussion, please refer to the section "Competitive Strength" starting on page 62 of this Prospectus.

BUSINESS PLANS

The Company's short term business plans include the following:

- Increased profitability through a more focused sales strategy and better cost control measures
- Refocusing the organization's direction with the leadership of new management

For a detailed discussion of the Company's business plans, please refer to page 75 of this Prospectus.

INVESTMENT CONSIDERATIONS AND RISK FACTORS

Before making an investment decision, prospective investors are advised to consider carefully all the information contained in this Prospectus, including the following key points characterizing the potential risks associated with an investment in the Rights Shares.

- Risks relating to the Company;
- Risks relating to the Philippines; and
- Risks relating to the Common Shares.

Please refer to the section entitled "Investment Considerations and Risk Factors" beginning on page 25 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Rights Shares.

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FINANCIAL HIGHLIGHTS

The tables below present the Company's selected consolidated financial information and should be read in conjunction with the auditor's reports and with the consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" found on page 88. The selected consolidated financial information presented below were derived from the audited consolidated financial statements of the Company as of December 31, 2013 and 2014, and for the years ended December 31, 2012, 2013, and 2014, as audited by Navarro Amper & Co., a member of Deloitte Touche Tohmatsu, and the interim unaudited consolidated financial statement as of March 31, 2015 and for the periods ended March 31, 2014 and 2015, prepared in accordance with Philippine Financial Reporting Standards ("PFRS"). The financial statements of the Company are presented in United States Dollar, the currency of the primary economic environment in which the Company operates.

The selected consolidated financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date. Please refer to the financial statements found in Annex I of this Prospectus.

Table 1: FOOD Summary of Statement of Comprehensive Income (in US$ Thousands)

Income Statement Data	**Audited December 31**			**Unaudited March 31**	
	2012	**2013**	**2014**	**2014**	**2015**
Revenues	**82,337**	**84,328**	**81,262**	**21,450**	**21,351**
Cost of Goods Manufactured and Sold	71,762	77,000	73,382	18,875	19,041
Gross Profit	**10,575**	**7,328**	**7,880**	**2,575**	**2,311**
Other Income	88	1,118	435	827	139
Selling and Administrative Expenses	6,810	10,015	28,290	1,826	1,646
Other Expenses	(438)	(156)	(641)	(57)	(244)
Finance Costs	(2,083)	(1,761)	(1,831)	(446)	(450)
Share in Equity in Net Earnings (Loss) of Associates	195	105	(229)	10	57
Share in Equity in Net Earnings (Loss) of Joint Ventures	107	(69)	74	9	17
Profit (Loss) Before Tax	**1,634**	**(3,450)**	**(22,602)**	**1,091**	**183**
Income Tax Expense (Benefit)	866	(531)	(5,525)	331	165
Profit (Loss) for the Year	**767**	**(2,919)**	**(17,077)**	**760**	**18**

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

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Table 2: FOOD Summary of Statement of Financial Position (in US$ Thousands)				
Balance Sheet Data	**Audited December 31**			**Unaudited March 31**
	2012	**2013**	**2014**	**2015**
Cash	4,192	1,568	2,426	2,551
Trade and other receivables - net	11,474	16,162	9,304	10,214
Due from related parties	1,411	810	494	503
Inventories - net	9,681	14,437	18,788	14,734
Biological asset	202	220	204	208
Prepayments and other current assets	1,799	1,364	1,557	1,685
Assets held-for-sale	4,546	-	-	-
Total Current Assets	**33,306**	**34,563**	**32,772**	**29,895**
Investments in associates	231	337	108	165
Investment in joint ventures	530	472	561	578
Property, plant and equipment - net	23,013	21,127	13,227	13,612
Deferred tax assets	213	1,409	7,490	7,603
Goodwill	9,503	9,503	9,503	9,503
Other intangible assets - net	268	219	200	206
Other non-current assets	2,022	1,832	1,986	2,125
Total Noncurrent Assets	**35,780**	**34,897**	**33,075**	**33,792**
TOTAL ASSETS	**69,085**	**69,460**	**65,847**	**63,687**
Trade and other payables	6,878	7,332	9,040	8,764
Loans payable	23,951	28,610	29,201	27,254
Income tax payable	538	227	1	288
Due to related parties	26	144	154	139
Total Current Liabilities	**31,393**	**36,314**	**38,396**	**36,445**
Loans payable - net of current portion	5,176	4,565	3,399	3,016
Due to related parties - net of current portion	987	-	-	-
Retirement benefit obligation	773	635	416	402
Deferred tax liabilities	237	259	304	305
Total Noncurrent Liabilities	**7,172**	**5,459**	**4,120**	**3,723**
Total Liabilities	**38,565**	**41,773**	**42,516**	**40,168**
Share capital	22,576	22,576	32,239	32,239
Reserves	4,083	4,065	7,062	7,233
Retained earnings	3,808	1,331	(15,045)	(14,994)
Treasury shares	(6)	(6)	(6)	(6)
Equity attributable to equity holders of the parent	**30,461**	**27,966**	**24,249**	**24,471**
Non-controlling interest	60	(279)	(919)	(952)
Total Equity	**30,521**	**27,687**	**23,331**	**23,520**
TOTAL LIABILITIES AND EQUITY	**69,085**	**69,460**	**65,847**	**63,687**

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

TERMS OF THE RIGHTS OFFER

Issuer	Alliance Select Foods International, Inc., formerly known as Alliance Tuna International, Inc. ("FOOD" or the "Company")
Rights Shares	1,000,000,000 Common Shares of the Company with a par value of ₱1.00 per share. All of the Rights Shares will be issued from the Company's increase in authorized capital stock from 1,500,000,000 Common Shares to 3,000,000,000 Common Shares. The Rights Shares shall rank equally in all respects with existing Common Shares, including the right to receive all dividends, or distributions made, paid or declared after a valid subscription agreement is perfected between the Company and a buyer as evidenced by the written acceptance by the Company of the application to subscribe and purchase (the "Application to Subscribe and Purchase" or the "Application") of the buyer and other conditions, including listing of the Rights Shares on the PSE.
The Offer	The Company is offering Common Shares for subscription to Eligible Shareholders on a pre-emptive rights basis. Strongoak Inc., one of the Company's major beneficial shareholders, has committed to subscribe to its respective Entitlement Shares, and to all unsubscribed Rights Shares remaining after the second round of the Rights Offer pursuant to its letter of commitment submitted to the PSE. To the extent that any Rights Shares remain unsubscribed in the Rights Offer after the mandatory Second Round, such Rights Shares, subject to certain conditions, will be taken up by Abacus Capital, as the Underwriter, who shall procure purchasers, or failing which, shall purchase the unsubscribed Rights Shares.
Offer Price	The Rights Shares are being offered to all Eligible Shareholders at the Offer Price of ₱1.00 per Share. The Offer Price is equivalent to the par value of the Company's Common Shares and represents a 19.71% discount to the volume weighted average price ("VWAP") of the Company's Common Shares for the 15-trading day period immediately preceding the Pricing Date, from January 27 to February 16, 2015. Pricing Date was set on February 17, 2015, the date the Company's Board of Directors approved the Rights Offer.
Offer Period	The Offer Period shall commence on August 17, 2015 at 9:00 a.m. (Manila time) and end on August 26, 2015 at 12:00 noon (Manila time). FOOD and Abacus Capital reserve the right to extend or terminate the Offer Period with the approval of the PSE. If for any reason, any day of the Offer Period is a non-Banking Day, the Offer Period shall automatically be extended to the next succeeding banking day/s such that there will always be seven (7) Banking Days comprising the Offer Period, unless sooner terminated or extended by the Company.

Minimum Subscription

Each Application must be for a minimum of one (1) Rights Share.

Use of Proceeds

The gross proceeds from the Rights Offer are expected to be ₱1,000,000,000.00. The net proceeds from the Rights Offer, after deducting taxes and PSE fees, are expected to amount to ₱993,868,800.00. Any fees and expenses relating to the Company's Rights Offer will be settled separately and shall not be deducted from the net proceeds of the Rights Offer.

The planned use of net proceeds from the Rights Offer and schedule of disbursement are as follows:

Purpose	Amount (in US$0.00)	Schedule of Disbursement
Capital expenditures	5,500,000	Beginning 4th Quarter 2015
Repayment of loans	2,000,000	Immediately after Offer
New management information system installation	750,000	Beginning 4th Quarter 2015
Working capital requirements	13,936,500	Beginning 4th Quarter 2015

Eligible Shareholders

The Rights Shares are being offered to eligible existing holders of record of Common Shares as of the Record Date. The Common Shares may be held by any person or entity, subject to the right of the Company to reject an Application or reduce the number of Rights Shares applied for subscription or purchase if the same will cause the Company to be in breach of the Philippine ownership requirement under relevant Philippine laws.

Rights Entitlement

Each Eligible Shareholder is entitled to subscribe to one (1) Rights Share for every one and one-half (1.50) Common Shares held as of the Record Date (the "Entitlement Shares").

Fractions of the Rights Shares will not be allotted to existing shareholders and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractions will be aggregated and sold for the benefit of the Company.

Subscription to the Rights Shares in certain jurisdictions may be restricted by law. Foreign investors interested in subscribing or purchasing the Rights Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Rights Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Rights Shares.

The offer process in relation to the Entitlement Shares shall also be known as the First Round of the Rights Offer.

Additional Subscription

If an Eligible Shareholder (the "Applicant") fully subscribes to his Entitlement Shares and subject to the availability of unsubscribed Rights Shares arising from the failure of other Eligible Shareholders to fully exercise their Entitlement Shares, the Applicant may simultaneously apply for an additional subscription of unsubscribed Rights Shares ("Additional Rights Shares"). The Additional Rights Shares are payable in full upon submission of the Application.

If the aggregate number of Additional Rights Shares available for subscription equals or exceeds the aggregate number of Additional Rights Shares so subscribed for by all Applicants, an Applicant shall be allocated the number of Additional Rights Shares indicated in his Application.

If the aggregate number of Additional Rights Shares available for subscription is less than the aggregate number of Additional Rights Shares so subscribed for by all Applicants, the available Additional Rights Shares shall be allocated among all Applicants who have applied to subscribe for such Additional Rights Shares. Such allocation will be made at the discretion of the Company primarily based on each Applicant's original shareholdings in the Company as of Record Date relative to the original shareholding of all other applicants for Additional Rights Shares as of such Record Date, provided that no Applicant for Additional Rights Shares shall be allocated Additional Rights Shares that are more than the number for which such Applicant has applied.

There can be no guarantee made as to the number of Additional Rights Shares an Applicant may be allocated. A subscription for Additional Rights Shares is irrevocable on the part of the Applicant and may not be cancelled or modified by such Applicant.

The offer process in relation to the Additional Rights Shares shall be known as the Second Round of the Rights Offer.

Procedure for Application

All Applications shall be evidenced by the Application to Subscribe and Purchase form, duly executed by an authorized signatory of the Applicant and the corresponding payment for the Rights Shares covered by the Application and all other required documents. The duly executed Application and required documents should be submitted during the Offer Period to the Receiving Agent.

If the Applicant is an eligible individual shareholder, the Applicant must submit:

- A properly completed Application to Subscribe and Purchase;
- A duly executed Signature Card; and
- A photocopy of one (1) valid government-issued ID: SSS, GSIS, Driver's License, Passport, or PRC ID.

If the Applicant is a corporation, partnership or trust account, the Application to Subscribe and Purchase must be accompanied by a duly notarized corporate secretary's certificate:

- setting forth the resolution of the applicant's board of directors or equivalent body authorizing the purchase of the Rights Shares indicated in the Application;
- identifying the designated signatories authorized for the purpose, including his or her specimen signature; and
- certifying to the percentage of the Applicant's capital or capital stock held by Philippine nationals.

If the Applicant is a non-Filipino (individual shareholder or corporation, partnership, or trust account), the Application to Subscribe and Purchase must be accompanied by a certification letter (in the form attached to the Application to Subscribe and Purchase) representing and warranting that:

- the Applicant is not a resident in the United States; and
- the Applicant's purchase of the Rights Shares will not violate the laws of their resident jurisdiction.

Applicants who wish to avail of Additional Rights Shares must fill up the pertinent portion of the Application and include in one (1) check payment for the Entitlement Shares and Additional Rights Shares.

Applications must be received by Development Bank of the Philippines – Trust Banking Group at their offices at DBP Head Office, Gil J. Puyat, Makati City (the "Receiving Agent") not later than 12:00 noon on August 26, 2015. Applications received thereafter or without the required documents will be rejected.

Applications shall be considered irrevocable upon submission to the Receiving Agent, and shall be subject to the terms and conditions of the Rights Offer as stated in this Prospectus and in the Application. The actual subscription and/or purchase of the Rights Shares shall become effective only upon the actual listing of the Rights Shares on the PSE.

Payment Terms

The Rights Shares must be paid for in full upon submission of the Application. Payment must be in Philippine Pesos by means of: (a) a duly funded personal/company check drawn against a bank account with any branch of a Bangko Sentral ng Pilipinas ("BSP") authorized agent bank located in Metro Manila, or (b) a Manager's or a Cashier's Check. Checks must be made payable to the order of "Alliance Select Foods Rights Offer" crossed "Payee's Account Only", and dated as of the date of the Application to Subscribe and Purchase Form. Check payments for regional clearing shall not be accepted.

Acceptance/Rejection of Applications	The Company has full discretion to accept and reject all or a portion of any Application under the terms and conditions of the Rights Offer. The actual number of Rights Shares to which any Applicant may be entitled to is subject to the confirmation of the Company. Applications where checks are dishonored upon first presentment and Applications which do not comply with the terms of the Rights Offer shall be rejected. Moreover, payments received upon submission of an Application do not constitute approval or acceptance by the Company of the Application. An Application, when accepted, shall constitute an agreement between the Applicant and the Company for the subscription to the Rights Shares at the time, in the manner, and subject to the terms and conditions set forth in the Application and those described in this Prospectus. Notwithstanding the acceptance of any Application by the Company, the actual subscription and/or purchase of an Applicant of the Rights Shares will become effective only upon listing of the Rights Shares on the PSE. If such condition is not fulfilled on or before the periods provided in the Application and those described in this Prospectus, all application payments will be returned to the Applicants without interest.
Refunds	In the event that the number of Rights Shares to be received by an Applicant is less than the number covered by its Application, or if an Application is rejected by the Company, then the Company shall refund, without interest, via check payable to the relevant Applicant, beginning on the fifth (5th) Banking Day from the end of the Offer Period, the amount corresponding to the number of Rights Shares not issued to such Applicant. Such refund check shall be made available for pickup at the offices of Development Bank of the Philippines – Trust Banking Group at DBP Head Office, Gil J. Puyat, Makati City. Refund checks that remain unclaimed after thirty (30) days from the date such checks are made available for pickup shall be mailed at the Applicant's risk to the address indicated in the Application.
Receiving Agent and Escrow Bank	Development Bank of the Philippines– Trust Banking Group with office address at DBP Head Office, Gil J. Puyat, Makati City
Stock Transfer Agent	Securities Transfer Services, Inc. with office address at Ground Floor, Benpres Building, Exchange Road corner Meralco Avenue, Pasig City
Documentary Stamp Tax	All documentary stamp taxes applicable to the original issuance of the Rights Shares shall be for the sole account of the Company.
Registration and Lodgment of Shares with the PDTC	Rights Shares are required to be lodged with the Philippine Depository and Trust Corporation (the "PDTC"). Applicants must provide the required information in the Application to effect the lodgment. Applicants may request their shares to be issued in certificated form and to receive stock certificates evidencing their investment in the Rights Shares through their respective brokers after full payment, lodgment and listing of the Rights Shares and in accordance with the existing upliftment procedures. Any expense incurred in connection with such issuance of certificates shall be for the account of the Applicant.

Registration of Foreign Investments

The BSP requires that investments in Philippine securities listed on the PSE funded by inward remittance of foreign currency be converted to Philippine Pesos and registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance is to be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Rights Shares shall be the responsibility of the foreign investor and all costs therefore borne by such foreign investor.

Restriction on Ownership

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of companies engaged in certain activities. At present, there are no foreign ownership restrictions on the outstanding capital stock of the Company with respect to its business as presently conducted.

Listing and Trading

The Company's application for the listing of the Rights Shares was approved by the PSE on July 8, 2015. All of the Rights Shares are expected to be listed on the PSE on October 20, 2015, after obtaining the SEC approval on the Company's application to increase its authorized capital stock. The Company will file with SEC an application for increase in the authorized capital stock after the completion of the Rights Offer. Trading is expected to commence on the same date that the relevant Rights Shares are listed on the PSE.

Timetable

The timetable of the Rights Offer is scheduled as follows:

Pricing Date	February 17, 2015
Ex-Date	August 4, 2015
Record Date	August 7, 2015
Offer Period	August 17, 2015 9:00 a.m. (Manila time) to August 26, 2015 12:00 noon (Manila time)
Listing Date	October 20, 2015

The dates listed above are subject to market and other conditions and may be changed at the discretion of the Company and Abacus Capital, subject to the approval of the PSE.

Underwriter's Firm Commitment to Purchase

Abacus Capital, the Issue Manager and Underwriter, in accordance with the Underwriting Agreement, shall purchase or procure subscribers to purchase the unsubscribed Rights Shares after the mandatory Second Round of the Offer and after the implementation of the commitment by the major shareholders to subscribe to the unsubscribed Rights Shares, to ensure that the Rights Shares covered by the Rights Offer are fully subscribed.

INVESTMENT CONSIDERATIONS AND RISK FACTORS

Before making an investment decision, prospective investors should carefully consider the risks described below in addition to the other information set forth in this Prospectus. However, this section does not purport to disclose all risks and other significant aspects of investing in the Rights Shares. Investors deal in a range of investments, each of which may carry a different level of risk. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition, and prospects, and may cause the market price of the Rights Shares to fall significantly.

The Prospectus contains forward-looking statements, which involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements as a result of certain factors that may include, but are not limited to, those discussed below. Certain terms used in this description of risk factors are defined elsewhere in this Prospectus.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially in the trading of high-risk securities. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity and may request all publicly available information regarding the Company and the Rights Shares from the SEC. Each investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and other related aspects of an investment in the Rights Shares.

RISKS RELATING TO THE COMPANY

Risk relating to tuna supply

The Company's canned tuna revenues comprised 58.50% of the Company's total revenues in 2014. A disruption in the supply of tuna will have an adverse effect on the Company's operations as it is the primary raw material and accounts for about 70.00% of total product cost of canned tuna.

To ensure continued profitability, the Company's canned tuna operations need timely and adequate access to competitively priced tuna. Fish suppliers should be able to catch tuna where it is abundant without any unreasonable restrictions placed on their operations.

Traditionally, Filipino fishermen delivering frozen fish catch their tuna in Philippine waters, Indonesia and international waters. These waters are extremely rich in skipjack and yellowfin tuna, the two species that the Company produces. However, in the last few years there has been a trend toward resource nationalization and environmental sustainability. Indonesia, one of the leading tuna catching nations, closed its territorial waters to foreign flagged fishing boats.

Also, the Western & Central Pacific Fisheries Commission ("WCPFC"), the international body governing the management of fishing resources in the international waters in the region, put a moratorium on fishing in these waters. The other significant move by the WCPFC was the closing of certain pockets in the high seas. In January 1, 2010, the WCPFC implemented a two-year WCPO tuna fishing ban on purse seine fishing along the Pacific Ocean's High Seas Pocket ("HSP") 1 and 2. These are international waters and outside the jurisdiction of any particular national government. This restriction was instituted in 2010 and has expired in 2012. No legal fishing is permitted in this area for the 24 months period commencing on January 1, 2010, which resulted to around US$115.00 million deficit on Mindanao's economy and loss of approximately 9,000 jobs in the local fishing industry based on the Department of Agriculture Bureau of Fisheries and Aquatic Resources ("BFAR") records. Upon expiry of the fishing restriction in 2012, the Philippines was given limited access to HSP 1 in which BFAR allowed the operation of at most thirty-six (36)

traditional ice chilled fishing vessels in the area. Out of the thirty-six (36) domestic-based catcher vessels, only eleven (11) recommenced activities in the high seas pocket located between Palau, Indonesia, Federated States of Micronesia and Papua New Guinea, with a total catch of around 2,066 MT for the periods covering October to December 2012.[1]

As a way to stabilize fish supply, the Company decided to complement its current base of fish suppliers by starting its own fishing operations. PT IAFI entered into a joint venture to establish VDZ in Indonesia to fish in Indonesian waters. This fishing company has been granted a license to fish up to 30,000 MT.

Risk relating to salmon supply

The Company's smoked salmon revenues accounted for 36.50% of the Company's total revenues in 2014. A disruption in the supply of salmon will have an adverse effect on the Company's operations.

BGB sources all of its salmon from New Zealand, Chile, and Norway. It purchases a variety of salmon from several suppliers in these countries.

The Company's New Zealand based subsidiary, Akaroa, has its own salmon farms and sources all of its salmon raw materials from its farms. The salmon farming industry in New Zealand is currently on a growth curve since the current administration of the New Zealand government lifted the moratorium on issuing new aquaculture licenses. The goal is for the industry to contribute NZ$1.00 billion in export receipts by the year 2025.

Spence, the Company's US subsidiary, procures all of its salmon raw material from local fish brokers who in turn source the fish from farms in Chile, Norway or Scotland. Supplies from these farms fluctuate and may carry with them a risk of outbreak of contagious disease which may affect supply, and hence prices.

Risk relating to competition and tuna selling prices

Aside from market prices of raw tuna, competition from Philippines, Thailand, Indonesia, and international tuna canners also affect the market price of canned tuna. Competitive pressure among tuna canners in the Philippines, Thailand, Indonesia, and other countries bring about price-cutting which result to narrower margin for the canners. In addition, prices of canned tuna products are often dictated by international buyers.

The Company tries to address this situation by ensuring operational efficiencies in both its facilities to reduce production cost, and by selling to diverse clients.

Risk relating to competition and salmon selling prices

PFNZ's main price risk comes from price promotions by its main competitor and PFNZ mitigates the risk by having its own price promotions.

BGB, the smoked salmon subsidiary based in General Santos City, has started to establish itself as a producer of high quality smoked salmon. This subsidiary smokes salmon imported from New Zealand, Chile, and Norway, which is of premium quality.

Spence also operates in a very competitive market and though price is not the only deciding factor in a consumer's mind, it does play a role. Spence distinguishes itself from its competitors on the quality of products and innovation.

[1] 2013 Philippine Annual Fishery Report Update

Risk relating to contamination of farmed salmon

Farmed salmon is the primary raw material for the Company's smoked salmon products and accounts for about 70.00% of the total production cost of its smoked salmon products. Akaroa, the Company's subsidiary in New Zealand, has its own salmon farms and sources its salmon raw materials from its farms. The Company also purchases wild salmon from the commercial fishing operations and farmed salmon from third party suppliers.

The supply of farmed salmon is subject to diseases and parasites. Farmed salmon is often confined in large numbers in highly restrictive net pens for all of their adult life and are therefore more likely to incubate diseases and parasites. If there is an outbreak of disease and parasites in farms, the Company's supply of farmed salmon will be affected. It may also cause a sudden augmentation of the price of the raw materials and may adversely affect the Company's operations and profitability.

Moreover, as Akaroa's farming operations are carried outdoor, extreme weather conditions may damage or destroy the fencing system, which may result in the salmon escaping from its farms. In such case, its ability to sell salmon will also be affected.

As the Company depends largely on the salmon provided by third party farmers and Akaroa's own farming operation, any sudden shortage in the supply of salmon may adversely affect the Company's ability to deliver the salmon products to its customers on time, which could result in a loss of customers or sale orders. In the event of any significant increase in the cost of salmon and to the extent that the Company is unable to pass on such increase in cost to its customers on a timely basis or find a cheaper source of supply, the Company's profit margins may be adversely affected.

Risk relating to heavy metals contamination

There has been controversy and debate on the levels of mercury found in canned tuna products. In March 2004, the US FDA issued guidelines recommending that pregnant women, nursing mothers, and children limit their intake of tuna and other predatory fish. In connection to this, the United States California Attorney General's Office required all canned tuna producers to post a warning on can labels about possible toxic exposure. On May 11, 2006, however, a San Francisco judge ruled and overturned the California Attorney General's requirement on putting warnings on canned tuna label. As such, US tuna companies do not have to put warnings on their can labels anymore. Furthermore, in 2009, a California appeals court upheld the ruling that canned tuna does not need warning labels as methyl mercury is naturally occurring.

Recent studies have found that the level of mercury in canned tuna products are way below the posted maximum levels that the US FDA considers harmful to human health. These studies conclude that canned tuna products are not harmful in any way for human consumption. Moreover, mercury levels can be high in larger species of tuna such as Bluefin and Albacore due to their high position in the food chain and the subsequent accumulation of heavy metals from their diet.

The European Union ("EU"), a major market for canned tuna products, has not posed any of the foregoing concerns on mercury levels in canned tuna products. The EU's Codex Alimentarius Commission allows lead content in tuna and other fish products a maximum of 0.2 parts per million ("PPM"), which the Company meets.

New Zealand King Salmon has very low levels of heavy metal contamination compared to other world farmed and wild salmon. Atlantic salmon purchased from countries like Norway will need to comply with a specification that complies with the lowest country standards.

Risk relating to can and other packaging supplies

The Company's second key input is packaging, which is tin cans for the Company's key product, canned tuna, and sleeves and pouches for salmon. World market prices of tin plates affect the cost of producing the cans. Since the tin plates are a commodity product, global demand and supply affect prices.

At present, the Company procures most of its tin can requirements from FDCP, a 40.00%-owned affiliate. FDCP is a can-making company whose plant is situated right beside the Company's tuna processing facilities in General Santos City. Due to its proximity and relationship with FDCP, the Company enjoys certain advantages, including, among others, just-in-time delivery, on-the-spot quality checks, access to can expertise and better coordination on can-size requirements.

PT IAFI sources its can requirements from Indonesian tin can manufacturers.

The Company has not had any problems in sourcing its can requirements in the past and does not foresee this to happen in the near future.

Risk relating to environmental and climate change issues

A critical factor in tuna fish catching includes weather patterns like El Niño or La Niña. During periods of El Niño, ocean water temperatures tend to rise above historical average temperatures and tuna tend to swim into deeper, cooler waters. Fishermen have difficulty in catching tuna during this period. The opposite happens when the La Niña phenomenon occurs and ocean water temperatures become cooler.

A key advantage of Philippine canned tuna manufacturers is that the country is located near the WCPO. Scientific studies have estimated that this fishing area contains 57.28% of the global tuna catch. Furthermore, the Philippines is located within the key shipping route of most international fishing companies.

Fish deliveries also depend to a certain extent on the force of winds and waves in the seas. During rough weather the local fishermen fishing in municipal waters, who are an important source of supply for the Company, stay on shore. Supply thus becomes constrained and prices reflect the dwindling fish stock. Larger fishing companies, who fish in international waters and deliver their catch across national boundaries, are also affected by the weather. These firms tend to have large fishing fleets with fish catching boats staying in the high seas for months. As they catch fish, they transfer the fish to smaller vessels that then transport the catch to fishing ports. However, during rough weather these transport boats generally do not make any on-shore deliveries, thus affecting supplies.

At present, the effect of earthquakes and tsunamis on tuna fish catch is not a well-studied phenomenon and there is no scientific data to support any hypothesis that tuna is scarce or abundant during these natural events.

Risk relating to inventory write-downs, obsolescence and spoilage

The value of canned tuna moves with the prevailing price of tuna, its primary raw material. Tuna is a commodity, which means that its prices are volatile. The Company is exposed to the risk that it will produce when manufacturing costs are high and sell when the price of canned tuna is low. In such instances when the recoverable amount is less than the carrying value of the goods, the Company will be forced to recognize inventory write-downs. To mitigate this, the Company ensures that there are matched orders for its tuna supply.

The Company must also provide provisions for obsolescence and spoilage especially since its finished goods are food products. This is controlled by the Company through proper inventory management, increased sales efforts for quicker turnovers, and strict implementation of quality assurance protocols.

Risk relating to the Company's fishing vessels

At present, the Company owns a total of five (5) fishing vessels. These are mechanical vessels that are subject to regular mechanical wear and tear and breakdowns. The occurrence of mechanical failure may result in downtime and opportunity losses for the Company.

The Company's fishing vessels are likewise susceptible to acts of piracy and terrorism where it operates. Since the late 1980s, Southeast Asia has become one of the global hotspots of pirate attacks on merchant and fishing vessels. There has been increasing count of pirate attacks in Indonesia, Malaysia, Singapore Straits, and Southern part of the Philippines. In 2014, the Philippines had four (4) actual and two (2) attempted pirate attacks[2]. In the event of pirate attack, the Company may lose the fish catch, boat engines, fuel, personal effects, or worse, the vessel itself. It may even cost the lives of its fishermen.

The Company has already set up impairment provisions on the value of the vessels and they are currently not operating.

Risk relating to the land leases

Some of the Company's subsidiaries lease the land where their processing facilities are located. The land where the Company's canned tuna and smoked salmon operations are located in the Philippines is currently being leased from AMPI. The Company has long term lease contracts to mitigate this risk.

Land in New Zealand where Akaroa's facilities are located, is being leased from New Zealand Guardian Trust Company Ltd. This is true of Spence as well. The Company tries to mitigate this risk by entering into long term contracts with the land owners.

Risk relating to quality assurance failure on processes

Canned tuna and smoked salmon are both for human consumption. As such, a high quality assurance standard for these products is required as product failure can affect human health. The presence of toxins, foreign materials, and the like in canned tuna and smoked salmon products will necessitate the recall of an entire production batch. Product and process failures will have an adverse negative effect on the Company's reputation.

The Company has a Quality Assurance department in its tuna cannery composed of experienced and trained personnel. The department is staffed with graduates of chemical engineering, microbiology, and fisheries. The Quality Assurance department is responsible for the Company's Hazard Analysis and Critical Control Points ("HACCP") plan, Good Manufacturing Practices, and hygiene compliance, and addressing customers' complaints.

The Company's quality assurance procedures should be observed in every stage of the tuna canning process, and these procedures are integrated into the production process. It starts before the fish are received and continues on to receiving, processing, warehousing, and shipment. The Quality Assurance manager has the authority to reject fish, stop production, and stop a shipment in the event that any quality specification is violated.

[2] ICC International Maritime Bureau Piracy and Armed Robbery Against Ships – 2014 Annual Report

In the event a quality problem reaches a buyer, the quality assurance department can readily trace the problem through its HACCP program based on the product batch code. The Company has a library of reference samples that are kept for five (5) years for oil mediums and three (3) years for brine mediums. Other records are also kept for five (5) years.

The Company implements a daily monitoring system through the daily quality profile done per production shift. These reports are submitted to the quality assurance manager.

Risk relating to contractual arrangements

Due to the commodity nature of the canned tuna industry, buyers will go to the suppliers that provide quality products at the lowest possible price. At present, the Company's contractual arrangement with its buyers is undertaken on a "per purchase order" basis.

For the Company's smoked salmon business, there are no long-term contractual arrangements. But the Company has had long term relationships with its customers.

Risk relating to failure to obtain or renew the requisite operating licenses or certifications for the Company's operations

The Company is required to obtain all relevant licenses and certifications including environmental compliance certificates, certifications on implementation of HACCP system and certifications on dolphin-safe practices in order to carry on the business of food production, processing and export. For example, the Company obtained an environmental compliance certificate ("ECC") from DENR for its General Santos production facilities. BFAR has also certified the HACCP System that is implemented at the Company's General Santos cannery. The Company has also received Earth Island Institute's accreditation for its dolphin-safe practices. Such certifications have to be renewed every one (1) to five (5) years. There is no assurance that the Company will obtain the necessary licenses or certificates or will be able to renew any of them.

In the event that any such licenses or certificates is revoked or is unable to renew or extend such licenses or certificates, the Company may not be able to export some of its food products to certain countries, nor operate its facilities at all. This will adversely affect the Company's operations. In addition, its customers may lose confidence in the Company and may face a significant decline in the number of sales orders, which will adversely affect its business and results of operations.

To mitigate this risk, the Company's quality assurance team ensures that all regulations of the certifying bodies from standard operating protocols to documentation are being followed properly.

Risk relating to labor matters

As of December 31, 2014, the Company has a total of 2,361 contractual/temporary and permanent employees. Its workforce at its General Santos plant comprised of 1,330 employees, while its Bitung plant employs another 873 persons. The Company's two (2) subsidiaries in New Zealand has 58 employees, while the wholly-owned US subsidiary employs another 65 persons. The Company's Manila office consisted of 33 employees, while its marketing representative office in Bangkok, Thailand has two (2) regular employees.

The Company complies with all the labor laws, rules, and regulations, thus avoiding any significant dispute with its workers. The Company's management believes that current relations between the Company and its employees and workers are generally good. However, being labor intensive, the Company is naturally exposed to the risk of industrial or labor disputes. None of the employees are under any collective bargaining agreement. The Company has not experienced any work disruptions since it started operations.

Risk relating to the Company's exposure to the credit risks of its customers, delays or defaults in payment by its customers

The Company is dependent on the credit worthiness of its customers. In the event that any of its customers materially default on their payments, the Company's financial position, operating cash flows and profitability could be adversely affected. Some of its customers could also experience cash flow difficulties or the possibility of liquidation and this in turn could lead to the Company experiencing long delays in its collection of payments. The Company's average trade receivables turnover for the last three financial years ended December 31, 2012, 2013 and 2014 was 49 days, 38 days and 38 days, respectively.

The Company cannot provide any assurance that its exposure to the risk of long delays in payment from its customers or defaults of payment by its customers will not increase or that it will not experience any loss or cash flow problems which could affect its financial position and profitability as a result.

Risk relating to the Company's exposure on prepayment risks to its suppliers

The Company makes prepayments to certain suppliers in order to secure raw materials and products on better terms. However, should such suppliers experience financial difficulties or disruptions to their businesses and fail to deliver to the Company raw materials and products despite prepayments already having been made, or should there be any disruption in or shortage of supply or reduction of allocation of raw materials and products to the Company from its suppliers for any reason, the Company may be unable to recover the prepayments made to its suppliers and may have to undertake contingency measures to source for alternative suppliers. There is no assurance that such contingency measures will be sufficient to meet the Company's needs or that it will be able to do so at comparable costs. If contingency measures are inadequate or the related costs are higher, the Company's business operations and financial performance will be adversely affected.

Risk relating to the Company's exposure to liquidity and credit risks

The Company may be exposed to liquidity risk, when the Company's working capital becomes insufficient to meet near-term financial demands. Liquidity risk must be mitigated as it tends to compound to credit risk. The Company is exposed to the possibility that adverse changes in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

This is managed by continuous monitoring of the weekly/monthly cash flows, as well as the longer term cash flow of the Company.

The Company is raising funds via the Rights Offer, which will primarily be used to finance its working capital requirements.

Risk that the Company may have insufficient insurance coverage or no insurance coverage for certain contingencies

The Company's operations are subject to hazards and risks inherent in its processing operations, such as contamination, fires, mechanical failure of equipment at its processing facilities and natural disasters. Many of these operating and other risks may cause personal injury and loss of life, severe damage to or destruction of its properties and environmental pollution, and could result in suspension of part or all of its operations and the imposition of penalties.

The Company faces the risks of loss and damage to its property and machinery due to fire, theft and natural disasters such as floods. Such events may cause a disruption to or cessation of its operations. While the Company's insurance policies cover some of the losses in respect of loss and damage to its properties, machinery and inventory, its insurance coverage may not be sufficient to cover all of its potential losses and liabilities. In addition, its insurance coverage may not cover all the risks which it may be exposed to. For instance, while the Company has insurance coverage for damages to its properties and machineries, among others, due to fire, lightning, earthquake fire or shock, typhoon, flood, broad water damage, and riot, strike and malicious damage, it does not have any insurance to cover expropriation or losses arising from business interruption, terrorism, war, radioactive exposure, disease, pests or unauthorised access to or attacks on its computer systems. If the losses exceed its insurance coverage, or if the Company is not covered by the insurance policies it has taken up, the Company may be liable to cover any shortfall or losses. Its insurance premiums may also increase substantially because of such claims. In such circumstances, the Company's business, results of operations and financial results may be materially and adversely affected.

Risk relating to power shortages

The Company has been relying mainly on mainstream power supplies since tuna canning operations require significant amounts of stable power load for its operations in its facilities in General Santos City, Mindanao. Ensuring enough power supply in Mindanao remains to be a major challenge with its growing demand without the additional capacity coming in.

Based on DOE's Philippine Energy Plan from 2012 to 2030, it expects power supply shortages in the year 2015, of about 6 megawatts (MW) in Visayas and 129 MW in Mindanao, while Luzon was expected to have more ample reserves as several more power projects are assumed to be committed by 2013 and 2014. Mindanao, which sources about half of its electricity requirements from hydro resources, was the hardest hit by the prolonged drought and had to rely heavily on expensive diesel-fed plants to supply additional electricity during the latest El Nino phenomenon.

Based also on data from the National Grid Corporation of the Philippines, as of May 14, 2015, the Luzon grid is estimated to have power supply reserves of 1,216 MW, the Visayas grid has around 51 MW of reserves, while the Mindanao grid has no reserve left.

Any downtime of the Company's operations over an extended period due to power interruptions would have a material adverse effect on the Company's business, operations, and financial condition.

At present, the Company's manufacturing and processing plants in General Santos City have three (3) standby electric generator sets in the event of power outages.

Risk relating to the peace and order situation in the location of the Company's production facilities and its fishing vessels' area of operation

Since the 1960s, several Muslim and communist groups in Mindanao have sought the complete autonomy of Mindanao from the rest of the Philippines and the establishment of a separate constitution. The Philippine government and the various separatist groups have been engaged in varying levels of prolonged armed conflict after failing to reach any form of resolution. Fighting escalated in 2008 after a decade-long peace process between the Philippine government and rebel Moro Islamic Liberation Front (MILF) collapsed. The two sides, however, signed a truce in July 2009 and in December 2009, formal peace talks between the two sides resumed.

In January 2015, a police operation led by three platoons of the elite Special Action Force (SAF) of the Philippine National Police (PNP) (allegedly joined by United States Army Special Forces) took place at the guerilla enclave of Tukanalipao, Mamasapano, Maguindanao, with the goal of detaining two high-ranking Jemaah Islamiyah-affiliated, improvised-explosive-device experts Zulkifli Abdhir (also known as Marwan) and Abdul Basit Usman. The mission resulted in the deaths of Marwan, 44 SAF members, 18 MILF and 5 BIFF members, and several civilians. The clash has been dubbed as the biggest loss of government elite force in history. This incident caused the Philippine Congress to halt the passage of the Bangsamoro Basic Law which was initially due on March 2015, effectively endangering the ongoing peace process between the Philippine government and the MILF.

The canned tuna and smoked salmon processing facilities in the Philippines are located in General Santos in Mindanao. Its fishing vessel's area of operation is in Mindanao as well. Any extension of separatist group activities into the northern part of Mindanao could cause a disruption to the Company's operations, which could in turn, have a material adverse impact on the business and results of operations.

Risk relating to environmental protection laws and regulations

The Company's operation of its processing and production facilities is subject to environmental laws and regulations relating to air and water pollutants, the protection of the environment and human health, safety, and the use and handling of hazardous substances, promulgated by the governments of the countries where it is operating and export its products to. These regulations empower such governments to impose penalties on those companies which do not comply with these laws and regulations. There can be no assurance that the Company will at all times be in full compliance with the laws and regulations in respect of environmental protection. In addition, the promulgation of any new environmental laws or regulations which require the Company to acquire equipment or incur additional capital expenditure would inevitably increase costs and affect its profitability and prospects.

One of the basic requirements of the Philippine government through the Department of Environment and Natural Resources ("DENR") before the production facility is allowed to operate is the establishment of a wastewater treatment facility. The Company secured an environmental compliance certificate ("ECC") from the DENR on July 25, 2011 which is still valid. In addition to this, the Company also has a Waste Water Discharge Permit which is valid until October 28, 2017. A Permit to Operate (Boiler) was also issued on January 17, 2006 and allows the Company to operate a boiler until October 12, 2016.

The Company's wastewater treatment plant is capable of treating 2,400 cubic meters of influents per day. It has the capability to reduce the Biological Oxygen Demand below the 30-ppm limit on effluent discharges set by the DENR.

BGB obtained an ECC on February 12, 2010 which is still valid. In addition to this, BGB also has a Waste Water Discharge Permit which is valid until June 15, 2019. A Permit to Operate (Diesel Engine Generator) was also issued on October 10, 2011 which is valid until June 26, 2017. BGB is also registered with the US FDA on March 26, 2015.

The Company's industrial compliance and pollution reduction measures have been rated "Very Good" by the DENR in its latest assessment of the Company's performance. In the event that new regulations or standards are promulgated by the DENR and other governing agencies where it is operating and export its products to, the Company assures that it will comply with it as the regulations come.

PFNZ complies with the environmental regulations as laid down by the Canterbury Regional Council for discharge of contaminants to land. This is audited annually. There have never been any issues that arose since PFNZ started operations in 1994. The Selwyn District Council also audits the factory annually for construction, health and safety, and potable water.

Spence meets both US FDA and the local state FDA standards for food plants. These regulations primarily pertain to Good Management Practices, HACCP food processing standards, and Standard Sanitation Operating Procedures. Spence also meets the state water and air emission standards, which tests are conducted annually. Spence also continues to abide by all laws relating to employment and safety regulations in the workplace, covered by Occupational Safety and Health Administration.

Risk relating to foreign exchange movements

Movements in the value of US Dollar against the Philippine Peso and other currencies can unfavorably affect the Company. It has subsidiaries that operate in the Philippines, Indonesia, New Zealand, and US, which means foreign exchange assumptions affect the consolidation of each subsidiary's financial result. Sales and sourcing of raw materials are both done locally and abroad resulting to a currency mismatch between revenue and cost components. Foreign exchange is also a crucial assumption in the Company's business strategies such as pricing.

Historically, the Philippines has experienced volatility in the exchange rate between the Philippine peso and the US Dollar, as well as against other currencies. The Company is working on making the functional currency of all its subsidiaries to be in US Dollars. As of this Prospectus, only the subsidiaries in New Zealand are waiting for approval of change in functional currency to US Dollars from New Zealand Dollars.

Risk relating to foreign regulations

A substantial part of the Company's revenue base is the export of its finished goods to customers abroad; hence, any changes in foreign regulations that will deny access to these customers can potentially harm the Company's viability. Such adverse foreign regulations can be limited to the Company only or applicable to the entire Philippines, in which case the burden of responsibility is not only on the Company.

Changes in internationally accepted standards can also affect the present operation protocols of the Company's manufacturing arms and increase our costs.

Further tuna fishing restrictions, especially to rich sources of tuna, will also minimize the benefits from the fishing operations of the Company.

Risk relating to trade bans, import policies and other barriers to trade

The Company exports its entire production of canned tuna globally to Europe, North America, Asia, Africa, and South America. The smoked salmon products by PFNZ and Spence are sold in the respective domestic markets in New Zealand and US while the BGB exports its processed smoked salmon to around Asia Pacific region, in addition to local sales in the Philippines. The primary market for its smoked salmon products is New Zealand, which accounted for approximately 70.00% of its sales of smoked salmon for the financial year ended December 31, 2014. The Company is accordingly subject to the applicable laws and regulations of the importing country in relation to its exports. Should the Company's export markets introduce measures and standards that make it more difficult or costly to export to their countries, or take steps to prevent, limit or prohibit the import of the Company's products, this could have a material and adverse impact on the Company's business and its financial performance.

Some countries may also ban the import of fishery products which are produced from fish that have not been caught in the required manner. For example, in October 2009, the EU introduced a new regime to ensure proper and equal control of the supply chain for fishery products imported into the EU. Accordingly, trade with the EU in fishery products originating from Illegal Unreported and Unregulated ("IUU") fishing is prohibited. A certification scheme that applies to all trade in

fishery products with the EU has also been implemented. In such case where the Company is unable to obtain the required certification, its canned tuna products may be banned from export to the EU markets and its business and results of operations may be adversely affected. The Company sources its raw fish from trusted suppliers whose vessels are certified by BFAR.

The Company is also subject to the import rules and regulations of the countries to which its products are exported. Any breach or non-compliance by the Company with these rules and regulations, or the Company's failure to maintain its certifications, may result in the rejection of or ban on some or all of its products by the country of import, or penalties being imposed on it. The occurrence of any of these events may adversely affect the Company's business operations and financial performance. Further, in the event that any of its export countries imposes a ban on the types of food products that it exports, or impose stricter standards on the import of food types which it produces, the Company's business and result of operations will be adversely affected. There can be no assurance that as the Company expands its export markets, its products will in every instance comply with prevailing import regulations of the countries to which it exports and be accepted into the country of import, or that the aggregate loss in any one financial year arising from the occurrences of such events will not be material.

Risk relating to the economic, political, legal or social environments of the locations to which the Company exports its products or in which it operates

Currently, most of the Company's customers are from Europe, North America, and other non-traditional markets. The Company's business, earnings, prospects, asset values and the value of its Shares may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, exchange control regulations, food industry laws and regulations, social instability and other political, legal, economic or diplomatic developments in or affecting our main export countries. The Company has no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on its operations or the price of or market for its Shares.

Risk relating to regional or global economic changes and crises may materially and adversely affect the Company's business

A global economic slowdown and turmoil and uncertainty in the global financial markets similar to what happened in 1990s and what began in the second half of 2008 may have a negative impact on the economy of the countries where the Company operates, which in turn could adversely affect the market and as a result adversely affect its business.

The Philippine, Indonesian, and US economies were affected by the crisis in the global financial markets originating from the liquidity shortfalls in the US credit and sub-prime residential mortgage markets in 2008, which have caused liquidity problems resulting in bankruptcy for many institutions, and in major government bailout packages for banks and other institutions. This crisis has also resulted in the failure of global financial institutions, a drop in the value of global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities.

Recently, the European sovereign debt crisis and the US budget crisis have both caused significant economic uncertainty and turmoil around the world. This may adversely affect the Company's consumers, and may in turn cause demand and prices for its products to fall, thereby reducing the Company's sales and profitability.

Economic crises may also lead to higher interest rates which will increase the costs of the Company's business. Any further disruptions, volatility or uncertainty in the credit markets could limit the Company's ability to borrow or increase its cost of borrowing. As such, the Company may be forced to pay unattractive interest rates, thereby increasing its interest expense, decreasing its profitability and reducing its financial flexibility. Furthermore, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in

the international and regional financial markets. Any such increased volatility, slowdown or negative growth could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

Risk relating to sustainability and management of the Company's growth

The Company's future operating results will depend on its ability to manage its external environment and source sufficient working capital, manage its growth including controlling costs, implementing and improving its operational and financial control systems, and managing human resources effectively including hiring, training, and managing employees. In the event that the Company is unable to manage its growth effectively or if any unexpected decline in the growth of its revenue occurs without a corresponding decline in the growth of its operating costs, the Company's financial condition and operating results will be adversely affected.

In the past years, the Company has made acquisitions and investments in several companies that complemented its tuna canning business as part of its growth strategy. It also acquired and invested in companies that enable the Company to source its raw materials on its own. The success of the Company's acquisitions and investments depend on the economic, business or other strategic objectives and goals of the acquired company or business, and the ability to successfully integrate the acquired company or business in the Company. If the Company is unsuccessful in its acquisitions and investments, its business, financial condition, results of operations and/or prospects may be materially and adversely affected.

To mitigate this risk, the Company regularly reviews its business plans and strategies to sustain and manage its growth. Please refer to the section entitled "Business Plans" for further details on the Company's business plans.

Risk relating to dependence on joint venture partners and members of senior management team

The Company has and will likely continue to depend significantly on the continued individual and collective contributions of its senior management team, as well as its joint venture partners.

The Company continues to build a talent pool that will meet its strategic objectives and plans to establish a succession plan.

Risk relating to control by certain shareholders

As of April 15, 2015, four (4) entities hold more than 5.00% of the outstanding shares. Strongoak Inc. owns 430,286,226 Common Shares, or 28.69% of the Company's outstanding shares. Hong Kong-based Harvest All Investment, Ltd. and Victory Fund own 177,261,165 and 138,474,015Common Shares, respectively, which are equivalent to 11.82% and 9.23% of the Company's outstanding shares, respectively. MHI owns 112,168,596 Common Shares, or 7.48% of the Company's outstanding shares.

There can also be no assurance that such controlling shareholders will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of such controlling shareholders may therefore differ significantly from or compete with the Company's interests, and they may vote their shares in a manner that is contrary to the interests of the Company. There can be no assurance that such controlling shareholders will exercise influence over the Company in a manner that is in the best interests of the Company.

Risk relating to shareholder disagreements and lawsuits

The Company, its shareholders, and its directors and officers are, and may in the future be, implicated in lawsuits on an on-going basis including, without limit, those arising from or relating to intra-corporate disputes. At present, the Company, certain shareholders, directors, and current and former officers of the Company are involved in intra-corporate/shareholder disagreements, disputes and lawsuits. These legal proceedings, lawsuits and/or disputes are discussed in more detail in the section entitled "Legal Proceedings" on page 79 and "Involvement in Legal Proceedings" starting on page 110 of this Prospectus.

Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subject the Company, its shareholders, and/or directors and officers to significant liabilities. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the marketplace or that the Company will be able to recover any losses incurred from such lawsuits, regardless of whether the Company is at fault. Furthermore, there can be no assurance that: (i) costs and/or losses relating to litigation will not be incurred beyond the limits or outside the coverage of insurance, or that any such costs and/or losses would not have a material adverse effect on the results of the Company's business, financial condition and results of operations, or (ii) provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure.

Risk relating to dilution

In the event that the Eligible Shareholders do not or are not able to subscribe to their provisional allotments of Rights Shares, their proportionate interest in the Company will be reduced. They may also experience dilution in the value of their Shares. Even if an Eligible Shareholder sells his Rights, or such Rights are sold on his behalf, the consideration he receives may not be sufficient to compensate him fully for the dilution of his interest in the Company as a result of the Rights Offer.

In addition, the Offer Price of the Rights Shares is set at ₱1.00 per share, which is higher than the Company's audited net tangible book value per share as of March 31, 2015, amounting to ₱0.66 per share, as adjusted to consider the net proceeds from the Rights Offer. Therefore, Eligible Shareholders who purchase their provisional entitlements of Rights Shares may experience immediate dilution on the value of the Rights Shares they purchase.

Risk relating to the occurrence of natural calamities

The Philippines and Indonesia, where the Company operates, have experienced a significant number of major natural calamities over the years, including typhoons, volcanic eruptions and earthquakes. These types of events may materially disrupt and adversely affect the Company's business and operations.

In 2013 alone, the Philippines suffered a powerful tropical cyclone and a deadly earthquake that killed thousands and left billions of pesos in damage to infrastructure and properties. In October 2013, an earthquake with 7.2 magnitude struck the provinces of Bohol and Cebu, killing more than 200 people and displacing tens of thousands of residents. In the month after, Typhoon Yolanda, the deadliest Philippine typhoon on record, hit the Philippines, killing at least 6,268 people.

Indonesia is one of the most seismically active zones in the world due to its location on the Pacific Ring of Fire according to the United States Geological Survey. The country has an estimated 130 active volcanoes. On February 2014, more than 100,000 people were evacuated from Java, Indonesia due to the eruption of Mount Kelud. On October 2014, Mount Sinabung, a 2,460 meter volcano on the island of Sumatra also erupted after a series of eruptions which displaced more than 30,000 people. The country is also prone to flooding and landslides. On January 2013, the country experienced heavy flooding in the Jakarta area. Moreover, on December 2014, monsoon

rains brought heavy rainfall at Central Java, Indonesia which triggered a landslide at Banjarnegara and killed an estimate of at least 39 people.

Natural calamities may disrupt the Company's ability to deliver its products. The Company cannot assure that the insurance coverage the Company maintains will adequately compensate it for all damages and economic losses resulting from natural catastrophes, including possible business interruptions.

RISKS RELATING TO THE PHILIPPINES

Risk relating to the political or social instability in the Philippines

The Philippines has from time to time experienced political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

The Priority Development Assistance Fund (PDAF) scam, also called the pork barrel scam, is a political scandal involving the alleged misuse by several members of the Congress of the Philippines of their PDAF, a lump-sum discretionary fund granted to each member of Congress for spending on priority development projects of the Philippine government, mostly on the local level. The scam's mastermind is said to be the businesswoman Janet Lim-Napoles who was pointed out as the leader by Benhur K. Luy, her second cousin and former personal assistant.[3] Initially centering on Napoles' involvement in the 2004 Fertilizer Fund scam, the government investigation on Luy's testimony has since expanded to cover Napoles' involvement in a wider scam involving the misuse of PDAF funds from 2003 to 2013. This type of instability and any other potential instability could have an adverse effect on the Philippine economy, the Company's business, and the Company's results of operations and financial condition.

On July 1, 2014, the Philippine Supreme Court declared that certain acts done in furtherance of the Disbursement Acceleration Program (DAP) of the Executive Branch, National Budget Circular No. 541 and related executive issuances were unconstitutional for having violated the doctrine of separation of powers particularly, (a) the withdrawal of unobligated allotments and the declaration of such withdrawn unobligated allotments and unreleased appropriations as "savings" without having complied with the statutory definition of savings under the General Appropriations Act, (b) the cross-border transfers of the savings of the Executive to augment appropriations of other offices outside the Executive; and (c) the funding of projects, activities and programs that were not covered by any appropriation in the General Appropriations Act. The Supreme Court also declared as void the use of un-programmed funds despite the absence of a certification by the National Treasurer that the revenue collections exceeded the revenue targets for non-compliance with the conditions in the relevant General Appropriations Acts.

No assurance can be given that the political environment in the Philippines will stabilize and any political or social instability in the future could result in inconsistent or sudden changes in regulations and policies that affect the Company or its partners, which could have an adverse effect on the Company's business, results of operations and financial condition.

[3] Lawas, Hector (April 5, 2013). "NBI pressing abduction quiz". *People's Journal* (Philippine Journalists, Inc.). Retrieved August 19, 2013.

Risk relating to the territorial and other disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment

The Philippines, China, and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a group of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused one another of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal during the late spring and summer of 2012. These actions threatened to disrupt trade and other ties between the two countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under the United Nations Convention on the Law of the Sea. China has rejected and returned the notice sent by the Philippines requesting arbitral proceedings. Chinese vessels have also recently confronted Philippine vessels in the area, and the Chinese government has warned the Philippines against what it calls provocative actions. Recent talks between the Philippines and the United States of America about increased American military presence in the country, particularly through possible American forays into and use of Philippine military installations, may further increase tensions.

In early March 2013, several hundred armed Filipino-Muslim followers of Sultan Jamalul Kiram III, the self-proclaimed Sultan of Sulu from the south of the Philippines, illegally entered Lahad Datu, Sabah, Malaysia in a bid to enforce the Sultan of Sulu's historical claim on the territory. As a result of the illegal entry, these followers engaged in a three-week standoff with the Malaysian armed forces, resulting in casualties on both sides. Clashes between the Malaysian authorities and followers of the Sultan of Sulu have killed at least 98 Filipino-Muslims and 10 Malaysian policemen since March 1, 2013. In addition, about 4,000 Filipino-Muslims working in Sabah have reportedly returned to the southern Philippines.

On May 9, 2013, a Philippine Coast Guard ship opened fire on a Taiwanese fisherman's vessel in a disputed exclusive economic zone between Taiwan and the Philippines, killing a 65-year old Taiwanese fisherman. Although the Philippine government maintained that the loss of life was unintended, Taiwan imposed economic sanctions on the Philippines in the aftermath of the incident. Taiwan eventually lifted the sanctions in August 2013 after a formal apology was issued by the Government of the Philippines. However, the incident has raised tensions between the two countries.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on imports or suspension of visa-free access and/or OFW permits.

Risk relating to the sovereign credit ratings of the Philippines

In 2013, the Company experienced three (3) credit ratings upgrade. The sovereign credit ratings of the Government directly and adversely affect companies resident in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Moody's, Standard & Poor's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies. Any of such downgrades could have an adverse impact on the liquidity in the Philippine financial markets, and the ability of the Government, Philippine companies including the

Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Risk relating to the slow growth rates and economic instability in the Philippines

Historically, securities of Philippine companies have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, the Company's income and results of operations depend, to a significant extent, on the performance of the Philippine economy. The Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine peso, and debt restructuring, and has been significantly affected by global and Asian economic volatilities. There can be no assurance that the Philippines will not experience similar or more serious economic downturns.

Historically, the Philippines has experienced volatility in the exchange rate between the Philippine peso and the U.S. dollar, as well as against other currencies. The Philippines has also experienced volatility of the prices of shares traded on the domestic stock market. The Company cannot assure prospective investors that one or more of these factors will not negatively impact Philippine consumers' purchasing power or product preferences, which could materially and adversely affect The Company's financial condition and results of operations.

At present, the Company does not face any significant currency risks as its major revenues and major costs are in US Dollars.

Risk relating to the price of oil

A key economic challenge the Company faces is the price of oil. This directly affects the Company's profitability because oil prices have a direct impact on the cost of fish, the primary raw material of the Company's product. Since fish constitutes 70.00% of the cost of goods sold, high oil prices lead to increasing outlays for fish procurement. Since the increasing fish cost is not always followed by a corresponding increase in selling price of the end product, this situation could result in lower margins.

Risk relating to different tariffs slapped on tuna-exporting countries

The Philippine government has been negotiating with importing countries to reduce or eliminate the high tariffs on canned tuna products from the Philippines. The Philippine government has also charged major importing countries in North America and Europe for unfair trade practices as certain canned tuna exporting countries enjoy preferential tariffs and even duty-free privileges. This situation has given undue advantage to such preferred exporting countries.

On December 18, 2014, the Philippines was the first ASEAN Country to be included in the EU General Scheme of Preferences Plus (EU GSP+) Program. This program provides additional tariff preferences to developing countries which are vulnerable due to a lack of diversification and insufficient integration within the international trading system.[4] Under the original GSP Program, the Philippines was able to export 2,442 duty- free products to the EU while reduced tariffs were applied to a further 3,767 products.[5] However, inclusion in the EU GSP+ will now allow the Philippines to export more than 6,274 products to the EU bloc at zero tariffs for a period of 10 years. The tuna industry is one of the largest beneficiaries of the EU GSP+ inclusion as tariffs on tuna exports which is currently at a high of 24% will be slashed to zero.[6]

[4] http://eeas.europa.eu/delegations/philippines/documents/press_corner/20141218.pdf
[5] http://www.aseanbriefing.com/news/2015/01/08/philippines-first-asean-country-join-eus-general-system-preferences-plus-gsp.html
[6] EU Press Release: "European Union slashes tariffs on strategic Philippine exports to zero" as retrieved from http://eeas.europa.eu/delegations/philippines/documents/press_corner/20141218.pdf

The EU is the Philippines' fourth largest trading partner and fourth largest export market which accounted for 11.56% of total Philippine exports. In 2013, the Philippines and the 28 Member States of the EU reached US$12.80 billion in bilateral trade.[7]

In the event that the Company is unable to continue to pass on the cost of custom duties or import tariffs to its customers or if its export markets take steps to prevent, limit or prohibit the import of its products or ban trading with the countries in which its production facilities are located, the Company's business and results of operations may be adversely affected. Also, while initiatives under the World Trade Organization aim to level the playing field in international trade, the Company does not foresee a situation where the playing field will be level in the near future.

RISKS RELATING TO THE COMMON SHARES

Risk relating to the listing of the Rights Shares on the PSE

The subscribers of the Rights Shares are required to pay in full for their subscription upon submission of their Applications during the Offer Period. Although the PSE has approved the Company's application to list the Offer Shares, there can be no guarantee that listing will occur on the set Listing Date or at all. Delays in the commencement of trading in shares of the PSE have occurred in the past. If the PSE does not list the Rights Shares, the market for the Rights Shares will be illiquid and stockholders may not be able to trade the Rights Shares. However, they would be able to sell their shares by negotiated sale. This may materially and adversely affect the value of the Rights Shares.

In addition, the Rights Shares will be issued out of the increase in the authorized capital stock of the Company and is subject to approval from the Philippine SEC. Delay in obtaining the approval for the increase in the Company's authorized capital stock will likewise affect the issuance of the Rights Shares and the commencement of trading in the PSE.

Risk relating to trading and liquidity

The Company's common shares are traded on the PSE. The trading of the Rights Shares, however, is not expected to commence until after the Company has obtained approval from the Philippine SEC on the increase in the authorized capital stock and the Rights Shares have been issued out to the subscribers of the Rights Shares, thereby making an investment in the Rights Shares illiquid during that period. There can be no assurance that a holder of the Rights Shares will be able to dispose of such Rights Shares in a timely manner. As a result, a holder of such Rights Shares may not be able to take full advantage of market gains during periods of share price increases and conversely, may not be able to limit losses during periods of sharp price declines.

Risk relating to the market volatility

The market price of securities fluctuates, and it is impossible to predict whether the price of such securities will rise or fall. An individual security may experience upward or downward movements, and may even lose its entire value. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. There may also be a substantial difference between the buying price and the selling price of each security.

Historical price performance is not a guide for future price performance and there may be a big difference between the purchase price of the securities and the eventual price at which these securities are sold. The market price of the Rights Shares will be influenced by, among other factors, the Company's financial position, results of operations, and overall stock market conditions, as well as Philippine economic, political, and other factors.

[7] http://www.aseanbriefing.com/news/2015/01/08/philippines-first-asean-country-join-eus-general-system-preferences-plus-gsp.html

Risk relating to the effect of future sales of shares in the public market

In order to finance the expansion of the Company's business and operations, the Board will consider the funding options available to them at the time, which may include the issuance of new Shares. If additional funds are raised through the issuance of new equity or equity-linked securities by the Company other than on a pro rata basis to existing stockholders, the percentage ownership of the stockholders may be reduced, stockholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Rights Shares. The Company's Articles of Incorporation and By-Laws provide for a denial of any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the Company, whether issued from its unissued capital or its treasury stock.

Further, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares in the public market or the issuance of new Shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Shares or the Company's ability to raise capital in the future at a time and at a price it deems appropriate.

Risk relating to the dividend declarations and pay-out

There is no assurance that the Company can or will declare dividends on the Shares in the future. Future dividends, if any, will be at the discretion of the Board and will depend upon the Company's future results of operations and general financial condition, capital requirements, its ability to receive dividends and other distributions and payments from its subsidiaries, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations, and other factors the Board may deem relevant.

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USE OF PROCEEDS

The gross proceeds from the Rights Offer are expected to be ₱1,000,000,000.00. The net proceeds from the Rights Offer, after deducting taxes and PSE fees, are expected to amount to ₱993,868,800.00. Any fees and expenses relating to the Company's Rights Offer will be settled separately and shall not be deducted from the net proceeds of the Rights Offer.

The following table shows the breakdown of the Rights Offer proceeds:

Table 3: Breakdown of Proceeds from Rights Offer	
Purpose	**Amount**
Gross Proceeds	₱1,000,000,000.00
Less: Taxes	5,120,000.00
Less: PSE Fees	1,011,200.00
Estimated Net Proceeds	**₱993,868,800.00**

In the event that the actual net proceeds is higher or lower than the expected net proceeds set forth above, corresponding adjustments will be made to the Company's provision for working capital purposes.

The Company will deposit in escrow the gross proceeds of the Rights Offer, which will be released after the Company obtains the SEC approval on the increase in its authorized capital stock and listing of the shares on the PSE. The Company has appointed Development Bank of the Philippines – Trust Banking Group, as the Escrow Bank for said purpose.

The planned use of the net proceeds from the Rights Offer is as follows:

Table 4: Breakdown and Timetable of Disbursement of Net Proceeds		
Purpose	**Amount (in US$0.00)***	**Schedule of Disbursement**
Capital expenditures	5,500,000	Beginning 4th Quarter 2015
Repayment of loans	2,000,000	Immediately after Offer
New management information system installation	750,000	Beginning 4th Quarter 2015
Working capital requirements	13,936,500	Beginning 4th Quarter 2015
Total	22,186,500	

** Foreign exchange rate assumed at ₱44.796 is to 1 USD as of March 31, 2015*

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The rationale for the following purposes is discussed as follows.

CAPITAL EXPENDITURES

The Company plans to undertake capital expenditure projects for: (a) its General Santos facilities in Philippines, (b) its Bitung facilities in Indonesia under PT IAFI, and (c) VDZ fishing equipment and vessels. The breakdown of the capital expenditure projects is as follows:

Capital Expenditure Projects	Amount in US$
General Santos facilities in Philippines	2,600,000
Bitung facilities in Indonesia under PT IAFI	1,400,000
VDZ fishing equipment and vessels	1,500,000
Total	5,500,000

General Santos Facilities in Philippines

The Company plans to apportion a total of US$2.60 million from the net proceeds for capital expenditures in its General Santos facilities in Philippines.

Around US$525,000.00 will be used to upgrade, replace, and repair its existing facilities, machineries, and equipment. These are expected to reduce operating costs thereby improving operating margins.

The balance of US$2.075 million will be utilized for the purchase new equipment to upgrade existing production facilities and/or to expand its current portfolio of products. The Company does not have any agreement yet with any particular supplier and has yet to solicit quotations for these equipment.

Bitung facilities in Indonesia under PT IAFI

A total of US$1.40 million will be used to finance the planned capital expenditures of PT IAFI for its Bitung facilities in Indonesia.

The capital expenditure includes the repair, replacement, and/or upgrade of its current facilities, machineries, and equipment, which is expected to amount to US$350,000.00. This pertains to structural improvements, machine repairs as part of regular maintenance and/or parts replacement to ensure availability of parts in case of break downs.

The balance of US$1.05 million will be utilized for the purchase of new equipment and/or new production lines for a potential expansion to other product types of tuna. The Company does not have any agreement yet with any particular supplier and has yet to solicit quotations for these equipment.

VDZ fishing equipment and vessels

VDZ, the subsidiary of PT IAFI, has two (2) vessels to be used for its fishing business. However, VDZ will need funding to kickstart its fishing operations. A total of US$1.50 million will be allocated by the Company to assist VDZ to begin fishing operations.

A total of US$500,000.00 will be utilized to finance the finishing works in one (1) of its two (2) vessels. This includes construction and purchase of fishing gears and equipment to make the vessel fully operational. The balance of US$1.00 million will be used by VDZ to purchase or construct another vessel sometime in 2016. This new fishing vessel is expected to expand the fishing capacity of VDZ. The Company or VDZ do not have any agreement yet with any particular supplier and have yet to solicit quotations for these equipment and/or vessel.

REPAYMENT OF LOANS

The Company intends to use US$2.00 million of the net proceeds to partially repay its loans due to a local financial institution. This particular loan is one of the more expensive credits of the Company.

NEW MANAGEMENT INFORMATION SYSTEM INSTALLATION

The Company plans to utilize US$750,000.00 of the net proceeds to purchase and install a new management information system for its operations. This new system is envisaged to integrate more comprehensively and efficiently the end-to-end process of the Company's operations. It is also expected to generate better reports and information needed for decision making.

At present, the Company is in the process of identifying the appropriate software and systems to purchase and soliciting proposals from vendors.

WORKING CAPITAL REQUIREMENTS

The Company has allocated an aggregate total of US$13.94 million for working capital requirements of its General Santos facility, the Bitung facility in Indonesia under PT IAFI, and VDZ fishing operations.

The breakdown is presented below.

Working Capital Requirements	Amount in US$
FOOD – General Santos Facility	6,936,500
PT IAFI – Bitung Facility	6,500,000
VDZ Fishing Operations	500,000
Total	13,936,500

For both the General Santos and Bitung facilities in the Philippines and Indonesia respectively, the funds will be utilized to finance fish purchases needed to properly execute the sales plan of the Company. These amounts will also stabilize the cash flow movements of the Company and eliminate any liquidity problems that can restrict the Company from executing its strategies. As of March 31, 2015, the Company's cash conversion cycle is close to 90 days.

The working capital requirements for VDZ will be used in the purchase of its materials, particularly fuel, and funding for direct labor.

The Company will not use any portion of the proceeds to discharge any debt nor to reimburse any of its officers, directors, employees or shareholders for services rendered, asset previously transferred, or money loaned or advanced. The Company will not use the proceeds to pay any financial obligations with the Underwriter and its affiliates.

In the event of any deviation or adjustment in the planned use of proceeds, the Company shall inform its shareholders, the SEC and the PSE in writing 30 days before such deviation or adjustment is implemented. Any material or substantial adjustments to the use of proceeds, as indicative above, should be approved by the Company's Board of Directors and disclosed to the PSE. In addition, the Company shall submit via the PSE Electronic Disclosure Generation Technology ("EDGE") the following disclosure to ensure transparency in the use of proceeds:

a. Any disbursements made in connection with the planned use of proceeds from the Rights Offer.
b. Quarterly Progress Report on the application of the proceeds from the Rights Offer on or before the first 15 days of the following quarter. The Quarterly Progress Reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor.
c. Annual summary of the application of the proceeds on or before January 31 of the following year. The Annual Summary Report should be certified by the Company's Chief Officer or Treasurer and external auditor.
d. Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program.

The quarterly and annual reports as required in items (b) and (c) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Work Program or Prospectus, if any. The detailed explanation must state the approval of the Company's Board of Directors as required in item (d) above.

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DESCRIPTION OF SECURITIES

The following is general information relating to the Company's capital stock, including brief summaries of relevant provisions of the Corporation Code of the Philippines ("Corporation Code") and implementing regulations adopted by the SEC, as currently in effect, and the SRC. The description below does not purport to be complete or to give full effect to the provisions of law and it is in all respects qualified by reference to the applicable provisions of the Company's amended Articles of Incorporation and amended By-laws.

RIGHTS OFFER BOARD APPROVAL

In a meeting held on February 17, 2015, the Board of Directors of the Company authorized the Rights Offer of up to 1,000,000,000 Common Shares with a par value of ₱1.00 per share, by way of pre-emptive rights offering to eligible existing common shareholders of the Company at the proportion of one (1) Rights Share for every one and one-half (1.50) existing Common Shares held as of the Record Date. Furthermore, the Board of Directors authorized the President to finalize the terms and conditions of the Rights Offer.

SHARE CAPITAL

As of December 31, 2014, the Company's authorized capital is ₱1,500,000,000.00 consisting of 1,500,000,000 Common Shares with a par value of ₱1.00 per share. As of the date of this Prospectus, 1,499,712,463 Common Shares are outstanding, net of the 287,537 treasury shares.

Subject to the approval of the SEC, the Company may increase or decrease its authorized capital, provided that the increase or decrease is with the approval of a majority of the Board of Directors and by its shareholders representing at least two-thirds ($^2/_3$) of the outstanding capital stock of the Company.

On February 17, 2015, the Board of Directors of the Company approved the increase in the Company's authorized capital stock from ₱1,500,000,000.00 to ₱3,000,000,000.00, of which ₱1,000,000,000.00 would be subject to the Rights Offer. In a special shareholders' meeting dated March 31, 2015, the Company's shareholders representing at least two-thirds ($^2/_3$) of the outstanding capital stock approved the increase in the authorized capital stock.

After the completion of the Rights Offer, the Company will file an application for increase in authorized capital stock with the SEC.

VOTING RIGHTS

Each Common Share entitles the holder to one (1) vote, and enjoys full dividend rights.

In the election of Directors, each shareholder is entitled to such number of votes, as is equivalent to the product of the number of Common Shares owned by him multiplied by the number of Directors to be elected. The Corporation Code entitles the shareholder to cumulate his/her votes in favor of one (1) or more candidates of his/her choice. Under Philippine law, representation of foreign ownership in the board or governing body of corporations or associations engaging in partially nationalized activities is limited to the proportion of the foreign shareholding. A Director may be removed from office, with or without cause, by the vote of shareholders representing two-thirds ($^2/_3$) of the outstanding voting capital stock, provided that removal without cause may not be used to remove a Director elected by the minority shareholders.

The Corporation Code also provides that certain fundamental acts may only be implemented with shareholder approval. The following require the approval of the shareholders representing at least two-thirds ($^2/_3$) of the outstanding capital stock:

- amendment of the Articles of Incorporation;
- sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the assets of the Company;
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- merger or consolidation;
- any increase or decrease of capital stock;
- extension or shortening of the corporate term;
- dissolution of the corporation;
- creation or increase of bonded indebtedness;
- removal of directors;
- issuance/declaration of stock dividends; and
- delegation to the board of directors of the power to amend or repeal by-laws or adopt new bylaws.

PRE-EMPTIVE RIGHTS

All shareholders of a Philippine stock corporation shall enjoy pre-emptive right to subscribe to all issues or other disposition of shares of any class, in proportion to their respective shareholdings. However, such pre-emptive right shall not extend to shares to be issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares to be issued in good faith with the approval of the shareholders representing two-thirds ($^2/_3$) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt. A Philippine corporation may provide for the denial of pre-emptive rights in its Articles of Incorporation.

On June 6, 2006, the Articles of Incorporation and the By-Laws were amended by adding a provision that no stockholder of any class shall be entitled to any pre-emptive right to purchase, subscribe for, or receive any part of the shares of the Company, whether issued from its unissued capital or its treasury stock. The SEC approved said amendment on July 17, 2006.

DIVIDEND RIGHTS

The Company's Board of Directors is authorized to declare dividends. A cash or property dividend declaration does not require any further approval from the shareholders. A stock dividend declaration requires further approval of the shareholders holding or representing not less than two-thirds ($^2/_3$) of the Company's outstanding capital stock entitled to vote. Such approval of the shareholders may be given at a general or special meeting called for such purpose.

Dividends may be declared and paid out of the unrestricted retained earnings, which will be payable in cash, property, or stock to all shareholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law. The Company has not adopted a specific dividend policy. Nevertheless, the Company has declared dividends for the years 2007, 2008, 2009, and 2011.

Dividends declared and paid are as follows:

Declaration Date	Dividend Type	Dividend Rate	Dividend Payout	Record Date	Payment Date
June 26, 2007	Stock	12.00%	147.84%	November 20, 2007	December 17, 2007
December 3, 2008	Cash	₱0.02	11.05%	January 7, 2009	February 2, 2009
December 4, 2009	Cash	₱0.02	7.67%	January 8, 2010	February 3, 2010
August 1, 2011	Stock	15.78%	201.52%	January 5, 2012	January 25, 2012

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.

The Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100.00% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (a) when justified by definite expansion plans approved by the board of directors of the corporation; (b) when the required consent under any of the corporation's loan agreements with a financing institution or creditor to such distribution has not been secured; (c) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies; or (d) when the non-distribution of dividends is consistent with the policy or requirement of a government office. Philippine corporations whose securities are listed on any stock exchange are required to maintain and distribute an equitable balance of cash and stock dividends, consistent with the needs of shareholders and the demands for growth or expansion of the business.

RIGHTS OF COMMON SHARES TO ASSETS OF THE COMPANY

In the event of liquidation or dissolution of the Company, holders are entitled to receive their proportionate share of all assets available for distribution after the settlement of the Company's liabilities.

APPRAISAL RIGHTS

Under Philippine laws, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- In case any amendments to the Company's Articles of Incorporation has the effect of changing and restricting the rights of any shareholder or of authorizing preferences over the outstanding shares;
- In case of any sale, lease, exchange, transfer, mortgage or other disposition of all or substantially all of the corporate property or assets;
- In case of merger or consolidation;
- In case the Company decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and
- In case of extension or shortening of the Company's corporate term.

Failing an agreement between the dissenting shareholder and the Company, fair value will be determined by a committee of three (3) disinterested persons. The remedy will only be available if the Company has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

TREASURY SHARES

The Company may acquire its own shares, provided that, it has unrestricted retained earnings or surplus profits to pay for the shares to be acquired or purchased and only for a legitimate corporate purpose/s, including but not limited to the following cases:

- elimination of fractional shares arising out of stock dividends;
- satisfaction of an indebtedness to the Company arising out of unpaid subscription; or
- payment of shares of dissenting or withdrawing shareholders.

The shares repurchased by the Company shall become treasury shares that may again be disposed of at a reasonable price to be fixed by the Board of Directors. The treasury shares have neither voting rights nor dividend rights as long as they remain as treasury shares.

At present, the Company has 287,537 treasury shares.

CHANGE IN CONTROL

There are no existing provisions in the Amended Articles of Incorporation or the Amended By-laws of the Company which will delay, defer, or in any manner prevent a change in control of the Company.

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CAPITALIZATION

The following table sets out the capitalization of the Company based on the audited consolidated financial statement as of December 31, 2014, the unaudited consolidated financial statements as of March 31, 2015, and the pro-forma as of 2015, reflecting the issuance of the Rights Shares at the Offer Price of ₱1.00 per share, after deducting taxes and PSE fees from the gross proceeds of the Rights Offer. See "Use of Proceeds" on page 43 for the breakdown of the net proceeds.

Table 5: Capitalization			
	December 31, 2014	**March 31, 2015**	**Pro-forma 2015**
Liabilities			
Loans payable	29,201	27,254	25,254
Loans payable – net of current portion	3,399	3,016	3,016
Due to related parties	154	139	139
Total Liabilities	**32,754**	**30,409**	**28,409**
Equity			
Share capital	32,239	32,239	54,562
Reserves	7,062	7,233	7,233
Retained earnings	(15,045)	(14,994)	(15,131)
Treasury shares	(6)	(6)	(6)
Equity attributable to equity holders of the parent	**24,250**	**24,472**	**46,658**
Non-controlling interest	(919)	(952)	(952)
Total Equity	**23,331**	**23,520**	**45,706**
TOTAL CAPITALIZATION	**56,085**	**53,929**	**74,115**

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

For additional information, see the audited financial statements and accompanying notes included in Annex I of this Prospectus.

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OWNERSHIP STRUCTURE

The following table presents the top 20 shareholders of the company as of April 30, 2015:

Table 6: FOOD Top 20 Shareholders

Name	No. of Shares	Amount Subscribed and Paid Up	% Ownership
PCD Nominee Corporation (Filipino)	1,018,186,067	1,018,186,067.00	67.89%
Harvest All Investment Limited	177,261,165	177,261,165.00	11.82%
Victory Fund Limited	138,474,015	138,474,015.00	9.23%
PCD Nominee Corporation (Foreign)	86,283,746	86,283,746.00	5.75%
Albert Hin Kay Hong	39,071,537	39,071,537.00	2.61%
Bondeast Private Limited	13,023,411	13,023,411.00	0.87%
Peter Kawsek Jr.	4,538,646	4,538,646.00	0.30%
FCF Fishery Co. Ltd.	3,975,370	3,975,370.00	0.27%
Michael W. Cordova	3,805,000	3,805,000.00	0.25%
S. Chandra Das	2,604,760	2,604,760.00	0.17%
Oriental Tin Can & Metal Sheet Mfg.	2,210,385	2,210,385.00	0.15%
FDCP, Inc.	1,894,045	1,894,045.00	0.13%
Berck Yao Cheng	1,200,000	1,200,000.00	0.08%
Tri-marine International Pte. Ltd.	1,170,472	1,170,472.00	0.08%
Jerry C. Angping	1,000,000	1,000,000.00	0.07%
Damalerio Fishing Corp.	920,656	920,656.00	0.06%
DFC Tuna Venture Corporation	617,248	617,248.00	0.04%
Phil. Fisheries Development Authority	346,207	346,207.00	0.02%
Amadeo Fishing Corp.	294,874	294,874.00	0.02%
Genpacco, Inc.	172,973	172,973.00	0.01%

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

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PLAN OF DISTRIBUTION

The Rights Shares will be offered on a pre-emptive rights basis to Eligible Shareholders, which will be set after the Board of Directors of the PSE approves the Listing Application for the Rights Shares. Under the PSE's Revised Listing Rules, the Company, subject to the approval of the PSE, will set the Record Date which will not be less than fifteen (15) trading days from approval of the PSE Board of Directors. The Rights Offer will be in the proportion of one (1) Rights Share for every one and one-half (1.50) existing Common Shares held as of the Record Date at an Offer Price of ₱1.00 per Rights Share.

If an Applicant fully subscribes to his Entitlement Shares and subject to the availability of unsubscribed Rights Shares arising from the failure of other Eligible Shareholders to fully exercise their Entitlement Shares, the Applicant may simultaneously apply for Additional Rights Shares.

If the aggregate number of Additional Rights Shares available for subscription equals or exceeds the aggregate number of Additional Rights Shares so subscribed for by all Applicants, an Applicant shall be allocated the number of Additional Rights Shares indicated in his Application.

If the aggregate number of Additional Rights Shares available for subscription is less than the aggregate number of Additional Rights Shares so subscribed for by all Applicants, the available Additional Rights Shares shall be allocated among all Applicants who have applied to subscribe for such Additional Rights Shares. Such allocation will be made at the discretion of the Company primarily based on each Applicant's original shareholdings in the Company as of Record Date relative to the original shareholding of all other applicants for Additional Rights Shares as of such Record Date, provided that no Applicant for Additional Rights Shares shall be allocated Additional Rights Shares that are more than the number for which such Applicant has applied.

For the purpose of allocating Additional Rights Shares among all Applicants for such Additional Rights Shares, the original shareholdings as of the Record Date of: (a) eligible shareholders who do not subscribe to the Rights Shares; (b) Applicants who do not fully subscribe to their Entitlement Shares; and (c) Applicants who do not subscribe for Additional Rights Shares, shall be excluded in the determination of the relative shareholdings of Applicants for Additional Rights Shares.

Holdings of existing Common Shares in certificated and scripless form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Offer. Fractions of Rights Shares will not be allotted to existing shareholders and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractions will be aggregated and sold for the benefit of the Company.

Abacus Capital will act as the Underwriter of the Rights Offer but no underwriting fees will be collected with respect to the Rights Offer, the underwriting being a technical compliance underwriting undertaken pursuant to the requirements of the PSE.

One of the Company's major beneficial shareholders, Strongoak Inc., has committed to subscribe to their respective Entitlement Shares, and to all unsubscribed Rights Shares remaining after the second round of the Rights Offer pursuant to their letter of commitment submitted to the PSE. Nevertheless, Abacus Capital has a firm commitment to subscribe to all unsubscribed shares remaining after the mandatory Second Round of the Rights Offer and after the implementation of the aforementioned shareholders' commitment. The Company agrees to hold Abacus Capital, its shareholders, officers, employees, and authorized representatives free and harmless against any claims, liabilities, and judgments arising from or in connection with the obligation as an underwriter for the Rights Offer.

THE ISSUE MANAGER AND UNDERWRITER

Abacus Capital was engaged by the Company to act as the Issue Manager and Underwriter of the Rights Offer. Abacus Capital was incorporated in the Philippines on January 6, 1995. It has an authorized capital stock of ₱600,000,000, of which ₱500,000,000 represents its paid-up capital. The SEC granted it registration and authorization to act as an investment house, valid unless suspended or revoked for cause of cancelled by the SEC or voluntarily surrendered by the registrant, allowing Abacus Capital to act as issue manager and underwriter.

Abacus Capital is a culmination of a group of Filipino businessmen and entrepreneurs' objective to further their presence in the Philippine capital markets after years of success in the stock brokerage business. Since it started operations in 1995, Abacus Capital had actively participated in a number of initial public offering transactions. As a full-service investment house, Abacus Capital provides the full line of corporate finance and merchant banking products and services.

Abacus Capital, as the Issue Manager and Underwriter, represents and warrants that it has exercised the level of due diligence required under existing regulations in ascertaining that all material information appearing in this Prospectus are true and correct as of the date indicated herein. Abacus Capital also warrants and represents that, to the best of its knowledge, after exercising the appropriate due diligence review, there are no other material facts, the omission of which would make any statement in the Prospectus, as a whole, misleading. Except for failure to exercise the required due diligence review, Abacus Capital assumes no liability for any information supplied in this Prospectus.

RELATIONSHIP WITH THE ISSUER

No relationship exists between Abacus Capital and the Company other than as stated in the Underwriting Agreement entered into by both parties.

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DILUTION

After the completion of the Rights Offer, the Eligible Shareholders will not, as a consequence of their purchase of the Rights Shares, suffer any dilution in their respective shareholdings in the Company.

The Company uses US Dollars as its functional currency in its financial reports.

The net tangible book value of the Company as of March 31, 2015 was US$14,762,823.00 or ₱661,315,419.11 at the exchange rate of ₱44.796 as of March 31, 2015. This equates to US$0.01 or ₱0.44 net tangible book value per share. The net tangible book value represents the amount of the Company's total assets less its total liabilities, goodwill, intangible assets, and minority interest. The Company's net tangible book value per share represents its net tangible book value net of minority interest divided by the number of common shares outstanding.

In the event that the minority shareholders will not subscribe to their pro-rata share in the Rights Shares, the entire Offer will be subscribed by Strongoak Inc., one of the Company's major beneficial shareholders. Furthermore, Abacus Capital also committed to subscribe to all unsubscribed shares remaining after the second round of the Rights Offer and after the implementation of the aforementioned shareholders' commitment.

After giving effect to the increase in the Company's total assets to reflect its receipt of the net proceeds of the Rights Offer amounting to ₱993,868,800.00 and the addition of a total of 1,000,000,000 new Common Shares subject of the Rights Offer, the Company's pro forma net tangible book value will approximately be ₱1,655,184,219.11 or ₱0.66 per share. This represents an immediate increase of ₱0.22 per share to existing shareholders.

The calculation of the net tangible assets per share before and after the Rights Offer is presented below:

Offer Price per Rights Share	₱1.00	(a)
Net Tangible Book Value Per Share as of March 31, 2015	₱0.44	(b)
Pro-forma Net-Tangible Book Value per Share after the Rights Offer	₱0.66	(c)
Increase per share to Existing Shareholders attributable to Rights Offer	₱0.22	(d=c-b)

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DETERMINATION OF OFFER PRICE

The Rights Shares are being offered to all Eligible Shareholders at the Offer Price of ₱1.00 per Rights Share. The Offer Price is equivalent to the par value of the Company's Common Shares and represents a 19.71% discount to the VWAP of the Company's Common Shares for the 15-trading day period immediately preceding the Pricing Date, from January 27 to February 16, 2015. The Pricing Date was set on February 17, 2015, the date the Company's Board of Directors approved the Rights Offer.

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THE COMPANY

CORPORATE VISION MISSION STATEMENT

The Corporate Vision Mission Statements of the Company are as follows:

On people:
Vision: People are proud to be a part of our company as we help them have a better life
Mission: We develop and train our people to continuously grow and contribute to our business. As we grow, we will progressively provide a better future for our people.

On partnerships and portfolio:
Vision: We aim to be the leading seafood manufacturer in the world known for high quality products at competitive prices that ensure the full satisfaction of our customers.
Mission: We consistently manufacture and deliver quality products at the right price, at the right quantity, at the right time

On financial results:
Vision: Maximize shareholder value while delivering sustainable revenue & profit growth
Mission: We will ensure all business units are profitable and continue to drive out non-value adding costs in our processes

On community:
Vision: We are a responsible member of society by giving back to the community and by supporting sustainable fishing
Mission: We ensure that our suppliers employ sustainable methods of fishing and create development projects that will uplift the living condition of our society.

HISTORY AND BACKGROUND

The Company was incorporated and registered with the SEC on September 1, 2003 as Alliance Tuna International, Inc., and started commercial operations in 2004 in tuna processing, canning, and export of canned tuna products in General Santos City in Mindanao, Philippines. The Company's shares have been listed in the PSE since November 8, 2006. On July 22, 2010, the SEC approved the change of the Company's name from "Alliance Tuna International, Inc." to "Alliance Select Foods International, Inc.".

The Company's current key business activity is the processing, canning, and export of canned tuna, making up 58.50% of revenues in 2014. The Company exports its canned tuna products to Europe, North America, Asia, Africa, and South America. The Company 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. To enhance margins, the Company processes the scraps from its General Santos City and Bitung tuna processing operations into fishmeal, which it sells to its respective domestic markets.

The Company's plant in General Santos City, Mindanao, Philippines has a rated capacity of 140 MTD.

The Company has a marketing representative office in Bangkok, Thailand established in May 2004 to tap the network of buyers and brokers who use Thailand as a base to buy canned tuna.

In September 2005, the Company acquired a 40.00% stake in FDCP, a can-manufacturing company in General Santos City, Mindanao, Philippines.

In May 2008, the Company established PT IAFI, through the acquisition of the assets of an Indonesian tuna cannery located in Bitung in the island of North Sulawesi in Indonesia. The Company initially invested a 79.92% stake in PT IAFI and later on increased its stake to 89.98% on May 2010 by converting cash advances into equity. A complete renovation of the factory and upgrading of capacity to 90 MTD was undertaken. The investment in Indonesia provides PT IAFI with access to the rich Indonesian marine resources. PT IAFI started operations in July 2009. The investment in PT IAFI effectively increased the operating capacity of the Company to 230 MTD. On February 10, 2012, the Company purchased 500,000 shares of PT Wailan Pratama. This resulted in an increase of the Company's stake in PT IAFI to 99.98%.

To ensure consistent supply of tuna, its primary raw material, PT IAFI set up VDZ, a fishing company in Indonesia, in which it owns an 80.00% stake, in May 2012. The fishing company has been granted a license by the Indonesian government to catch up to 30,000 MT. VDZ will be operated in integration with the tuna processing activities of PT IAFI thus making it the first foreign investment company to be granted a capture fishing license and allocation in the rich fishing grounds of Indonesia. In February 2012, the Company increased its stake in PT IAFI from 89.98% to 99.98% by purchasing its joint venture partner's share, which has been approved by the Indonesia Investment Coordinating Board and the Department of Law and Human Rights in accordance to Indonesia Law.

As part of the Company's product diversification strategy, the Company invested in PFNZ, a New Zealand based processor of smoked salmon in January 2009. The initial investment of about 39.00% in PFNZ was subsequently increased to 50.00% plus one (1) share in PFNZ by December 2009. PFNZ was established by Henry Studholme and has been manufacturing and selling smoked seafood since 1994 in Hororata, Canterbury, South Island, New Zealand. In the past, PFNZ has the capacity to process 1 MT of salmon per day, making it one of the largest smoked salmon processors in New Zealand. Their much acclaimed product range includes hot and cold smoked salmon produced using their own unique smoking technique originally based on an old Scottish recipe. This company sells its products primarily to the New Zealand market. In August 2014, PFNZ changed its business strategy and ceased manufacturing operations. PFNZ now purchases its products from BGB for resale. This change in operations is expected to decrease costs and increase the profit margin of the Company's salmon division.

The Company and PFNZ established BGB, a joint-venture company that will import salmon from New Zealand, Chile, and Norway and process it in General Santos City, Mindanao, Philippines. The construction of the processing plant was completed in August 2011. The Company subscribed to 19,056,701 shares or 81.09% of BGB's outstanding capital, while PFNZ subscribed to 4,443,299 shares or 18.91%. Out of the Company's subscription in the aggregate amount of ₱19,056,701, ₱5,600,000 has been paid up, while PFNZ's subscription in the aggregate amount of ₱4,443,299 has been fully paid. On September 30, 2011, the Company converted its cash advances to BGB to pay for its subscriptions payable for 13,456,701 shares amounting to ₱13,456,701 and additional subscription for 45,393 new shares amounting to ₱45,393. PFNZ likewise converted its advances to BGB to subscribe and pay for 14,658,794 new shares of BGB amounting to ₱14,658,794. After the foregoing transactions, the Company owns 19,102,094 shares and PFNZ owns 19,102,093 shares. The foregoing resulted in the Company owning 50.00% plus one (1) share in BGB, while PFNZ will own 50.00% minus one (1) share. In 2014, the Company converted a portion of its advances to BGB amounting to US$777,047.00 into 777,047 shares of BGB, resulting in an increased ownership percentage from 50.00% plus one (1) share to 68.00% during the year.

On June 18, 2010, the Company established AMPI as a property holding company. The Company owns a 40.00% stake in the affiliate.

On April 11, 2011, the Company established ACFI in Massachusetts, USA to serve as the Company's vehicle in making investments in, or acquisitions of other companies, as well as market and distribute the Company's products in the US. ACFI is a wholly owned subsidiary of the Company.

On August 10, 2011, the Company acquired 100.00% of the issued share capital of Spence & Co. Ltd., located at No. 76 Campanelli Drive, Brockton MA 02301 USA, for a cash consideration of $9.2 million. Spence, which became a wholly owned subsidiary of the Company, specializes in the production of smoked salmon. It is one of the leading salmon processors in the USA with a solid network of clients in that country. Its products set the industry benchmark and are available in some major supermarkets in the USA. The investment has given the Company a beachhead to process and distribute additional smoked salmon products in the USA, the world's largest market for smoked salmon. The investment in salmon processing allows the Company to diversify its product line to take advantage of the changing food consumption patterns around the globe, address the issue of sourcing raw materials and improve overall margins and profitability.

As part of its strategy into backward integration, in October 2012, the Company acquired an 80.00% stake for approximately US$2.2 million in Akaroa Salmon New Zealand Ltd. Akaroa is among the pioneers of farmed salmon industry in New Zealand. Akaroa was set up in 1985 and over the years, established the Akaroa Salmon brand as the premium quality brand in the country. Akaroa has been recipient of various awards and accolades from New Zealand's food industry, the latest being the Cuisine Artisan Awards 2011 when their Hot Smoked Salmon was declared the winner. They operate two (2) marine farms in the pristine cold waters of Akaroa Harbor in the country's South Island to rear the King, or Chinook, salmon. Their processing facilities are located in the Riccarton district of Christchurch, a little more than an hour away from their salmon farms. They also hold a 20.00% stake in Salmon Smolt NZ Ltd., a modern hatchery guaranteeing high quality and consistent supply of smolts (juvenile salmon) for Akaroa's farms. Akaroa is a thriving niche producer at the highest end of the quality salmon market, supplying New Zealand's leading chefs and the discerning diner with premium fresh and smoked salmon products.

In 2014, the Company generated net sales of about US$81.26 million, a decrease of 3.64% from its net sales in 2013. In terms of canned tuna volume, the Company was able to increase its shipment by 11.67% from 734 FCLs in 2013 to 823 FCLs in 2014.

KEY BUSINESS ACTIVITIES

The Company's key business activity is the processing, canning, and export of canned tuna. The Company exports all of its canned tuna products. It has plants in General Santos City, Philippines and Bitung, Indonesia. The Company is a "private label manufacturer" of canned tuna as it processes and cans tuna for its clients using its clients' brands. The primary product of the Company is canned tuna in the institutional and retail pack can sizes.

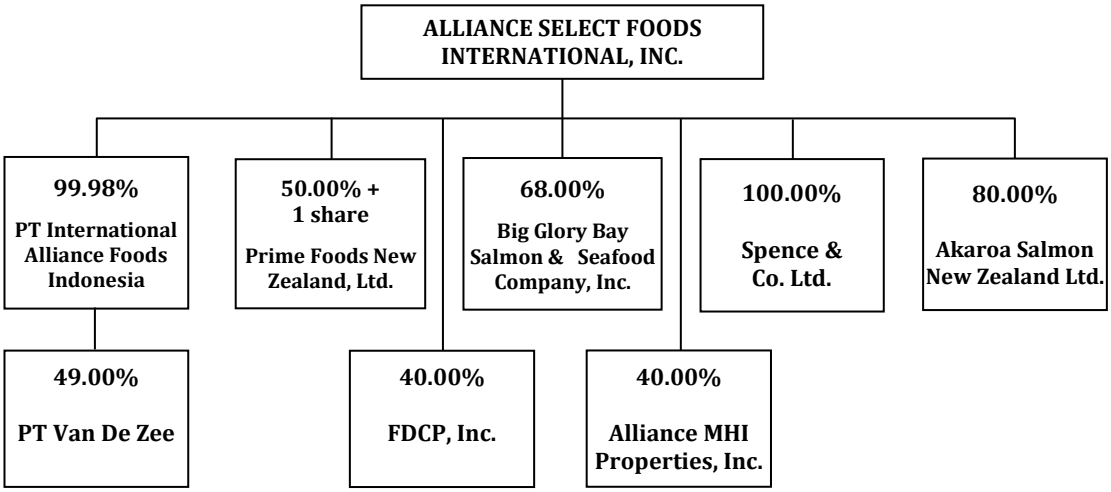
To diversify its product portfolio, the Company has also engaged in the salmon manufacturing business. In 2009, the Company acquired a controlling stake in PFNZ, a New Zealand-based smoked salmon processing company.

The Company and PFNZ established BGB, a joint-venture company that imports salmon from New Zealand, Chile, and Norway and process these in General Santos City, Mindanao, Philippines in 2009. It began operations in 2011 and has sales channels in the Philippines and New Zealand. Its products are sold locally in major supermarkets and food institutions, and also exports to Singapore and Hong Kong, among others.

To enhance margins, the Company processes the scraps from its General Santos City and Bitung tuna processing operations into fishmeal, which it sells to its respective domestic markets.

SUBSIDIARIES AND AFFILIATES

The Company's graphical presentation of its operating subsidiaries and affiliates ensues:



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

SUBSIDIARIES

PT International Alliance Foods Indonesia

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 in 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, which is 50.00% plus one (1) share owned by 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. At present, it operates 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.

Big Glory Bay Salmon and Seafood Company, Inc.

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 Suite 1205, 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.

The smoked salmon products from BGB are sold locally and abroad. BGB was registered with the 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.

Spence & Company, Ltd.

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, which is 80.00% owned by the Company, is a company incorporated and domiciled in New Zealand and is 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. 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.

On June 18, 2010, the Company established AMPI, 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. AMPI's registered address is at Purok Saydala, Barangay Tambler, General Santos City.

COMPETITIVE STRENGTHS

The Company is one of the largest tuna exporters in the Philippines. Its processing plant under PT IAFI in Bitung, Indonesia increases the rated capacity of the Company to 230 MTD and provides the Company access to rich tuna resource in Indonesian waters. In addition, the Company is engaged in the salmon business through BGB, PFNZ, Akaroa and Spence. The Company believes that it has the following competitive strengths:

The Company has established good relationships with the Company's customers

The Company has established good relationships with the Company's customers which include well-known entities in the global food industry. The Company is primarily a "private label manufacturer" of canned tuna. The Company processes and cans tuna for food manufacturers and distributors. Although the Company does not enter into any long-term contracts with these customers, the Company receives recurring orders from many of them. The Company has maintained business relationships with some of the Company's canned tuna customers for more than a decade.

The Company sells its smoked salmon products produced in its Philippine plant domestically, as well as to parts of Asia and New Zealand. In addition, the Company distributes its smoked salmon products produced by its US operations in the US market. The Company's smoked salmon products are supplied to leading global or regional retailers and grocery chains.

The Company believes that the Company's good relationships with these well-known customers are testimony to the Company's market reputation, the quality and reliability of the Company's products and will further enhance the Company's reputation in the industry.

Integrated canned tuna and smoked salmon operations

Through the Company's investments, the Company has become an integrated canned tuna and smoked salmon business. For the Company's canned tuna operations, in May 2012 the Company established VDZ, to engage in fishing in Indonesia and have obtained permits to carry out tuna fishing within Indonesia's EEZ. Additionally, the Company's investment in FDCP, a tin can manufacturer, complements the Company's canned tuna business.

In 2012 the Company further expanded the Company's smoked salmon business to include salmon farming by acquiring Akaroa, which owns and manages salmon farms in Akaroa, New Zealand.

The Company believes that its integrated canned tuna and smoked salmon business operations allows it to operate more efficiently and better manage the risk related to the supply of raw materials required for the Company's products. This makes it less vulnerable to uncertainty of supply and price fluctuations.

Strategic location of production facilities for the Company's canned tuna products

All of the Company's canneries for its canned tuna products in the Philippines and Indonesia, which are strategically located near the WCPO, which accounted for 57.28% of the global tuna catch, and 86.52% of total Skipjack catch, the primary species of tuna canned by us, caught in 2013[8].

The Company's cannery in the Philippines is located in General Santos City which is located at the tip of Sarangani Bay. Since 1970, this city has been tagged as the "Tuna Capital of the Philippines"[9]. In addition to being located near the WCPO, General Santos City also has, based on its location, other notable features such as (a) a fair weather zone that is not susceptible to typhoons or adverse weather phenomenon; (b) the availability of strategic infrastructure (such as its own international fish port, international airport, telecommunication facilities, and road network); (c) the availability and proximity of support facilities including cold storage, can-making facilities, label printers, product testing centres, and fabrication shops; and (d) the availability of a skilled and experienced local workforce at relatively low cost.

The Company's cannery in Indonesia is located in Bitung and the EEZ off North Sulawesi Island, where Bitung is located, is known to be a fertile tuna catching area.

The close proximity of the Company's canneries to sources of tuna allows the Company's suppliers to deliver quality fresh tuna at fair prices. In addition, the Company's processing facilities in the Philippines and Indonesia utilize local labour whose wages are believed to be relatively lower than those in Thailand and Ecuador. The current minimum wage in the Philippines is US$7.40 per day. The Company believes that it has the advantage of lower costs of production, especially in producing institutional packs.

New management team

In December 2014, the Company announced its new senior management team, led by its new President and CEO, Raymond K.H. See. The management team leverages on more than 20 years of operational and management experience in the business of processing and exporting canned tuna and smoked salmon, combined with the entry of young and dynamic executives who bring in both a fresh and innovative outlook by enhancing the company's capacities, efficiencies and profitability.

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[8] WCPFC Tuna Fishery Yearbook 2013. The publication was downloaded from the website of WCPFC athttp://www.wcpfc.int/node/1759 and the relevant information is extracted from the publication and included in its proper form and context in this Offer Document. The information has not been verified by our Company, the Sponsor, the Underwriter and the Placement Agent. WCPFC has not consented to the inclusion of the information for the purpose of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

[9] The relevant information is extracted from the official website of the General Santos City at http://www.gensantos.gov.ph/tuna-industry/ and included in its proper form and context in this Offer Document. The information has not been verified by our Company, the Sponsor, the Underwriter and the Placement Agent. The City of General Santos has not consented to the inclusion of the information for the purpose of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

INTERNATIONAL AND DOMESTIC ACCREDITATIONS

The Company has the following international accreditations.

US FDA Recognition

The Company is recognized by the US FDA, both for its facility and its products. All food product suppliers to the US must undergo inspection and approval from the US FDA before exporting food products into the US. Each product exported to the US has an identification number assigned by the US FDA to ensure that the products have passed their inspection and quality approval rating. The canned tuna products manufactured and shipped by the Company to the US are approved by the US FDA. The Company's General Santos plant's US FDA registration is FCE#08522 while its Bitung plant's is FCE#15717.

EU Accreditation

The Company is accredited by the EU, through the BFAR, as a valid exporter to EU countries. The EU assigns numbers to each facility or factory establishment that passes its established standards and requirements. This accreditation is recognized by all EU-member countries. The EU number of the Company for its General Santos plant is EEC#1246 while its Bitung plant's number is EEC#520.25.C.

British Retail Consortium Global Standard for Food Safety

This is a third party accreditation primarily used for customers in the UK and/or the EU. The current BRC accreditation of the Company's General Santos plant will expire on May 2, 2016, and is subject to an annual renewal. The renewal terms require the Company to comply with the BRC Global Standard – Food Requirements. The Indonesian processing plant in Bitung is also approved, with its license expiring on July 30, 2015.

International Food Standard Certified by the NFS

The Company's General Santos City plant received its certification for International Food Standard from NFS Certification on April 2, 2015 and will expire on May 3, 2016, subject to an annual renewal. On the other hand, the Company's Bitung plant's accreditation is already in the process of being renewed after expiring in December 2014.

Dolphin Safe Accredited

This accreditation certifies that the Company processes only dolphin safe tuna for its packing requirements. The Company complies with this accreditation by buying from fish suppliers who are Earth Island Institute-certified to ensure that they employ fishing techniques and systems that do not target or harm dolphins. The General Santos City plant's accreditation will expire on July 2015. On the other hand, The Company's Bitung plant's accreditation is already in the process of renewing, after expiring in December 2014.

Kosher Accredited

The Orthodox Union issued an accreditation certifying that the Company processes canned tuna in accordance with United States Jewish community guidelines. Both the Company's tuna facilities were granted certification in July 2014 which is set to expire in June 2015.

Halal Certified

The certification ensures that the Company processes canned tuna in oil and brine in accordance with Muslim principles and techniques. The certificate was issued by the Islamic Da'wah Council of the Philippines. The certificate is valid from September 5, 2014 until September 5, 2015, subject to an annual renewal. The certification will be renewed if the Company: (a) maintains its Halal quality, and that its production facility meets the specifications listed in the production of Halal food products; and (b) the products do not come into contact with any materials not produced in accordance with the Halal standard quality during the transportation, processing, or storage, including the raw materials used in the production. The Bitung plant was also certified by The Indonesian Council of Ulama on June 24, 2014, which shall expire on June 24, 2016.

HACCP Program Documentation and Implementation Certified

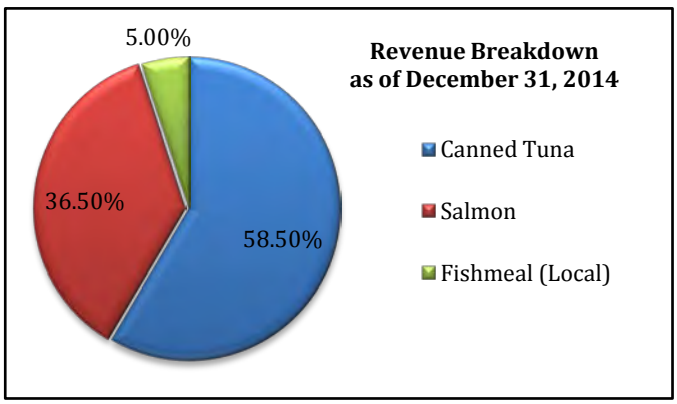
The Company has received a certification from BFAR, on behalf of EU, authorizing the implementation of the HACCP System. The accreditation is valid until December 17, 2015. To secure a renewal in the future, the Company has to show that it manufactures the goods in compliance with the HACCP system for assuring food safety.

In the Bitung plant, the Bitung plant's certification received from the Fisheries Quarantine and Inspection Agency Indonesia will expire on May 2015.

BGB has received a certification of recognition for the implementation of HACCP System from BFAR and the certification is valid until June 28, 2015.

PRODUCT LINES

The Company's product lines are composed of canned tuna, raw and smoked salmon, and fishmeal. The Company's main product remains to be canned tuna, which accounted for 58.50% of total sales in 2014. This is followed by salmon, which accounted for 36.50%, and fishmeal, which accounted for 5.00%. The Company's revenue breakdown as of December 31, 2014 is as follows:



The following discussion provides a brief description of the Company's product lines.

Canned Tuna

The Company cans and sells canned tuna for both the retail and institutional markets.

The institutional can is referred to in the industry as "603." This pack size is named as such because the can is six (6) and 3/16 (6-3/16) inches in diameter. The standard amount of tuna or "drain weight" contained in this can-size is between 1.75 to 1.85 kg, depending on customers' specifications. The end users of the institutional sized-cans include restaurants, fast food chains, school systems, and other public feeding systems. The Company packs this can size in solids, chunks, and flakes, with packing mediums of oil, brine, vegetable broth, and water.

The Company expanded its institutional size offerings to include the three (3)-kgs and one (1)-kg packs. These have drain weights of 2.6 kgs and 650 grams respectively.

The retail can, on the other hand, is referred to in the industry as the "307." This pack size is named as such because the can is three (3) and 7/16 (3-7/16) inches in diameter. The 307 can has a standard drain weight of between 170 to 200 grams. This pack size is sold to wholesalers, distributors, and food companies that have their own brands. The retail pack can is what consumers normally purchase in the supermarkets and groceries. The Company packs this can-size in solids, chunks, and flakes, with packing mediums of oil, brine, vegetable broth, and water.

The Company expanded its retail size offerings to include "211" in the middle of 2005 due to demand from selected European countries and from some companies in the US. This has a standard drain weight of between 90 to 100 grams. It also introduced two (2) retail packs in 2008 namely the "401" can size with a drain weight of 280 grams and sold primarily in Europe, and the 5 oz. can with a drain weight of 100 grams and sold in the US. The Company recently introduced the "300" can with a drain weight of 80 grams aimed for the non-traditional markets.

As a private label manufacturer of canned tuna, the Company processes and packs tuna according to the customers' specifications and labels these under the labels of its end-customers. For customers who do not own their own canned tuna brand, the Company offers its own house brand, Sea Harvest.

Smoked Salmon

PFNZ owns the Prime brand, and prior to September 2014, it used to process all its requirements in New Zealand for its customers. It now operates as the marketing arm of BGB in New Zealand and it sources all its requirements from BGB. This strategy was undertaken to take advantage of lower production costs in General Santos City, and to enhance its profit margin. PFNZ sells its products under the Prime Smoke and Studholme brands.

BGB manufactures smoked salmon products, which range from 50 to 200 grams per pack for retail size and 500 to 1,000 grams per pack for institutional size. The products are frozen and vacuum packed. These products are either hot or cold smoked salmon and are sold as fillets, slices and shavings.

Currently, BGB processes King, Atlantic, and Coho salmon species. The finished products are marketed to supermarkets and other premium quality retail outlets in Asia.

Spence's best-selling product is the retail-sized smoked salmon ranging from 6 to 16 oz. packets. It sells the traditional and classic smoked salmon to supermarkets in the US. Salmon species that the firm smokes include Coho, Sockeye, and King. In addition to these traditional products, Spence also markets value added salmon products like Nova lox, Gravlax, Pastrami Salmon, Pinwheels, Salmon

spread for bagels, Pate, Salmon Fleurette Platter, Salmon Trim, Mustard Dill Sauce, Red Hackle Smoked Salmon, Lox in a Box, Smoked Salmon Petit Fours, and Salmon rings. These salmon products are mainly sold under the Spence brand.

Spence is also a very active player in packing retail-sized private label brands, chief among them is the private label brand of one of the more popular premium supermarket chain in the US. The most popular products available under this name include the firm's Smoke Salmon and Smoke Trout packages. For one of the leading restaurants in the country, Spence produces value added smoked salmon in various flavors.

A leading seafood restaurant group is another major client of Spence. Products offered again are retail sized ranging from 6 to 16 oz. Best sellers include Smoke Roasted Honey Oak Salmon in 6 oz. pack. Scottish Style Smoked Salmon Platter in 12 oz. is a popular seller for social gatherings. Other fast moving flavors are Smoke Roasted Garlic Pepper Salmon, Smoked Nova Salmon, Smoked Wild Sockeye, and Smoked Whitefish loin in a 16 oz. pack.

Smoked salmon makes up a large portion of Spence's sales with a miniscule percentage of other seafood. These products, marketed under the Spence brand and sold in retail sized packs, include, Smoked Trout, Smoked Mackerel, Smoked Whitefish, Smoked Bluefish, Findon Haddock, Smoked Trout Pate, Smoked Bluefish Pate, and Smoked Whitefish Salad.

With the acquisition of Akaroa Salmon New Zealand, the Company has added fresh salmon to its product line. These are delivered to major restaurants and hotels in New Zealand. In addition, Akaroa's smoked salmon has been an award winning product in the country and continues to set the benchmark of quality in New Zealand.

Fishmeal

Fishmeal is the by-product of the canning operation. The tuna loin is the portion of the fish that is packed in cans. All other parts of the fish are processed to produce fishmeal that is sold as additives or primary ingredients for animal feed.

Fishmeal is currently sold to the domestic market.

Salmon by-products

The Company also sells salmon by-products, either individually, or as part of other salmon products. The US subsidiary sells these by-products as part of various items like pate, torta, rings and trim. Other units sell belly, collars, fins and trims etc. to various clients to maximize revenue generation potential of the products.

PRODUCT INPUTS

Tuna

The primary input for canned tuna is tuna fish, which accounts for about 70.00% of total canned tuna cost. Skipjack and Yellowfin tuna are the main raw fish inputs for canned tuna products. As of 2013, the global catch of Skipjack and Yellowfin tuna was 85.20% of global tuna catches and 94.39% of WCPO tuna catches[10].

For the Company's Philippine operations, the fish is sourced from major international suppliers or local fishermen. The Company has established strong relationships with a handful of the locals throughout the years, some of which prioritize the Company for its deliveries.

[10] WCPFC Tuna Fishery Yearbook 2013

PT IAFI, the Company's canned tuna subsidiary in Bitung, Indonesia, relies on local fishermen who fish in local waters. In 2011, PT IAFI started to source some of its tuna requirements from fishermen who use pole and line fishing methods to cater to the growing demand in EU canned tuna using sustainably sourced fish. PT IAFI's pole and line caught tuna comes complete with traceability and is certified by the Indonesian fisheries department.

The other substantial input for canned tuna is cans. On the average, this input accounts for about 14.00% of total product cost. The Company currently sources majority of its can requirements from FDCP for its General Santos operations. PT IAFI sources its can requirements from Indonesian tin can manufacturers.

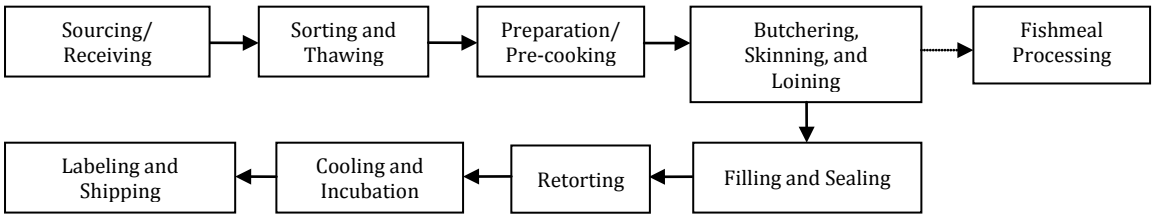
Salmon

BGB sources its salmon mainly from New Zealand, Chile and Norway and has a strong network of suppliers. It buys different salmon species such as King, Atlantic, and Coho, all of premium quality. The salmon can be in head-on or head-off form.

The Company does not have any existing long term supply contracts for its salmon and packaging requirements.

PRODUCTION PROCESS

Canned Tuna



Fish inputs received by the Company is either frozen in brine or are freshly caught and chilled in ice. The fish goes through several processes before it is canned and shipped out of the Company's plant. The first step is to pre-cook the fresh or frozen fish using steam until the meat muscles are cooked. The fish are then beheaded, skinned, and loined, removing the head, skin, blackmeat, blood muscles, and bones.

The fish is ready for packing once it is clean. The fish is packed into cans using a packing machine. The packing media for the fish include brine, vegetable broth, and oil. Cans are immediately seamed after they are filled with the packing media, ensuring that the products are hermetically sealed.

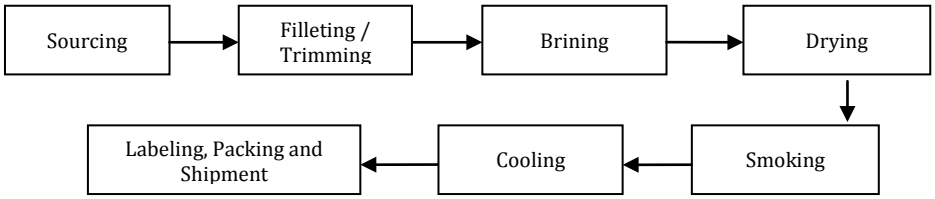
The canned tuna then undergoes a final sterilization process, called retorting, to make sure that the products remain commercially sterile. Cooking schedules depend on the can size and packing media of the tuna products.

After retorting, the canned tuna are unloaded from the retorts and are air-cooled. After air-cooling, the products are cased-up, palletized, and forwarded to the warehouse for incubation. The canned tuna products in the warehouse undergo an incubation period of up to 14 days to ensure that cans do not pop-up.

After the incubation period for the canned tuna, these are properly labeled and cased, and are ready for van loading. Both vans and products are checked before loading. After loading, vans are sealed, shipping documents are prepared, and shipped out of the Plant.

All aspects of the aforementioned process comply with the HACCP system, the EU Regulation, International Food Standard, BRC Global Standard for Food, and US FDA's Low Acid Canned Foods Regulations (21 CFR Parts 108, 110, and 113).

Salmon Smoking Process



The processing plant receives the raw material in frozen form. Upon receipt, the salmon is stored in a holding freezer before it is thawed with water.

Once the salmon has been thawed, the workers fillet it ready for brining. The fins are then removed for further processing, and after which the salmon is trimmed. If the salmon is cold smoked, the skin is removed from the fillets.

Most of the fillets are brined after which the fillets are laid on trays for smoking. These loaded trolleys are then placed in a drying chiller before the fillets are smoked. The trolleys are then placed in a smoke box for smoking the fish.

Upon completion of the smoking, the fillets are blast frozen to -10 degrees Celsius.

The fillets are then transferred to a tempering room and sliced for packing into different pack sizes for sale. These slices are placed on boards, weighed, and then bagged. These bags are vacuum sealed and are either blast frozen and stored in a carton, or placed in a chiller for chilled distribution ready for dispatch.

Fishmeal

The fishmeal process basically sterilizes the fish and removes water content. The end product is a fine, light-brown granulated powder with a protein content of 55.00% to 60.00% crude protein, and 8.00% to 10.00% moisture. The fishmeal is bagged with a standard weight of 46 kgs. The finished fishmeal is stored in a clean, dry, and well-ventilated storage area.

Fishmeal is an ingredient of animal feeds.

The fishmeal plant of the Company is equipped with anti-pollution facilities. It uses a water scrubber and deodorizer system to filter and separate evaporation impurities from the driers through water misting and filtering cups before being exhausted to the atmosphere by means of a force draft fan. This system is an accepted pollution control facility for fishmeal plants.

QUALITY ASSURANCE AND CONTROL

The Quality Assurance and Control Group is responsible for implementing the HACCP policy of the Company and provides the necessary technical skill and manpower support for both production and marketing departments. This group is primarily charged with monitoring and implementing all production and product quality related activities. The Company has instituted a rigid set of quality control points and standards to assure the Company and its clients of consistent and acceptable products. Various government and international inspectorate agencies have approved these standards

The Quality Assurance and Control Group is headed by a Manager with a fully-trained staff complement. The Company has also invested on all necessary technical and testing equipment to enforce its Quality Assurance and Control protocols in all its processing plants.

PRODUCTION FACILITIES

Factory Complex in General Santos

At present, the Company leases the factory complex from AMPI. The plant is a fully integrated factory complex located in Barrio Tambler, General Santos City. It has a rated capacity of 140 MT of raw fish per day. The land area occupied by the plant is 68,751 sqm, and it is located by the seashore of Sarangani Bay. The tuna processing and canning production area, the warehouse area, and other covered areas occupy an area of around 13,596 sqm. The buildings, machinery, equipment, and building facilities are continuously upgraded as part of the Company's objective to be at par with, or exceed, international standards.

The process flow includes concrete enclosures and conveyorized fish receiving area, thawing system, platform-type digital display weighing system, pressurized misting system, refrigerated chiller room system, conveyorized skinning and loining system, mechanized packing system, hygienic media dispensing system, high speed and low speed steam injection seamer machines for 603, 401, 307, 300, and 211 can diameters, automatic can washers, semi-automated thermal processor retorting system, jet ink printing process, and mechanized labeling and shrink-wrapping process. The finished goods warehouse is capable of storing 100 to 120 FCLs of canned tuna.

The plant is also equipped with a modern fishmeal processing plant that processes fish scrap from production through drying and suspended hammering to produce granulated powder. This facility has an input capacity of 80 MTD of raw fishmeal, and maximum output of 32 MTD of granulated finished fishmeal.

One basic and critical requirement of the plant before it can operate is the establishment of a wastewater treatment plant. This is required and regulated by the Philippine government as a pollution control facility. The Company's wastewater treatment plant is capable of treating 2,400 cubic meters of influents per day, and it also has the capability of reducing Biological Oxygen Demand to below 30 PPM on effluent discharges as required under the DENR regulatory standards.

The Company's industrial compliance and pollution reduction measures have been rated "Very Good" by the DENR in its latest assessment of the Company's performance.

PT International Alliance Foods Indonesia

PT IAFI's factory complex is located in the town of Bitung, North Sulawesi, Indonesia. The largest nearest town is Manado, which is about a two-hour drive from its processing facilities. It has a rated capacity of 90 MT of raw fish per day. The land area occupied by the factory complex is 14,421 sqm. The process flow for this plant was patterned after the General Santos plant.

Prime Foods New Zealand, Ltd.

PFNZ is located in Hororata, New Zealand. It is about a one-hour drive from Christchurch in South Island. It used to be a processing facility for smoked salmon until it ceased manufacturing operations in 2014. At present, it acts as a sales channel for BGB.

Big Glory Bay Salmon and Seafood Company, Inc.

BGB is based in the same compound where the Company's canned tuna and can making facilities are located. BGB is leasing the land with an area of 1,199 sqm from AMPI. The rental cost is US$505.00 per month and the lease agreement expires on January 31, 2020. The process flow for this plant was patterned after the PFNZ plant.

FDCP, Inc.

FDCP manufactures three (3)-piece and two (2)-piece sanitary cans for tuna canning. FDCP utilizes statistical process control on the production line to ensure that quality cans are produced.

Its plant is located in an area adjacent to the Company's facilities in Barrio Tambler, General Santos City. FDCP's plant was constructed in February 1998, and was commissioned in September 1998. It has a production and warehouse floor area of 2,592 sqm. Its administrative offices cover an area of 576 sqm.

Spence & Company, Ltd.

Spence's processing facility is spread over a 20,000 square foot area in the city of Brockton, a mid-sized town about an hour's drive from Boston. This facility is being leased from Gael Land. The facility's rated capacity is 6 MTD. With the Company's future growth and marketing plans, Spence has the ability to increase its production three folds with only a small investment in capital equipment.

Akaroa Salmon New Zealand Ltd.

The entire land and facilities occupied by Akaroa is approximately 3,500 square meters. This consists of the 600 sqm of fish processing area, 150 sqm of smoke area, 40 sqm chiller and freezer space and 20 sqm retail shop. The balance of the area is made up of offices, common room area, toilets and parking spaces etc.

The facilities are owned by New Zealand Guardian Trust Company Limited, the rental agreement period is from June 1,2012 – May 30, 2017 and has been signed with two (2) renewal dates – June 01, 2017 and 2022. The rental fee is NZ$60,000.00 per annum.

Akaroa has marine farming licenses to grow, among other fish, salmon in the Akaroa harbor. These farming licenses allow Akaroa to have fish farms in two (2) places within the harbor. The first license was given for Lucas Bay in Akaroa harbor covering almost 1.80 hectares. This was the location where Akaroa first put fish to sea. The other location is about a 10-minutes boat ride from Lucas Bay farm and is located in the Titoki Bay in Akaroa harbor. This license allows them to utilize an area of approximately 2.90 hectares. The fish pens in Tikoti Bay are about a 30-minutes boat ride from the wharf. In addition to King Salmon, the Titoki Bay consent allows Akaroa to grow green and blue mussels, rock lobster, snapper, paua and other salmon species. Both licenses expire on January 1, 2025.

MARKETS

The Philippine canned tuna processors have a competitive advantage in the institutional market segment, while Thailand holds the edge in the retail market. Nevertheless, the Company's presence in Thailand through its marketing office in Bangkok enables the Company to penetrate the retail market.

The Company is a private label manufacturer of canned tuna. Based on the specifications provided by the Company's customers, it processes tuna, packs these in the specified can size, and labels the canned tuna products under the labels of its end-customers. For customers who do not own their own canned tuna brand, the Company offers its own house brand, Sea Harvest.

The Company has positioned itself as a supplier of canned tuna to a wide range of buyers or agents. Most of the products that the Company ships out to customers are already finished, labeled, and set for shipment to their respective end-destinations.

At present, the Company exports its entire production of canned tuna. The Company's primary markets include Europe and North America. It has also built up shipments to customers in its non-traditional markets. The Company exports its products to 60 countries, majority of which are to Europe.

PT IAFI started exporting canned tuna to the US and the Bahamas in 2009. In mid-2010, the cannery received accreditation for the EU market and started exporting to European countries like Germany, Netherlands, and the UK.

Fishmeal that is generated from the canned tuna business of the Company is currently sold to the domestic market.

PFNZ sells most of its products to the retail market through supermarket companies. PFNZ uses its own sales force to market its products.

DISTRIBUTION METHODS, MARKETING, AND SALES

The Company and PT IAFI are private label manufacturers of canned tuna. Based on the specifications provided by the customers, the Company processes tuna, packs these in the specified can size, and labels the canned tuna products using the labels of its end-customers. For customers who do not own a brand, the Company offers its own house brand, Sea Harvest.

The tuna division has positioned itself as a supplier of canned tuna to a wide range of buyers and agents. Most of the products that the tuna division ships out to customers are finished and labeled, and are ready for shipment to their respective end-destinations.

At present, the tuna division exports its entire production of canned tuna. The tuna division's primary market is Europe. Fishmeal, on the other hand, is mainly sold to the domestic market but it can also be exported.

BGB's products are sold to major supermarkets in the Asia-Pacific region and in the Philippines.

PFNZ sells to supermarket companies. Food service clients include hotels, restaurants, and food manufacturers. Promotional activity is mainly by way of weekly specials in retail, with some occasional print and radio media advertising.

For Spence, the marketing effort was placed on retail sales with a special emphasis on brand name and innovation. Spence's sales efforts have been led by professionals with experience in the distribution industry, with previous employment in leading firms like Sysco and Whole Foods.

Their efforts and contacts have enabled the firm to tap into a network of established and well known food distributors in the region.

In addition to using its own sales force, Spence also uses food brokers to market its products.

Spence has also been granted a license to produce and sell smoked salmon, whole white fish, and white fish salad under a major restaurant chain's trademark.

In addition, Spence has a relationship with another high-end restaurant whose celebrity chef has licensed Spence to produce and sell smoked salmon and other seafood products under his name.

Akaroa's products are primarily sold directly to its institutional and retail clients. The subsidiary's General Manager is in charge of all marketing activities and is tasked with, among others, drawing up and implementing all marketing plans.

CUSTOMERS

The Company has a customer base spread over 60 countries. There is one (1) customer who accounted for more than 20.00% of the Company's total sales in 2014. At present, the Company does not have major existing sales contracts on its canned tuna products.

The Company's fishmeal is sold to animal feed producers in the domestic market.

PFNZ's salmon products are mainly sold in New Zealand. It does not have any major long-term sales contracts. Two of its clients accounted for more than 20.00% each of sales in 2014.

Spence sells its products to the US. One customer accounted for more than 20.00% of the unit's sales in 2014.

For BGB, one client accounted for more than 20.00% of sales in 2014.

None of Akaroa's clients accounted for more than 20% of total sales.

CUSTOMER ACCOUNT MANAGEMENT

The Company has a total manpower complement of four (4) sales and marketing executives handling customer requirements and relations: one (1) is located in Bangkok, one (1) in the General Santos City plant, and two (2) in the Manila Head Office.

Each Account Management officer works with a set of customers and is charged with developing and expanding business with them. They are also responsible for coordinating product development between the client and the factory. The Company has a customer-oriented service policy that is implemented by the Account Management officer. The Marketing Head has overall responsibility for achieving and monitoring sales and customer service targets of the Company. The Company places particular attention to key accounts where greater customer care and service is implemented. Higher-level management is kept in the loop and is actively involved at this level.

PFNZ has three (3) marketing personnel, two (2) of which go out on the field to visit supermarkets and other retailers. These two (2) make sure that the products are displayed properly on the shelves and that there is enough stock to service customer requirements.

COMPETITION

As of the date of this Prospectus, there are seven (7) companies engaged in tuna canning in the Philippines, with six (6) located in General Santos City and one (1) located in Zamboanga. The Company's competitors are General Tuna Corporation, Philippine Best Canning Corporation, Ocean Canning Corporation, Celebes Canning Corporation, Permex Producer & Exporter Corporation, and Seatrade Canning Corporation.

The following table presents select key financial information on these Philippine canned tuna processors.

Table 7: Key Operating and Financial Highlights of Philippine Tuna Canners (2013)[11]

(in US$thousands)	FOOD	General Tuna	Phil. Best Canning*	Ocean Canning*	Permex Producer & Exporter*	Seatrade Canning*
Total Assets	69,460	75,248	70,335	17,687	20,364	7,676
Total Liabilities	41,773	58,503	63,136	16,024	18,287	5,936
Total Equity	27,687	16,745	7,198	1,663	2,077	1,740
Revenue	84,328	138,119	108,571	31,615	9,323	31,816
Gross Profit	6,950	5,653	4,182	1,886	1,056	1,790
Operating Profit	-2,687	2,157	2,253	929	608	227
Net Income	-2,919	3,240	-1,415	16	5	94

** Amounts translated into US Dollars at the exchange rate of ₱44.634 based on the April 15, 2015 PHP: USD exchange rate as these Companies' functional exchange rates are in Philippine Peso*
*** Celebes Canning Corporation's 2013 AFS is not yet available at the SEC*

Most Philippine canned tuna processors produce the retail pack and the institutional pack can sizes. The scraps or by-products of these firms from tuna processing are converted into fishmeal and sold to either local or foreign feed millers.

The US and EU markets account for approximately 75.00% of world canned tuna consumption. These two (2) major markets are the primary markets of Philippine canned tuna companies.

Indonesia has more than 10 small tuna canneries but only a few are doing well due to lack of tuna canning experience, technology, and management.[12]

The smoked salmon industry in the US is highly fragmented with no national brand selling across all the regions in the country. Each region has a number of local smokers with sales to that particular region only. A majority of the smokers are the "mom and pop" variety with a small customer base and highly localized marketing effort.

According to estimates, Spence has the third largest market share in the North East region, where it is located. Spence's biggest competitor is a subsidiary of Marine Harvest Group, a publicly listed firm on the Oslo Bors. Another large seafood company in the region is the Brooklyn-based seafood company. It sells various smoked fish specialties in addition to side dishes like coleslaw salad etc.

[11] Source: https://ireport.sec.gov.ph/
[12] www.tunaconsultant.com/start.html

Akaroa has a number of competitors who also have their own marine farms in New Zealand. Its major competitor is also the country's largest salmon farmer and exports a large chunk of its output. In addition, there are some similar sized salmon farms, but unlike, Akaroa, cannot supply fresh salmon to its clients year round.

PFNZ is one of the main players in the smoked salmon industry in New Zealand. Its main competitor is King Salmon Company. There are also several firms with smaller market shares.

The business model that BGB follows, i.e. importing King Salmon from New Zealand and other countries, and using the competitively priced and highly efficient Filipino work force to export a premium product from the Philippines is unique, and no other salmon processor follows the same strategy.

BUSINESS PLANS

The Company's short term business plans include the following:

- Increased profitability through a more focused sales strategy and better cost control measures
- Refocusing the organization's direction with the leadership of new management

Increased profitability through a more focused sales strategy and better control measures

The sales team will be expanding its customer base by targetting markets where it has a cost competitive advantage. With this, the Company expects increased tuna volumes primarily from the Gensan plant.

For BGB, the direction is to focus on new market segments. PFNZ will function as a sales unit since manufacturing operations have been integrated into BGB. Akaroa will continue to focus on increasing its capacity utilization while Spence's sales is expected to continue to grow as it pursues new regional markets.

The Company is also rationalizing and streamlining its operations to attain better control measures in order to improve margins. These include improved production efficiencies, better raw materials sourcing, and tighter financial controls on operating expenses in all subsidiaries. The planned capital expenditures and structural upgrades are expected to contribute significantly tothe reduction in costs.

Refocusing the organization's direction with the leadership of new management

In December 2014, the Company announced its new senior management team, led by its new President and CEO, Raymond K.H. See. The entry of new management is expected to provide a fresh and innovative direction to propel the Company to improved performance by enhancing its capacities, efficiencies and profitability.

Furthermore, the Company will continue to developthe skills and talents of its people. The new management believes that a successful execution of its vision-mission is only possible if the people are aligned with its goals to deliver solid peformance.

HUMAN RESOURCES

As of December 31, 2014, the Company has a total of 2,361 contractual/temporary and permanent employees. Its workforce at its General Santos plant comprised of 1,330 employees, while its Bitung plant employs another 873 persons. The Company's two (2) subsidiaries in New Zealand has 58 employees, while the wholly-owned US subsidiary employs another 65 persons. The Company's Manila office consisted of 33 employees, while its marketing representative office in Bangkok, Thailand has two (2) regular employees.

The Company complies with all the labor laws, rules, and regulations, thus avoiding any significant dispute with its workers. The Company's management believes that current relations between the Company and its employees and workers are generally good. However, being labor intensive, the Company is naturally exposed to the risk of industrial or labor disputes. None of the employees are under any collective bargaining agreement. The Company has not experienced any work disruptions since it started operations.

BUSINESS DEVELOPMENT ACTIVITIES

The Company participates in tradeshows around the world to keep pace with the changing trends in the industry. This is also the venue to develop new relationships and to keep in touch with existing customers.

The Company's business development activities comprise of scouting for growth opportunities in the seafood industry, which resulted in the investment in PFNZ, BGB, Spence, and Akaroa.

In 2012 to 2014, overall business development expenses amounted to around0.40% to 0.60% of net sales.

CORPORATE SOCIAL RESPONSIBILITY

Besides being committed to continue realising future growth opportunities for the Company's business and manufacturing quality products for its customers, it also takes its corporate citizenship seriously by giving back to its community and conserving its planet's resources. For the past seven (7) years, the Company has been conducting Feeding Programs in Banisil High School located at General Santos City, which aims to sustainably feed underweight students in an attempt to combat frequent absences and poor academic performance. For the school year 2013-2014, 122 of the 139 underweight students attained their normal nutritional status.

In August 2014, the Company also participated in the launching of the feeding program for 126 Grade 7 students of the same school. Part of the goal is to educate families about health and nutrition, so that they could sustain the progress children have made during the school year feeding program.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

Other than as disclosed in the notes of the audited financial statements as of December 31, 2014, the Company has not entered into any other related party transactions.

PATENTS, TRADEMARKS, AND ACCREDITATIONS

The "Alliance Tuna International, Inc." name was registered with the SEC in September 2003 and is valid for 50 years. On its annual general shareholders' meeting held on July 1, 2010, the Company changed its corporate name from Alliance Tuna International, Inc. to "Alliance Select Foods International, Inc.", which was later on approved by the SEC on July 22, 2010.

The Company's farmed salmon subsidiary in New Zealand owns the "Akaroa Salmon" trademark.

Most of the Company's clients have their own brands. In the private label business, producing canned tuna for a client's brand or label is the norm. The Company uses its house brand, Sea Harvest, for clients who either do not have their own brands or are looking for alternative brand names. The number of containers shipped under the Sea Harvest brand is small but serves as a useful alternative if clients want to use the name. The brand "Sea Harvest" has been trademarked with the Intellectual Property Philippines and the Company has rights to the trademark until June 25, 2017.

The Company also has trademark registration for the brand Big Glory Bay. A trademark application to protect the name Spence & Co. Ltd. has been filed.

The Company is accredited by a number of international rating and accrediting agencies and domestic rating and inspection bodies.

The Company's tuna operations in General Santos City and Bitung have passed various tests and standards for the quality of its products, adherence to HACCP standards, adherence to Kosher and Halal processing guidelines, and adherence to dolphin-safe practices. The Company's various accreditations allow it access to all of the major markets for canned tuna products.

These accreditations include:

- United States of America – Food and Drug Administration Recognition
- EU – issued through BFAR
- Certificate of Conformity from BRC Global Standard
- International Food Standard Certified by the NFS Certification
- Dolphin Safe Accredited
- Kosher Accredited
- Halal Certified
- HACCP Program Documentation and Implementation Certificate

REGULATORY FRAMEWORK

Industry-Particular Governmental Laws and Approvals

The BFAR is a line bureau reconstituted under the Department of Agriculture, by virtue of Republic Act No. 8550, otherwise known as the Philippine Fisheries Code of 1998. This code provides for the development, improvement, management, and conservation of the country's fisheries and aquatic resources.

The Company received its certification for the implementation of its HACCP System from BFAR on behalf of the EU for its General Santos plant, which will expire on December 17, 2015. This certification is subject to renewal every 12 months. The renewal terms require the Company to manufacture its products under the HACCP system for assuring food safety.

The Company is registered with the Bureau of Food and Drugs as a food manufacturer/exporter of fish and marine products. Its license to operate is valid until June 3, 2015.

BGB has received a certification of recognition for the implementation of HACCP System from BFAR and the certification is valid until June 28, 2015.

BGB is also registered with Philippine Food and Drug Administration (FDA) as a food manufacturer/exporter of processed seafood products. Its license to operate is valid until May 25, 2015.

Environment-Particular Governmental Laws and Approvals

The Presidential Decree No. 1586, as amended, otherwise known as the Philippine Environmental Impact Statement System 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. The Company's operation of its processing and production facilities is classified as an environmentally critical project.

The Company obtained an Environmental Compliance Certificate on July 25, 2011 which is still valid. In addition to this, the Company also has a Waste Water Discharge permit, valid until October 28, 2017. A Permit to Operate a boiler was also issued on January 17, 2006, which allows the Company to operate a boiler until October 12, 2016.

For its Bitung facility, PT IAFI was awarded the Letter of Health / Safety and Environment Permit, which states that the firm has complied with environment and safety regulations on April 8, 2015. In addition, the Ministry of Marine Affairs & Fisheries has awarded the HACCP certification on behalf of EU after they conducted tests in March 20, 2014 which it passed with flying colors. They have also been certified with Good Management Practices and the certification will expire on August 27,2015. The International Food Service certification for the subsidiary is valid till July 8, 2015. In addition, the subsidiary also has Kosher certification will expire on June 30, 2015.

PFNZ complies with the environmental regulations as laid down by the Canterbury Regional Council for discharge of contaminants to land, which is audited annually. There have never been any issues that arose since PFNZ started operations in 1994.

BGB obtained an ECC on February 12, 2010 which is still valid. In addition to this, the company also has a Waste Water Discharge Permit which is valid until June 15, 2019. A Permit to Operate (Diesel Engine Generator) was also issued on October 10, 2011 which is valid till June 26, 2017. BGB is also registered with the USFDA on March 26, 2015.

Business-Particular Governmental Laws and Approvals: Labor and Employment

The DOLE through the Labor Standard Enforcement Division of DOLE Region XII Office, conducts inspection of the Company to determine compliance with labor laws, particularly those relating to occupational health and safety. On August 22, 2014 the DOLE Region XII Office issued a Certificate of compliance to the Company which is valid for two (2) years.

PT IAFI, the Indonesian subsidiary, has to submit an annual report called Bentuk Laporan showing that it has complied with all the relevant labor laws and regulations. The current certification will expire on February 23, 2016.

LEGAL PROCEEDINGS

The Company is involved in legal proceedings both as plaintiff and defendant. Its management believes that an adverse resolution in such cases will not materially affect the financial position of the Company. It is not involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware) which it believes may have a material adverse effect on the financial position of the Company.

The following discussions sets forth information on the legal proceedings which the Company is currently involved. This section must be read in conjunction with the "Involvement in Legal Proceedings" found on pages 110-111 of this Prospectus.

On June 11, 2014, the Company, to protect its interests, filed a criminal complaint for Revealing Secrets with Abuse of Office against two of its directors, Hedy Yap – Chua and Albert Hong Hin Kay, because it had reasonable cause to believe that Ms. Yap-Chua and Mr. Hong Hin Kay acted in breach of their fiduciary duty to the Company when they revealed information relating to the Company's financials given to them in confidence. The Office of the City Prosecutor of Pasig City dismissed the case, and the Company has since filed its appeal with the Department of Justice, where the case remains pending.

On June 16, 2014, the Company, to protect its interests, likewise sought to intervene in the Intra-Corporate Case filed by Hedy S. C. Yap-Chua and Albert Hong Hin Kay, against Board Directors George E. SyCip, Jonathan Y. Dee, Alvin Y. Dee, and Ibarra A. Malonzo, and Corporate Secretary Avelino M. Sebastian. The Company filed a Motion to Intervene and to Admit Attached Answer-in-intervention with Compulsory Counterclaims (with Opposition to the Application for Writ of Preliminary Injunction)("Motion to Intervene"), with a prayer for the court to provide it an opportunity to be heard on the matters in litigation because any decision in the case would directly affect the Company. In its Answer-in-Intervention, the Company takes the position that the subject Board resolutions sought to be annulled by Ms. Yap-Chua and Mr. Hong Hin Hay are valid, and defends its decision to accept Strongoak Inc.'s offer of investment of more than ₱563,000,000.00. The Company also prayed that the injunctive relief prayed for by petitioners Ms. Yap-Chua and Mr. Hong Hin Hay to enjoin the listing of the Strongoak Inc.'s shares in the PSE be denied. In an order dated July 8, 2014, the Court denied the Company's motion to intervene, and the Company has since filed its appeal with the Court of Appeals, where its petition for review remains pending.

On appeal with the SEC en banc is an order of the Enforcement and Investor Protection Department (EIPD) imposing on the Company a fine of ₱100,000.00 for violation of paragraph A, subparagraphs (i) and (iv) of Article 6 of the Revised Code of Corporate Governance, on account of a complaint by a stockholder who was supposedly barred from entering the venue of the Company's annual stockholders' meeting held on June 16, 2014. It appears that the finding of the SEC EIPD was a result of the alleged failure of the Company to respond in a timely manner to their letter dated September 12, 2014. In its appeal, the Company clarified that it responded to the SEC EIPD letter within the stipulated time of 15 days from the Company's receipt of the letter on September 18, 2014; the SEC received the reply from the Company on September 23, 2014 at 3:29:29 pm. The Company appealed the fine imposed by the SEC EIPD on the basis of replying within the stipulated time, and the actions taken by the Company were just and reasonable under the circumstances. The appeal remains pending before the SEC Commission en banc.

INDUSTRY OVERVIEW

PHILIPPINE TUNA INDUSTRY

Fisheries is an important industry in the Philippines. Its significance is underscored by the fact that in 2011, the Philippines ranked 7th among the top fish producing countries in the world with a total production of 4.97 million MT of fish, crustaceans, mollusks, and aquatic plants. The production constitutes 2.79% of the world's total production of 178.2 million MT.[13] In terms of contribution to the economy, the fishing industry, which accounted for 1.83% of total GDP, grew by 0.28% from ₱131.00 billion in 2013 to ₱131.37 billion in 2014.[14]

The Philippines is the second largest canned tuna producer in the WCPO following Thailand.[15] The country's canned tuna industry is centered in General Santos City, which is recognized as the "Tuna Capital of the Philippines." This location has good access to the WCPO that accounted for 57.28% of the global tuna catch in 2013.[16]

The development of infrastructure facilities over the past 10 years has made General Santos City competitive with Bangkok as far as the canned tuna processing and production industry is concerned. General Santos City has an international airport, an international fish port, modern communication facilities, and a good road network. The city also hosts support facilities for the canned tuna industry like cold storage, can making facilities, label printers, product testing centers, and fabrication shops.

It is estimated that the domestic canned tuna market amounts to ₱6.0 billion. As of 2012, the Century Pacific Group, which owns Century, 555, BlueBay, and Fresca canned tuna brands, controls around 87.00% of this market while CDO Foodsphere, Inc., a new entrant to the Philippine domestic canned tuna market which owns the brand San Marino, currently holds approximately 13.00% of this market.[17]

Philippine Canned Tuna Processors - Competition

The Philippines currently has seven (7) canned tuna processors namely, Alliance Select Foods International, Inc., General Tuna Corporation, Philippine Best Canning Corporation, Ocean Canning Corporation, Celebes Canning Corporation, Permex Producer & Exporter Corporation, and Seatrade Canning Corporation. Select data on these Philippine canned tuna processors are discussed in the section "Competition" on page 74 of this Prospectus.

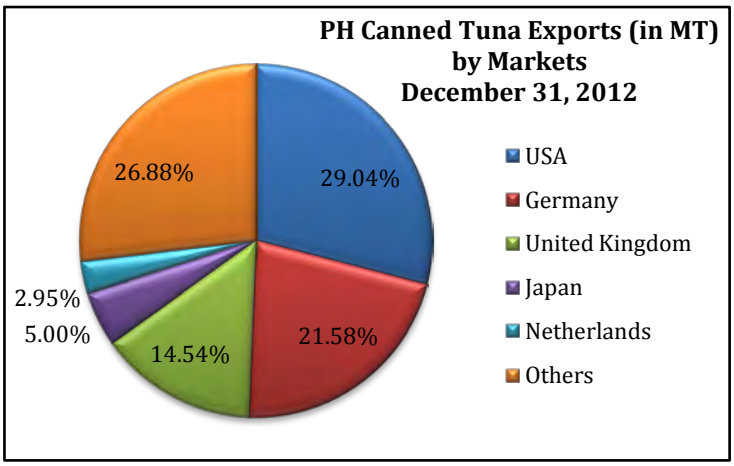
The Tuna Canners Association of the Philippines is the industry association that includes all Philippine tuna canners as its members. In conjunction with the Philippines' Department of Trade and Industry, the Tuna Canners Association of the Philippines has been instrumental in representing industry players in international trade and market access negotiations with major markets of the United States and Europe.

Export Markets

The US and EU markets account for approximately 75.00% of world canned tuna consumption. These major markets are also the primary markets of Philippine canned tuna companies.

[13] BFAR 2012 Philippine Fisheries Profile as retrieved from http://www.bfar.da.gov.ph/
[14] Gross Value Added of the Fishing Industry at constant prices as retrieved from: www.nscb.gov.ph
[15] Market And Industry Dynamics In The Global Tuna Supply Chain as retrieved from: https://www.ffa.int/
[16] WCPFC Tuna Fishery Yearbook 2013
[17] CNPF Prospectus dated April 2014

In 2012, tuna remained as the top export commodity in the fishing industry with a collective volume of 56,708 MT valued at US$414.17 million for both fresh/chilled/frozen and canned tuna products. Around 86.41% of total catch are exported as canned tuna products while approximately 31.59% are exported fresh/chilled/frozen.



The Philippine export performance in the US market has remained steady, accounting for an average of around 15.00% of this market's total tuna imports in 2011 to 2013.[18]

Germany ranked 8th in the world tuna importers and rank 7th in the world canned tuna importers. The country imports tuna from over 41 suppliers around the world, in which the top 3 largest suppliers are Ecuador, Philippines, and Papua New Guinea, which supplies around 21.00%, 23.00% and 12.00% of Germany's canned tuna imports, respectively. In 2013, total tuna imports into the country reached more than 76,300 MT which is valued at around US$429.00 million. Canned tuna is the main import item, making up around 97.00% of total tuna imports per year.[19] The Philippines exported around 8,373 MT to Germany in 2012.

The Philippines accounted for, at an average, around 10.17% of total UK canned tuna imports from the years 2011 to 2013. The country exported around 5,640 MT of canned tuna to UK in 2012.[20]

On December 2014, the European Parliament, in its plenary meeting, completed the last stage in the process to grant the Philippines GSP+ that will provide duty free entry to the EU for some of the most important Philippine exports. The GSP+ preferences cover over 6274 tariff lines.

The greatest benefit that is likely to be gained from GSP+ is the attraction of new industrial investments in sectors where relatively high tariffs are being slashed to zero which includes, among others, tuna exports to EU member countries which was previously at a high of 24.00%.

The non-traditional markets are those that account for the remaining 25.00% of the total world canned tuna consumption. These markets include countries in the Middle East, China, Southeast Asia, Australia, and New Zealand.

[18] http://www.thefishsite.com/reports/?id=2562
[19] http://seafood.vasep.com.vn/seafood/378_9571/canned-tuna-imports-into-germany-occupied-97-percent-of-the-total.htm
[20] http://www.thefishsite.com/reports/?id=2562

Issues and Concerns Facing Philippine Canned Tuna Processors

As a whole, the fisheries sector of the Philippines has been facing key development challenges. The central problems in the sector are the unsustainable management of fisheries and the inadequacy or inconsistency of fishing policies which led to depletion and degradation of fish resources.[21]

Key issues and concerns for canned tuna processors in the Philippines essentially revolve around the fishing restrictions in the WCPO, and the EU's stricter regulations on IUU fishing.

The WCPFC's various fishing restrictions in the WCPO range from outright banning of fishing over large areas of the sea to limiting the fishing methods that can be employed.

The overfishing of Albacore and Yellowfin stocks is the greatest threat facing the long-term sustainability of the Pacific's tuna fisheries. Catching, discarding and processing fish the way it is currently done undermines the viability of the fish stocks, the marine ecosystem and the fishing industry itself. Thus came the first restriction, which is the three-month ban from July to September on using FAD. This relates to a fishing method that attracts a school of tuna to a particular area after which fishing nets scoop the fish onto ships. It is alleged that this method is destructive to certain endangered tuna species like Albacore and Yellowfin. The goal of the restriction is to ensure that populations of these two species recover sufficiently before the restrictions are removed. It was first implemented in 2009 when it covered a two (2) -month period in July and August. For the year 2015 and 2016, WCPFC provided an option for a five-month prohibition covering the months January, February, July, August and September, or a three-month prohibition as long as total number of FAD set by vessels shall be within WCPFC's FAD set limit.[22]

The other significant move by the WCPFC was the closing of certain pockets in the high seas. In January 1, 2010, the WCPFC implemented a two-year WCPO tuna fishing ban on purse seine fishing along the Pacific Ocean's High Seas Pocket 1 and 2. These are international waters and outside the jurisdiction of any particular national government. This restriction was instituted in 2010 and has expired in December 31, 2011. No legal fishing is permitted in this area for the 24 months period commencing on January 1, 2010 which resulted to around US$115.00 million deficit on Mindanao's economy and loss of approximately 9,000 jobs in the local fishing industry based on the Department of Agriculture BFAR records. Upon expiry of the fishing restriction in 2012, the Philippines was given limited access to HSP 1 in which BFAR allowed the operation of at most thirty-six (36) traditional ice chilled fishing vessels in the area. Out of the thirty-six (36) domestic-based catcher vessels, only eleven (11) recommenced activities in the HSP 1, with a total catch of around 2,066 MT for the periods covering October to December 2012.

In June 2014, EU issued a yellow card warning to the Philippines because of its failure to implement measures against IUU fishing and for possible violation of EU's standard on traceability of imported fish products. At least 15.00% of total world catch is estimated to have come from IUU fishing. The Philippines was given six months to improve its legal and control systems as required by international rules, or it will have to face trade sanctions on fisheries imports to the EU bloc.[23]

In April 2015, the EU lifted the yellow card warning on the Philippines following amendments in legal systems and improvement of traceability and catch certification schemes.[24] However, failure to institutionalize reforms and combat IUU fishing in the future may render the Philippines' preferential market access in the EU through the GSP+ irrelevant.

[21] Israel, Danilo. *"The Potential Impacts of a Free Trade Agreement with the European Union on the Philippine Fisheries Sector"*
[22] Conservation and Management Measure 2014-01 as retrieved from: https://www.wcpfc.int/conservation-and-management-measures
[23] http://www.manilatimes.net/breaking_news/eu-gives-philippines-yellow-card-for-not-stopping-illegal-fishing/
[24] http://manilastandardtoday.com/mobile/2015/04/22/eu-lifts-threat-of-fishing-ban/

NEW ZEALAND SALMON INDUSTRY

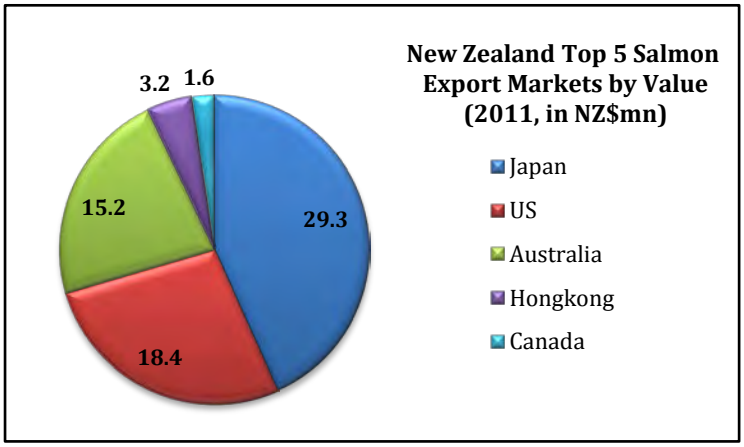
Only the King Salmon are successfully farmed on a significant scale in New Zealand. This is in contrast to the rest of the world where salmon aquaculture is focused on Atlantic salmon, except for some Chinook salmon in Canada and Coho salmon in Chile. King Salmon is the name commonly used for Chinook by the salmon farming industry and markets.

Interest in salmon farming grew steadily during the 1970s as part of a worldwide trend towards commercial aquaculture. New Zealand's first (1st) commercial salmon farm was established in 1976 as an ocean ranching venture at Waikoropupu Springs in Golden Bay, and made its first sales of freshwater-reared salmon in 1978. Other early ocean ranching farms included an ICI/Wattie joint venture on the lower Clutha River, and larger-scale hatcheries on the Rakaia River and the nearby Tentburn coastal site. The first sea-cage salmon farm was established in 1983 in Big Glory Bay, Stewart Island. This was soon followed by the development of farms in the Marlborough Sounds.[25]

Total production of Chinook salmon in New Zealand reached 12,397 MT in 2012 and 10,843 MT in 2013, around 90.00% of which came from marine production and the balance of 10.00% from freshwater. New Zealand production of Chinook salmon constitutes around 88.00% of global production, with the remaining coming from Chile and Canada.[26]

The majority of commercial production of Chinook salmon in New Zealand is from the company New Zealand King Salmon (NZKS) which produced approximately 6,217 MT in 2013. NZKS accounted for 65.00% of salmon production in New Zealand and around 62.00% of the global Chinook salmon production.

Majority of industry exports are in the chilled whole and frozen headed & gutted product formats. In 2011, 47.00% or 2,420 tonnes of salmon were exported in the chilled whole format with 30.00% or 1,544 tonnes exported in frozen headed & gutted format. New Zealand's top five (5) salmon export markets by value in 2011 are Japan, US, Australia, Hongkong, and Canada with an aggregate value of NZ$67.70 million.[27]



[25] http://www.salmon.org.nz/aboutsalmon.shtml
[26] http://www.seafoodwatch.org/-/m/sfw/pdf/reports/mba_seafoodwatch_chinook_salmon_newzealand_report.pdf
[27] New Zealand Aquaculture Facts 2012

PROPERTIES

As of April 30, 2015, the Company, through its subsidiaries, owns the following properties:

Table 8: FOOD'S Own Properties

Description	Location	Gross Area (sq m)	Usage	Encumbrances
PT IAFI factory complex	Bitung, North Sulawesi, Indonesia	14,200	Includes the land production facilities, administration building, and all plant and office equipment	Mortgaged to Rabobank
PFNZ processing facilities	Hororata Road, Canterbury, New Zealand	6,436	Includes the land, production facilities, administration building, and all plant and office equipment	Mortgaged to Bank of New Zealand

As of April 30, 2015, the Company leases the following properties:

Table 9: FOOD'S Leased Properties

Description	Location	Lease period	Gross Area (sqm)	Monthly Rental	Lessor
FOOD canned tuna and can making facilities	General Santos City, Mindanao, Philippines	January 1, 2013 to December 31, 2017	35,186.21	₱2,322,290 with a 5.00% increase per annum	AMPI
FOOD office space	Suite 1207A, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City	July1, 2015 to June 30, 2020	108	₱64,800.00	Dominion Property Holdings Corp.
	Suites 1206A and 1206B, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City	July 1, 2015 to June 30, 2020	217	₱103,000.00	Dominion Property Holdings Corp.

	Suite 1205, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City	March 1, 2014 to February 28, 2015	269	₱140,240.00	Dominion Property Holdings Corp.
	Suites 1405 and 1406A, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City	January 31, 2014 to December 31, 2014	370	₱220,975.00	Dominion Property Holdings Corp.
PT IAFI one (1) 603 filling machine	Bitung, North Sulawesi, Indonesia	June 1, 2014 – May 31, 2019	n/a	US$42,576.00 (annual minimum rental)	Luthi Machinery Company, Inc.
PT IAFI one (1) 307 filling machine	Bitung, North Sulawesi, Indonesia	December 1, 2010 – November 30, 2015	n/a	US$58,000.00 (annual minimum rental)	Luthi Machinery Company, Inc.
BGB processing facilities and land	General Santos City, Mindanao, Philippines	Expiring on December 31, 2017	1,223.86	₱80,775.00 with an increase of 5.00% per annum	AMPI
Spence processing facilities	Brockton, Boston, USA	Expiring on May 31, 2020	20,000	US$17,900.00	Gael Land Realty LLC
Akaroa processing facilities and land	6 Pope Street, Christchurch, New Zealand	June 1, 2012 to May 30, 2017	4,310	US$5,000.00	New Zealand Guardian Trust Company Ltd.

LEGAL PROCEEDINGS ON PROPERTIES

There are no pending litigation or arbitration proceedings where the Company is a party and no litigation or claim of material importance is known to the Directors to be pending or threatened against properties of the Company and its subsidiaries.

MARKET INFORMATION

The common shares of the Company is 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 10: 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	-	-
Q4	2.26	1.66	1.26	0.88	1.30	1.09	-	-

On April 30, 2015, the closing price of FOOD was ₱1.09.

The approval for the listing of the Rights Shares was obtained from the PSE on July 8, 2015.

THE SHAREHOLDERS OF THE COMPANY

The table below sets forth certain information as of April 30, 2015 with respect to the registered ownership of the outstanding shares.

Table 11: FOOD Top 20 Shareholders

Name	No. of Shares	Amount Subscribed and Paid Up	% Ownership
PCD Nominee Corporation (Filipino)	1,018,186,067	1,018,186,067.00	67.89%
Harvest All Investment Limited	177,261,165	177,261,165.00	11.82%
Victory Fund Limited	138,474,015	138,474,015.00	9.23%
PCD Nominee Corporation (Foreign)	86,283,746	86,283,746.00	5.75%
Albert Hin Kay Hong	39,071,537	39,071,537.00	2.61%
Bondeast Private Limited	13,023,411	13,023,411.00	0.87%
Peter Kawsek Jr.	4,538,646	4,538,646.00	0.30%
FCF Fishery Co. Ltd.	3,975,370	3,975,370.00	0.27%
Michael W. Cordova	3,805,000	3,805,000.00	0.25%
S. Chandra Das	2,604,760	2,604,760.00	0.17%
Oriental Tin Can & Metal Sheet Mfg.	2,210,385	2,210,385.00	0.15%
FDCP, Inc.	1,894,045	1,894,045.00	0.13%
Berck Yao Cheng	1,200,000	1,200,000.00	0.08%
Tri-marine International Pte. Ltd.	1,170,472	1,170,472.00	0.08%
Jerry C. Angping	1,000,000	1,000,000.00	0.07%
Damalerio Fishing Corp.	920,656	920,656.00	0.06%
DFC Tuna Venture Corporation	617,248	617,248.00	0.04%
Phil. Fisheries Development Authority	346,207	346,207.00	0.02%
Amadeo Fishing Corp.	294,874	294,874.00	0.02%
Genpacco, Inc.	172,973	172,973.00	0.01%

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

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 SEC must be notified within seven (7) days from its declaration.

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

RECENT SALES OF EXEMPT SECURITIES AND UNREGISTERED SECURITIES

In May 2014, the Company issued a total of 430,286,226 Common Shares to Strongoak Inc. through a private placement transaction. The said shares were listed on July 28, 2014. Other than the foregoing, the Company has not sold any unregistered securities nor has sold any reacquired securities as well as new issues, securities issued in exchange of any property or service, or other securities and new securities resulting from the modification of outstanding securities.

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: the three (3) months ended March 31, 2015 compared with the three (3) month ended March 31, 2014, the year ended December 31, 2014 compared with the year ended December 31, 2013, and 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. Prospective investors should read this discussion and analysis of the Company's financial condition and results of operations in conjunction with the financial statements and the notes thereto set forth elsewhere in this Prospectus.

This discussion contains forward-looking statements and reflects the Company's current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

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

Table 12: FOOD Summary of Statement of Comprehensive Income (in US$ Thousands)

Income Statement Data	Audited December 31			Unaudited March 31	
	2012	2013	2014	2014	2015
Revenues	**82,337**	**84,328**	**81,262**	**21,450**	**21,351**
Cost of Goods Manufactured and Sold	71,762	77,000	73,382	18,875	19,041
Gross Profit	**10,575**	**7,328**	**7,880**	**2,575**	**2,311**
Other Income	88	1,118	435	827	139
Selling and Administrative Expenses	6,810	10,015	28,290	1,826	1,646
Other Expenses	(438)	(156)	(641)	(57)	(244)
Finance Costs	(2,083)	(1,761)	(1,831)	(446)	(450)
Share in Equity in Net Earnings (Loss) of Associates	195	105	(229)	10	57
Share in Equity in Net Earnings (Loss) of Joint Ventures	107	(69)	74	9	17
Profit (Loss) Before Tax	**1,634**	**(3,450)**	**(22,602)**	**1,091**	**183**
Income Tax Expense (Benefit)	866	(531)	(5,525)	331	165
Profit (Loss) for the Year	**767**	**(2,919)**	**(17,077)**	**760**	**18**

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

Table 13: FOOD Summary of Statement of Financial Position (in US$ Thousands)				
Balance Sheet Data	**Audited December 31**			**Unaudited March 31**
	2012	**2013**	**2014**	**2015**
Cash	4,192	1,568	2,426	2,551
Trade and other receivables - net	11,474	16,162	9,304	10,214
Due from related parties	1,411	810	494	503
Inventories - net	9,681	14,437	18,788	14,734
Biological asset	202	220	204	208
Prepayments and other current assets	1,799	1,364	1,557	1,685
Assets held-for-sale	4,546	-	-	-
Total Current Assets	**33,306**	**34,563**	**32,772**	**29,895**
Investments in associates	231	337	108	165
Investment in joint ventures	530	472	561	578
Property, plant and equipment - net	23,013	21,127	13,227	13,612
Deferred tax assets	213	1,409	7,490	7,603
Goodwill	9,503	9,503	9,503	9,503
Other intangible assets - net	268	219	200	206
Other non-current assets	2,022	1,832	1,986	2,125
Total Noncurrent Assets	**35,780**	**34,897**	**33,075**	**33,792**
TOTAL ASSETS	**69,085**	**69,460**	**65,847**	**63,687**
Trade and other payables	6,878	7,332	9,040	8,764
Loans payable	23,951	28,610	29,201	27,254
Income tax payable	538	227	1	288
Due to related parties	26	144	154	139
Total Current Liabilities	**31,393**	**36,314**	**38,396**	**36,445**
Loans payable - net of current portion	5,176	4,565	3,399	3,016
Due to related parties - net of current portion	987	-	-	-
Retirement benefit obligation	773	635	416	402
Deferred tax liabilities	237	259	304	305
Total Noncurrent Liabilities	**7,172**	**5,459**	**4,120**	**3,723**
Total Liabilities	**38,565**	**41,773**	**42,516**	**40,168**
Share capital	22,576	22,576	32,239	32,239
Reserves	4,083	4,065	7,062	7,233
Retained earnings	3,808	1,331	(15,045)	(14,994)
Treasury shares	(6)	(6)	(6)	(6)
Equity attributable to equity holders of the parent	**30,461**	**27,966**	**24,249**	**24,471**
Non-controlling interest	60	(279)	(919)	(952)
Total Equity	**30,521**	**27,687**	**23,331**	**23,520**
TOTAL LIABILITIES AND EQUITY	**69,085**	**69,460**	**65,847**	**63,687**

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

OPERATING PERFORMANCE

Three months ended March 31, 2015 compared to three months ended March 31, 2014

Table 14: FOOD Summary of Statement of Financial Position (in US$ Thousands)			
(Amounts in US$ Thousands)	**2014**	**2015**	**% Change**
Revenue	21,450	21,351	-0.46%
Gross Profit	2,575	2,311	-10.25%
Gross Profit Margin	12.00%	10.82%	
Selling & Administrative Expenses	1,826	1,646	-9.86%
Operating Profit	749	665	-11.21%
Operating Profit Margin	3.49%	3.11%	
Finance Cost	446	450	0.90%
Profit (Loss) for the year	760	18	-97.63%
Net Profit (Loss) Margin	3.54%	0.08%	

The Company's revenue for the first quarter of 2015 posted at US$21.35 million, almost the same level as last year. For the Company's tuna business, sales volume for the quarter improved by 9.00% but this was offset by lower average selling price due to lower raw materials cost compared to last year. Meanwhile, the Company's salmon business enhanced overall revenues with its 23.00% increase in sales volume for the quarter that was accompanied by higher selling prices.

The consolidated gross profit for the quarter amounted to US$2.31 million, a gross margin of 10.82% which was lower by 1.18% compared to last year's 12.00% because of lower canned tuna prices.

Selling and administrative expenses during the period went down by 9.86% against the previous year due to the many cost improvement measures implemented since last year. As a percentage of sales, the selling and administrative expenses dropped from 8.51% in 2014 to 7.71% in 2015.

The Company managed to end the quarter with a net income after tax of US$18,065.00, which was lower than last year. However, note that the after-tax net income of US$760,425.00 in 2014 includes a gain on transfer of fishing vessel amounting to US$537,887.00, which was reversed as of end of 2014 as a result of the amendment in the joint venture agreement between the Company and WCFI, a joint venture fishing company agreement in 2013 by the Company with CHL Fishing Industry, Inc. and CHL Construction & Development Enterprises.

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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.

Table 15: 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%. Although 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 yearend. 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 was executed as mentioned above.

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 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.

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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.

Table 16: 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 our customers. They 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 and it was only towards the end of the year when there was an easing of raw material prices. Without the investments in marketing the Company had done in the past, and its excellent relationship with key buyers, it would have suffered a larger setback.

Coupled with the Company's strategic investments in fishing operations and backward integration, which came to fruition in 2014, the Company was able to mitigate the effect of higher raw material prices for its canned tuna division. As this 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 when it was acquired 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 about US$3.25 million from the year earlier to US$7.33 million in 2013. This decline of 30.70% in the gross profit was mainly due to the lower margins in the canned tuna division. As a result of this, 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 held for sale amounting to US$546,031.00. Other significant contributor was 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 principal of the long-term loans.

FINANCIAL CONDITION

Three months ended March 31, 2015 Compared to December 31, 2014

The Company's total assets decreased by US$2.16 million from U$65.85 million in December 31, 2014 toUS$63.69 million as of March 31, 2015. This was mainly due to the 21.58% decrease in inventories, which was the result of improved sales volume and more efficient inventory management for both the tuna and salmon businesses. Trade receivable and other receivables rose by 9.78%.

The Company's total liabilities declined by 5.52%. Current loans payable went down by 6.67% while the non-current portion decreased by 11.27% due to payment of short-term loans and long-term amortization. The Company's total liabilities to equity ratio improved to 1.71:1 as of March 31, 2015 from 1.82:1 as of end 2014.

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 mainly due to decrease in property and equipment as a result of the write off of three (3) fishing vessels and decrease in receivables by 42.43% primarily due to 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 represents the fresh capital infusion by Strongoak Inc. last May2014. 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 to US$34.56 million from US$33.31 million in December 31, 2012.

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% to US$41.77 million from US$38.57 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 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.

MATERIAL CHANGES IN FINANCIAL STATEMENTS

Three months ended March 31, 2015 Compared to March 31, 2014 (for income statement accounts) and December 31, 2014 (for balance sheet accounts)

Income Statement

Gross profit decreased by 10.25% because of lower selling price of canned tuna.

Other income declined by 83.20% because of the gain on sales of assets of US$537,887.00 recognized during the previous year.

Other expenses upsurged by 324.20% primarily because of the foreign exchange losses from the depreciation of New Zealand dollar.

Balance Sheet

Cash and cash equivalents increased by 5.15% arising from the higher ending cash balance of Spence & Co. Ltd.

Net trade and other receivables grew by 9.78% because of the higher sales volume for the first quarter.

Inventories decreased by 21.58% due to the improved sales volume and better inventory management.

Prepayments & other current assets increased by 8.24% arising from the advance payment for importation of raw materials from its foreign suppliers.

Investment in associates upturned by 52.89% due to net income earned by AMPI during the period.

Other non-current assets increased by 7.04% due to increase in input VAT.

Loans payable was reduced by 6.67% due to payment of short-term loans.

Income tax payable increased to US$288,007.00 from US$1,316.00 due to income tax provision for Spence and BGB.

Due to related parties decreased by 9.54% because of the translation of advances of Akaroa to shareholders in New Zealand dollar to US dollar.

Loans payable – net of current portion went down by 11.26% due to payment of scheduled loan amortization.

Calendar Year Ended December 31, 2014 versus 2013

Income Statement

Net revenues declined by 3.64%. This was due to the following:

- Tuna business increased in sales volume by 11.67% but due to lower canned tuna prices, the net revenues decreased by 9.00% or US$5.40 million
- Salmon division's net revenues grew by 9.00% or US$2.30 million because of the full capacity utilization of the salmon company in General Santos City, Philippines

Cost of goods manufactured and sold dropped by 4.70% due to lower fish cost.

The upturn of 7.53% in gross profit was attributable to the good performance of the salmon business during 2014.

Other income was reduced by 61.12%. This was mainly due to the gains of US$546,031.00 from sale of fishing vessels in 2013.

Save for the 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 cost cutting program that the Company underwent during the period.

For the year 2014, the Company took the conservative position of recognizing non-recurring expenses in its income statement amounting to US$20.18 million.

Other expenses increased by 309.92% because of the foreign exchange loss of VDZ and PFNZ amounting to approximately US$186,000.00 and US$249,000.00, respectively due to depreciation of Rupiah and New Zealand dollar.

Share in equity in net earnings of associates lowered by 316.99%. This pertains to share in the loss of AMPI during the period which the Company owns 40.00% stake. In 2014, AMPI received a court order lifting all claims against MCC resulting in the whole carrying amount of receivables amounting to ₱61.00 million to be written off.

Share in equity in net earnings of a joint venture improved from a loss of US$69,246.00 to US$73,525.00 due to the profit recognized by FDCP during the year. The Company owns 40.00% stake in FDCP.

Income tax benefit increased by 940.94% due to net operating loss of the Company.

Balance Sheet

Cash and cash equivalents increased by 54.72% mainly due to the higher cash balance of Spence & Co. and the Company.

Trade and other receivables declined by 42.44%. This is mainly due to the reclassification of receivables relating to the sale of vessels to WCFI amounting to US$6.38 million to non-current assets.

Due from related parties decreased by 39.00% due to partial payment of AMPI and reclassification of advances to WCFI to non-current assets.

Inventories grew by 30.14%. This is primarily due to the Company's purchase of frozen fish and production of orders for early 2015 shipment.

Biological assets reduced by 7.59%. This is comprised of female smolts, which are young salmons at the stage when it is ready to migrate from fresh water to the sea.

Prepayments and other current assets increased by 14.09% due to refundable income tax of Spence, creditable withholding tax of the Company, and the advance port rental of VDZ.

Investment in associates pertains to investment in AMPI and Salmon Smolts NZ Ltd. in which the Company has a 40.00% and 20.00% stake, respectively. The decrease of 67.93% was share in equity in net losses of the associates during the period.

Investments in a joint venture grew by 18.90% due to share in equity in net earnings of FDCP during the year.

Property, plant and equipment – net declined by 37.39% due to the allowance for impairment on the fishing vessels of the Company amounting to US$7.79 million in 2014.

Deferred tax assets increased by 431.60%, which pertains to income tax benefit realized from the net operating loss of the parent Company.

Other intangible assets – net decreased by 8.49% which pertain to the amortizations of the fishing license and salmon farming consent.

Other non-current assets – net increased by 8.40% which pertain to the reclassification of the receivables from WCFI and advances as fish deposit.

Trade and other payables increased by 23.29% as the Company maximized its credit terms with its various trade suppliers.

Income Tax Payable decreased by 99.42% due to the losses incurred within the year and due to the income tax paid by Spence in 2013.

Due to related parties pertains to advances from a shareholder and this increased by 6.85% mainly due to foreign currency translation adjustment.

Loans Payable –net of current portion decreased by 25.55% due to payment of scheduled amortization.

Retirement benefit obligation declined by 34.46% due to funding of the retirement fund to a trust bank and retirement of the key officers.

Deferred tax liabilities increased by 17.74% due to timing difference of income tax computation which was applied in 2014.

Share capital grew by 42.80% due to issuance of 430,286,226 shares of stocks through a private placement in May 2014.

Reserves increased by 73.73% mainly due to issuance of 430,286,226 shares of stocks through a private placement at a premium.

The downturn in retained earnings from US$1.33 million to a deficit of US$15.05 million was due to one-time expenses such as doubtful accounts expense of US$8.45 million, impairment loss on fishing vessels of US$7.79 million, inventory write down of US$2.04 million, obsolescence of US$1.19 million, and impairment loss on investment of US$39,279.00.

Non-controlling interest decreased by 229.85% due to the share in the net loss during the year of various units.

Calendar Year Ended December 31, 2013 versus 2012

Income Statement

Net revenues increased by 2.42% or almost US$1.99 million due to the increase in sales volume mainly from the salmon businesses.

Cost of goods manufactured and sold increased by 7.30% due to the increase in the tuna raw materials cost.

Other income increased by 12.73 times as the Company realized a gain of US$546,031.00 from the sale of fishing vessels. Another US$475,758.00 profit was due to foreign exchange gain recorded as a result of the peso depreciation during the year.

Selling &administrative expenses increased by 47.06% due to the provision for doubtful accounts of US$1.13 million taken up in 2013 and the charging of expenses incurred on the Company's endeavor to seek a listing in Singapore Exchange Securities Trading Limited's Catalyst Board amounting to US$1.56 million.

Other operating expenses decreased by 64.33% from US$438,082.00 to US$156,275.00. The Company did not incur any foreign exchange loss in 2013.

Finance costs decreased by US$321,634.00 or 15.44%. There was a recognition of unrealized interest arising from the discounting of lease deposits of US$378,700.00 in 2012, which the Company didn't incur in 2013.

Share in equity in net earnings of associates decreased by 46.06%. This pertains to share in the profit of AMPI and Salmon Smolts NZ Ltd. during the period which the Company owns 40.00% and 20.00% stake, respectively.

Share in equity in net earnings of a joint venture decreased by 165.00% due to the Company's equity share in net loss incurred by FDCP during the year. The Company owns a 40.00% stake in FDCP.

The Company incurred an income tax benefit of US$530,818.00 in 2013 from an expense of US$866,368.00 in 2012 due to the net operating loss of tuna operations in 2013.

Balance Sheet

Cash and cash equivalents decreased by US$2.62 million, or 62.60% mainly due to utilization of cash for working capital requirements.

Trade and other receivables increased by 40.86% mainly arising from the sale of fishing vessels to WCFI amounting to US$6.38 million.

Due from related parties decreased by 42.56% or US$600,472.00, as a result of recognition of provision for doubtful account.

Inventories grew by 49.12% or US$4.76 million. A significant amount of the tuna inventory has been pre-sold already and was awaiting customer instructions for shipment as of December 31, 2013.

Biological assets increased by 9.42%. This comprised solely of consumable female smolts. Female smolts are young salmons at the stages when it migrates from fresh water to the sea.

Prepayments and other current assets decreased by 24.18% due to charging of professional fees incurred for the Company's preparation in connection with the project to seek a listing in Singapore Depository Shares in Singapore Exchange Securities Trading Limited's Catalyst Board.

Assets held for sale pertains to the three (3) out of seven (7) fishing vessels that the Company acquired via "dacion en pago". These were sold during the year.

Investment in associates pertains to investment in AMPI and Salmon Smolts NZ Ltd. in which the Company has a 40.00% and 20.00% stake, respectively. The increase of 45.57% was from the Company's share in equity in net earnings of the associates during the period.

Investments in a joint venture decreased by 10.87% due to the Company's equity share in FDCP's net loss in 2013.

Property plant and equipment showed a decrease of 8.20% from US$23.01 million in 2012 to US$21.13 million in 2013. This was due to the sale of fishing vessel.

Deferred tax assets increased by 562.85%. This pertains to income tax benefit arising from the net operating loss of the tuna operations.

Intangible assets pertains to the fishing license, salmon farming consent, and macrocystic consent. The decrease of 18.31% came from currency translation difference from rupiah to US dollar and NZ dollar to US dollar.

Other non-current assets decreased by 9.43% mainly due to restatement of the long-term lease deposit to its present value.

Trade and other payables increased by 6.61% as the Company maximized its credit terms with its various trade suppliers.

Loans payable – current portion increased by 19.45% due to additional borrowings for working capital requirements of the Company.

Income tax payable decreased by 57.74% which pertain to payment of Spence's income tax for 2012.

Due to related parties – current portion pertains to the advances from a shareholder and this increased by 452.98%mainly brought about by the additional advances.

Loans payable –net of current portion decreased by 11.79% due to the payment of scheduled amortization.

Due to related party – net of current portion decreased by 100.00% as full payment of advances from a related party was done in 2013.

Retirement benefit obligation decreased by 17.85% due to the additional contribution to the retirement fund.

Deferred tax liabilities increased by 9.14% due to the timing difference of income tax computation which was applied in 2013.

Retained earnings decreased by 65.06% due to the loss incurred during the year.

Non-controlling interest decreased by 567.17% due to the share in the net losses in 2013 of the various units.

KEY PERFORMANCE INDICATORS

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

Table 17: FOOD Key Ratios

	December 31			March 31	
	2012	**2013**	**2014**	**2014**	**2015**
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
Revenue Growth Rate	60.39%	2.42%	-3.64%	8.80%	-0.46%
Gross Profit Margin	12.84%	8.69%	9.70%	12.00%	10.82%
Net Profit Margin	0.93%	-3.46%	-21.01%	3.55%	0.08%
Return on Equity	-4.50%	-8.83%	-62.96%	2.28%	0.91%
Return on Assets	1.19%	-4.21%	-25.24%	1.07%	0.03%

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.

Changes and Disagreements with Accountant and Financial Disclosure

There have been no changes and disagreements with accounts and financial disclosures for the years 2012, 2013, and 2014.

The Company contracted the external auditing services of Navarro Amper & Co. (formerly Manabat Delgado Amper & Co. and C. L. Manabat & Co.) for the years 2012 and 2013 and has retained their services for the year 2014.

Disagreements arising from contractual arrangements

There are no pending disputes or disagreements that will have any immediate material effect on the financial position and operating results of the Company. In the ordinary course of the business, however, some disagreements have occurred between the Company, its subsidiaries and customers/suppliers, such as those discussed below:

The delivery of canned tuna made to a customer was rejected due to a discrepancy in agreed product specifications, forcing the customer to source its requirements elsewhere. This prompted the Company to incur costs amounting to around US$1.23 million. This amount covers refund, testing, discharging and loading costs. On May 20, 2015, the Company transferred approximately US$1.00 million to customer. To defray the costs incurred by the Company, the customer has committed to help sell a portion of the delivered canned tuna on behalf of the Company.

A fish supplier filed a civil suit against the Company's subsidiary, PT IAFI, for the alleged non-payment of frozen fish orders amounting to approximately Rp.34,468,325,255.00 (equivalent to US$2,598,384.36) in material losses and Rp.10.00 billion (equivalent to US$753,847.00) in immaterial losses. Both PT IAFI and the fish supplier have submitted their respective evidence, with PT IAFI submitting more than 1,014 pieces of evidence during the hearing as proof that payments were made upon the instruction and for the account of the fish supplier. The civil case is still pending with the District Court of Bitung, and the hearings will conclude with the submission of the Concluding Arguments from the disputing parties on June 29, 2015.

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INDEPENDENT PUBLIC ACCOUNTANTS

The financial statements of the Company as of December 31, 2013 and 2014, and for the years ended December 31, 2012, 2013 and 2014 including the notes thereto that are incorporated by reference included in this Prospectus, have been audited without qualification by Navarro Amper & Co. formerly known as C. L. Manabat & Co., member of Deloitte Touche Tohmatsu, auditors as stated in their reports appearing herein.

Navarro Amper & Co. has acted as the Company's external auditors since it started operations in 2004. The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

Navarro Amper & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities in the Company. Navarro Amper & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto) pursuant to or in connection with the Rights Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Committee.

AUDIT AND AUDIT-RELATED FEES

The following table sets out the aggregate fees billed for professional services rendered by Navarro Amper & Co. for each of the last three (3) fiscal years:

Table 18: Audit and Audit-Related Fees			
	2012	**2013**	**2014**
Regular Audit	₱840,000	₱1,000,000	₱1,200,000
All Other Fees	126,000	150,000	180,000
Total Audit and Audit-Related Fees	**₱966,000**	**₱1,150,000**	**₱1,380,000**

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MANUAL OF CORPORATE GOVERNANCE

ADOPTION AND IMPLEMENTATION

The Company has already implemented the abovementioned Corporate Governance Manual. Two (2) independent directors have been elected and added to the Board of Directors.

Per the Company's Manual of 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. The Board has formed and selected among themselves members of the following committees: Audit, Executive, Nominations, and Compensation & Remuneration.

On July 31, 2014, the Company has filed its revised Manual of Corporate Governance with the SEC. It also filed its Annual Corporate Governance Report on December 18, 2014. In addition, the Company has been regularly submitting corporate governance surveys as required by the PSE Memorandum 2010-0574 dated November 26, 2010. The latest Compliance Report on Corporate Governance was submitted to the PSE on March 30, 2015 for the year ended December 31, 2014. As required by the SEC, the Company's Annual Corporate Governance Report for 2014 was appended to and incorporated in its 2014 Annual Report.

INDEPENDENT DIRECTORS

The amended By-laws require the Company to have two (2) independent directors in its Board of Directors. The Corporate Governance Manual requires that there must be at least one (1) independent director voting in the Company's Audit Committee, Executive Committee, Nomination Committee, and Compensation and Remuneration Committee. Independent directors must hold no interests or relationships with the Company that may hinder their independence from the Company or its management, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Under the SEC Revised Code of Corporate Governance, an independent director should always attend board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

COMPLIANCE OFFICER

To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

The Company's Acting 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.

AUDIT COMMITTEE

The Company has an Audit Committee composed of three (3) members, at least one of whom must be an independent director. The independent director chairs the Audit Committee. Each member is required to have an adequate understanding of accounting and auditing principles in general and of the Company's financial management systems and environment in particular.

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

- The quality and integrity of the Company's financial statements and financial reporting process;
- The adequacy and effectiveness of the Company's internal control systems;
- Compliance with accounting standards, legal and regulatory requirements, including the Company's disclosure policies and procedures;
- Independence and performance of the Company's internal and external auditors; and
- Evaluation of risk management policies and process.

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

The Audit 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.

The Audit Committee met four (4) times in 2014, on January 10, March 28, August 4 and November 5, 2014.

EXECUTIVE COMMITTEE

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

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

The Executive Committee met thrice during the year, on July 7 and 24, and on August 22, 2014.

NOMINATIONS COMMITTEE

The Company has a Nominations Committee composed of three (3) members, at least one of whom must be an independent director.

The Nominations 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.

The Nominations Committee met thrice during the year 2014, on May 14, November 11 and 28.

COMPENSATION AND REMUNERATION COMMITTEE

The Company has a Compensation and Remuneration Committee composed of three (3) members, at least one of whom must be an independent director.

The Compensation and Remuneration Committee's responsibilities 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 Company's culture, strategy and control environment. Moreover, this Committee is to designate amount of remuneration to attract and retain competent corporate officers. Also, the Compensation and Remuneration Committee should establish a formal and transparent procedure for developing a policy on executive remuneration and fixing the remuneration packages of individual directors.

The Compensation and Remuneration Committee met on July 24, 2014.

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MANAGEMENT

The following discussion presents a brief description of the business experience of each of the Company's directors and principal officers over the past five (5) years.

BOARD OF DIRECTORS

Under the amended by-laws of the Company, the directors have a term of one (1) year, subject to re-election. A director who was elected to fill any vacancy holds office only for the unexpired term of his/her predecessor.

As of the date of this Prospectus, the composition of the Company's Board of Directors is as follows:

Table 19: Board of Directors

Director	Nationality	Position	Age	Year Position was Assumed
Jonathan Y. Dee	Filipino	Chairman of the Board	54	2003
George E. SyCip	American	Vice Chairman; Independent Director	58	2009
Raymond K.H. See	Filipino	Director, President, and CEO	47	2014
Erwin M. Elechicon	Filipino	Independent Director	56	2014
Marie Grace T. Vera Cruz	Filipino	Director	34	2014
Antonio C. Pacis	Filipino	Director	74	2014
Hedy S. C. Yap-Chua	Singaporean	Director	56	2009

JONATHAN Y. DEE, 54, Filipino, Director, Chairman. 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. He holds a Bachelor of Science Degree in Operations Management from La Salle University in Philadelphia, PA. USA. Mr. Dee was the President & CEO of the Company before being elected as Chairman of the Board of Directors on December 8, 2014.

GEORGE E. SYCIP, 58, American, Independent Director, Vice-Chairman. Mr. SyCip is the Director and Principal of Galaxaco China Group, a project doing business in China, and Halanna Management Corp., a real 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 received his BA 'With Distinction' in International Relations/Economics from Stanford University and his Master in Business Administration Degree from the Harvard Business School. 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, Director, President and Chief Executive Officer. 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. He graduated from De La Salle University in 1989 with a degree in B.S. Industrial Management Engineering minor in Mechanical Engineering. 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.

ERWIN M. ELECHICON, 56, Filipino, Independent Director. 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 to 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 T. VERA CRUZ, 34, Filipino, Director. 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 Resources Inc. and Strongoak Inc., Ms. Vera Cruz was a consultant at McKinsey & Co. She 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.

ANTONIO C. PACIS, 74, Filipino, Director. 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. He obtained his law degree from the Ateneo Law School in 1965 and his masteral law degree from the Harvard Law School in 1965.

HEDY S. C. YAP-CHUA, 56, Singaporean, Director. Obtained her BA from Pomona College, California, USA. 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.

PRINCIPAL OFFICERS

As of the date of this Prospectus, the following are the principal officers of the Company:

Table 20: Principal Officers

Name of Officer	Nationality	Position	Age	Year Position was Assumed
Raymond K.H. See	Filipino	President and CEO	47	2014
Barbara Anne C. Migallos	Filipino	Corporate Secretary	60	2015
Annsley B. Bangkas	Filipino	Assistant Corporate Secretary	36	2014
Elmira A. Nate	Filipino	Chief Financial Officer, Treasurer, and Public Information Officer	41	2015
Lisa Angela Y. Dejadina	Filipino	SVP- Business Development and Operational excellence	32	2014
Grace S. Dogillo	Filipino	VP-Finance and Compliance Officer	58	2006
Herminia B. Narciso	Filipino	VP-Plant Operations	51	2006

BARBARA ANNE C. MIGALLOS, 60, Filipino, Corporate Secretary. Atty. Migallos is a managing partner of Migallos & Luna Law Offices. She has been practicing law since 1980 focusing on corporate and commercial law, securities regulation, and litigation. Atty. Migallos also serves as Director and/or Corporate Secretary for a number of public companies. She also teaches Corporations Law, Securities Regulation, among others, at the De La Salle College of Law. Atty. Migallos graduated Class Salutatorian and cum laude from the University of the Philippines College of Law in 1979 and ranked third (3rd) in the 1979 Bar Examinations. Prior to that, she graduated cum laude and obtained a Bachelor of Arts degree major in Political Science also from the University of the Philippines.

ANNSLEY B. BANGKAS, 36, Filipino, Assistant Corporate Secretary. Atty. Bangkas is a senior associate of the Sobreviñas Hayudini Navarro & San Juan Law Office. She obtained her law degree from the University of the Philippines College of Law in 2004. Prior to that, she obtained a degree in B.A. Psychology in 1999 also from the University of the Philippines.

ELMIRA A. NATE, 41, Chief Financial Officer, Treasurer, and Public Information Officer. Ms. Nate is a Certified Public Accountant with an MBA degree from University of the Philippines. She has 20 years of working experience and has been exposed to various industries. Prior to joining the Company, she served as the CFO of Electronic Network Cash Tellers (ENCASH), Inc. for ten years. She also worked at SGV & Co., Phelps Dodge Philippines, Inc. and Comark International Corporation.

LISA ANGELA Y. DEJADINA, 32, Filipino, Senior Vice President for Business Development and Operational Excellence. Before joining the Company, Ms. Dejadina worked at Pilipinas Shell Petroleum Corporation where she covered various roles contributing to ten years sold work experience in the petroleum industry in the areas of Health, Safety, Security and Environment (HHSE) management, fuel depot operations and business support functions (business development, learning and development, and logistics). She has a degree in B.S. Industrial Engineering from the University of the Philippines where she graduated in 2005.

GRACE S. DOGILLO, 58, Filipino, Vice President for Finance and Compliance Officer. 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. She graduated with a Bachelor of Science Degree in Business Administration from the University of the East and she is also a Certified Public Accountant.

HERMINIA B. NARCISO, 51, Filipino, Vice President - Plant Operations. Prior to her employment in the Company, Ms. Narciso was Plant Manager of MCC. In 1994, she had worked for Ayala Corporation Machineries, Inc., Lig-Marine Products, Inc., and RFM Corporation. She obtained her Bachelor of Science Degree in Chemistry from the Western Mindanao State University.

SIGNIFICANT EMPLOYEES

No single person is expected to make a contribution more significant than others to the business since the Company considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

FAMILY RELATIONSHIPS

As of the date of this Prospectus, there are no existing family relationships in the Company.

INVOLVEMENT IN 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 up to the date of this Prospectus 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 petition for insolvency filed by or against any business of which such person was a general partner or executive officer, either at the time of the insolvency 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.

On February 13, 2014, a complaint by shareholders Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited, as Complainants, was filed against the Company's Assistant Corporate Secretary Annsley B. Bangkas and one of the Company's independent directors, George E. SyCip, for alleged violations of Section 74 & 75 in relation to Section 144 of the Corporation Code. The Complainants claimed that Mr. SyCip and Ms. Bangkas allegedly denied them access to company records, even as the Board of Directors has met and resolved to refer the matter of inspection to independent counsel for study. The Complaint Affidavit was filed in the Office of the City Prosecutor, Pasig City. This case was subsequently consolidated with the second complaint discussed below, and transferred to the Department of Justice where it is currently pending.

On March 11, 2014 a complaint was filed by shareholders Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited against George E. SyCip, and Jonathan Y. Dee, two (2) members of the Company's Board of Directors, for alleged violations of Section 74 & 75 in relation to Section 144 of the Corporation Code. The complainants allege the denial of their shareholders' rights to inspect the corporate documents and minutes of meetings, even as the Board were still deliberating on the Notice of Inspection. The Complaint Affidavit was filed in the Office of the City Prosecutor, Pasig City (OCP Pasig). This case was consolidated with the aforementioned case and was transferred to the Department of Justice, where it is currently pending.

On May 12, 2014, a Petition for the Declaration of Nullity of Board Resolutions and Inspection of the Corporate Books and Records, with Prayer for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction was filed with the Regional Trial Court of Pasig City (Pasig RTC) by two of the Company's directors, Hedy S. C. Yap-Chua and Albert Hong Hin Kay, against two (2) of the Company's directors, Messrs. George E. SyCip and Jonathan Y. Dee,, two of the Company's directors at that time, Alvin Y. Dee and Ibarra A. Malonzo, and its then - Corporate Secretary, Avelino M. Sebastian (the "Intra-Corporate Case"). The petitioners sought to nullify, among others, the board resolution relating to the issuance of shares to Strongoak Inc. on May 5, 2014. On May 23, 2014, the judge issued an order stating that "After a careful consideration of the allegations in the Petition with Prayer for Temporary Restraining Order (TRO) and/or Writ of Preliminary

Injunction, this Court finds that the prayer for TRO does not appear to be of extreme urgency; hence, the same is hereby BYPASSED." The case remains pending before the Pasig RTC.

On May 27, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua filed a derivative suit against Board Directors George E. SyCip, Alvin Dee, Jonathan Dee, Ibarra Malonzo, and senior executives Ms. Joanna Dee-Laurel, Ms. Teresita Ladanga, and Ms. Grace Dogillo. The derivative suit prays for the appointment of an interim management committee. The case remains pending before the Pasig RTC.

On June 9, 2015, incumbent directors Jonathan Y. Dee, George E. Sycip, Marie Grace T. Vera Cruz, Raymond K.H. See and Antonio C. Pacis (the "Respondents") received from the Department of Justice a copy of the Complaint-Affidavit filed by Hedy S.C. Yap-Chua (the "Complainant") for violation of Sections 74 and 75 in relation to Section 144 of the Corporation Code against the Respondents. Complainant alleged that her right to inspect the Company's corporate books and/or records was violated due to the access rules and confidentiality requirements imposed by the Company. The next hearing is scheduled for the submission of Respondents' Counter-Affidavits.

EXECUTIVE COMPENSATION

The following are the Company's top five (5) compensated executive officers as of April 2015:

Table 21: Top Five (5) Most Highly Compensated Executive Officers

Name of Officer	Position/Title
Raymond K. H. See	President and CEO/ Director
Elmira A. Nate	Chief Financial Officer, Treasurer, and Public Information Officer
Lisa Angela Y. Dejadina	SVP – Business Development & Operational Excellence
Grace S. Dogillo	VP – Finance and Compliance Officer
Herminia B. Narciso	VP – Plant Operations

The following summarizes the executive compensation received by the CEO and the top four (4) most highly compensated officers of the Company for 2013, 2014, and 2015 (estimate). It also summarizes the aggregate compensation received by all the officers and directors, unnamed.

Table 22: Executive Compensation(Amounts in ₱'000)

	Year	Basic Salaries	Bonuses/ Other Income
CEO and the four (4) most highly compensated officers named above	2013*	₱ 19,348.00	₱ 933.00
	2014*	₱ 10,723.00	₱ 891.00
	2015 (*est.)*	₱ 12,563.00	₱ 1,147.00
Aggregate compensation paid to all officers and directors as a group unnamed	2013*	₱ 36,693.00	₱ 1,415.00
	2014*	₱ 23,366.00	₱ 2,109.00
	2015 (*est.)*	₱ 25,871.00	₱ 1,918.00

** Pertains to compensation under the previous management*

COMPENSATION OF DIRECTORS

At present, the Company's directors receive standard per diems. Under the amended By-Laws, as compensation, the Board shall receive and allocate an amount of not more than 10.00% of the Company's EBITDA 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 shareholders representing at least majority of the outstanding capital stock at a regular or special meeting of the shareholders. The representatives of Strongoak Inc., Ms. Marie Grace T. Vera Cruz and Mr. Antonio C. Pacis, have opted not to receive any form of compensation from the Company.

EMPLOYMENT CONTRACTS, TERMINATION OF EMPLOYMENT, CHANGE-IN-CONTROL ARRANGEMENTS

Other than the usual employment contracts, there are no existing employment contracts with executive officers. Furthermore, there are no special retirement plans for executives.

There is also no arrangement for compensation to be received from the Company in the event of a change in control of the Company.

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.

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SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL SHAREHOLDERS

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERSOF MORE THAN 5% OF THE COMPANY'S VOTING SECURITIES

As of April 30, 2015, the following table sets forth the owners of record or beneficial owners, directly or indirectly, of more than 5.00% of the Company's outstanding capital stock:

Table 23: Security Ownership of Certain Record and Beneficial Owners

Title of Class	Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% of Total Outstanding Shares *
Common	PCD Nominee Corporation (Filipino) 37th Floor, Tower1, Enterprise Center, Paseo de Roxas cor. Ayala Avenue, Makati City	PCD Nominee (Various Stockholders)	Filipino	1,018,186,067	67.89%
Common	Harvest All Investment Limited, 4304-43F China Resources Bldg., 26 Harbour Road, Wanchai, Hong Kong	Harvest All Investment Limited	Chinese (Hong Kong)	177,261,165	11.82%
Common	Victory Fund Limited 30 Biderford Road, #17-02 Thongsia Building, Singapore	Victory Fund Limited	Singaporean	138,474,015	9.23%
Common	PCD Nominee Corporation (Foreign) 37th Floor, Tower 1, Enterprise Center, Paseo de Roxas cor. Ayala Avenue, Makati City	PCD Nominee (Various Stockholders)	Others	86,283,746	5.75%
	Total			**1,420,204,993**	**94.70%**

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

Under PCD account, the following are the PCD nominees that holds for its clients, more than 5.00% of the total voting shares of the Company:

a. Asiasec Equities, Inc. - 488,689,553 shares or 32.59%
b. Eagle Equities, Inc. - 161,650,769 shares or 10.78%
c. Aurora Securities, Inc. - 86,521,594 shares or 5.77%

SECURITY OWNERSHIP OF MANAGEMENT

As of April 30, 2015, the following is the security ownership of the Directors of the Company.

Table 24: Security Ownership of Directors

Title of Class	Name of Beneficial Owner and Position	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	Jonathan Y. Dee, *Chairman*	1,448,629 (Direct)	Filipino	0.10%
Common	George E. SyCip, *Vice Chairman and Independent Director*	2,314,943 (Direct)	American	0.15%
Common	Raymond K.H. See, *Director, President and CEO*	5,000 (Direct)	Filipino	0.00%
Common	Erwin M. Elechicon *Independent Director*	200 (Direct)	Filipino	0.00%
Common	Hedy S.C. Yap Chua, *Independent Director*	1,001 (Direct)	Singaporean	0.00%
Common	Antonio C. Pacis *Director*	400 (Direct)	Filipino	0.00%
Common	Marie Grace T. Vera Cruz, *Director*	400 (Direct)	Filipino	0.00%
	Total	**3,770,573**		**0.25%**

As of April 30, 2015, the following is the security ownership of the Executive Officers of the Company.

Table 25: Security Ownership of Executive Officers

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	Grace S. Dogillo, *Vice President – Finance and Compliance Officer*	133,917 (Direct)	Filipino	0.01%
Common	Herminia B. Narciso, *Vice President – Plant Operations*	25,935 (Direct)	Filipino	0.00%
	Total	**160,852**		**0.01%**

VOTING TRUST

There is no person holding more than 5.00% of shares under a voting trust or similar agreement.

CHANGES IN CONTROL

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

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than as disclosed below, and in the notes of the audited financial statements as of December 31, 2014, the Company has not entered into any other related party transactions.

On April 15, 2015, pursuant to a loan facility granted by Strongoak Inc. in favor of the Company, the Company issued a Promissory Note in the amount of ₱110.00 million with an interest rate of 6.50% per annum and secured by a chattel mortgage over the vessel F/V Cape Hope 888 (formerly F/V Buenasuerte J-96) and a trust receipt over 2,000 metric tons of fish.

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MATERIAL CONTRACTS AND AGREEMENTS

All contracts entered into by the Company for the past two (2) years were made in the ordinary course of business of the Company.

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SUMMARY OF AMENDED ARTICLES OF INCORPORATION AND BY-LAWS

CORPORATE NAME

Change of Corporate Name from "ALLIANCE TUNA INTERNATIONAL, INC." to "ALLIANCE SELECT FOODS INTERNATIONAL, INC" on July 22, 2010.

PRIMARY PURPOSE

The primary purpose of the Company is to engage in the business of manufacturing, canning, preserving, preparing, processing, packing, repacking, trading on a wholesale basis, marketing, distributing, importing, exporting, shipping and selling food products such as marine, aquaculture, agriculture, and meat products, their by-products, other products with food base or their derivatives or those analogous or similar food products of every class and description, fresh, processed, preserved or otherwise, and all food and other preparations; to own, acquire, pledge, buy, sell, convey, assign and transfer, food products such as marine, aquaculture, agriculture, and meat products, their by-products, other products with food base or their derivatives or those analogous or similar food products of every class and description, fresh, processed, preserved, or otherwise, goods and merchandise of every kind or description which may be incidental in carrying out the business of the corporation.

TERM

The Company is to exist for 50 years from and after September 1, 2003, its date of incorporation.

CAPITALIZATION

In its meeting on June 26, 2007, the Board of Directors approved the increase in the Parent Company's capital stock from ₱700,000,000 divided into 700,000,000 shares to ₱950,000,000 divided into 950,000,000 shares with a par value of ₱1.00 per share. The same resolution was approved by the shareholders in their meeting on August 8, 2007.

The increase in capital stock was approved by the SEC on October 25, 2007.

On June 14, 2011 and 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 respectively, 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.

On February 17, 2015, the Board of Directors of the Company approved the increase in the Company's authorized capital stock from ₱1,500,000,000.00 to ₱3,000,000,000.00, of which ₱1,000,000,000.00 will be subscribed and paid by way of a stock rights offer. In a special shareholders' meeting dated March 31, 2015, the Company's shareholders representing at least two-thirds ($^2/_3$) of the outstanding capital stock approved the increase in the authorized capital stock. After completion of the Rights Offer, the Company will file with the SEC an application for the increase in its authorized capital stock.

The common shares are not subject to pre-emptive rights of the shareholders and may therefore be issued in such quantities, at such time, and under such terms as the Board of Directors shall determine.

PRINCIPAL AND BRANCH OFFICES

The principal office of the Company is located at Suite 1205, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines. The Company may also have a branch office or branch offices at such other place or places within or outside the Philippines as the Board of Directors may from time to time determine as the business of the Company may require.

SHAREHOLDERS' MEETING

Meetings of the shareholders shall be held at the principal office of the Company or at any place designated by the Board of Directors in the city or municipality where the principal office of the Company is located.

Shareholders may vote in all meetings either in person or by proxy which must be in the hands of the Secretary before the time set for the shareholders' meeting. Revocation of proxies may either be in writing, duly presented to the Corporate Secretary prior to the scheduled meeting or by personal appearance of the shareholders at the meeting.

At a shareholder's meeting, every shareholder shall be entitled to one (1) vote for each share of voting.

The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may come before the meeting shall be held on the 15th day of June each year, at such time as may be fixed by the Board of Directors. If the annual meeting falls on a legal holiday, then the meeting shall be held on the following day.

THE BOARD OF DIRECTORS

Unless otherwise provided by law, the powers, business, and property of the Company shall be exercised, conducted, and controlled by the Board of Directors.

The number of Directors shall be composed of seven (7) members, two (2) of which must be independent directors. The Directors shall be elected at the annual shareholders meeting, and their term of office shall be one (1) year and until their successors shall have been elected at the next annual shareholders meeting and have qualified in accordance with the By-Laws and under pertinent laws and regulations of the Philippines.

THE OFFICERS

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

FISCAL YEAR AND DIVIDENDS

The fiscal year of the Company shall commence with the opening of business on the first day of January of each calendar year and shall close on the last day of December of the same calendar year.

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

AUDITORS

At the regular shareholders' meeting held on June 16, 2014, the Company appointed Navarro Amper & Co., formerly known as Manabat Delgado Amper & Co. and C. L. Manabat & Co., as its external auditor. The external auditor shall examine, verify and report on the earnings and expenses of the Company.

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PHILIPPINE FOREIGN INVESTMENT, EXCHANGE CONTROLS, AND FOREIGN OWNERSHIP

FOREIGN INVESTMENT

Foreign investors are permitted to invest in the securities of a Philippine corporation unless otherwise limited by restrictions on foreign ownership imposed under the Constitution and Philippine statutes, as provided in the Foreign Investment Negative List. Among the principal restricted business activities is the ownership of private land where the Constitution, in relation to Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.00% of whose capital is owned by such citizens.

REGISTRATION OF FOREIGN INVESTMENT AND EXCHANGE CONTROLS

Under current BSP regulations, a foreign investment in listed Philippine securities (such as the Company's Common Shares) must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits, and earnings that accrue thereon will be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance will be sourced outside the Philippine banking system, registration is not required.

The application for registration must be filed by a stockbroker/dealer or an underwriter directly with the BSP or with a custodian bank designated by the investor. A custodian bank may be any Authorized Agent Bank or offshore banking unit in the Philippines appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (a) a purchase invoice, or subscription agreement and/or proof of listing in the PSE, and (b) a credit advice or bank certification showing the amount of foreign currency inwardly remitted and converted to Pesos through a commercial bank; and (c) in certain instances, transfer instructions from the shareholder and/or dealer, as the case may be. Upon submission of the required documents, a Bangko Sentral Registration Document will be issued by the BSP or the investor's custodian bank.

Proceeds of divestments or dividends of registered investments are repatriable or remittable immediately in full through the Philippine commercial banking system, net of applicable tax, without need of BSP approval. Remittance is allowed upon presentation of the Bangko Sentral Registration Document, at the exchange rate applicable on the date of actual remittance. Pending repatriation or reinvestment, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, and is also remittable in full. Remittance of divestment proceeds of dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

The foregoing is subject to the power of the Monetary Board of the BSP, with the approval of the President of the Philippines, to restrict the availability of foreign exchange during an exchange crisis, when an exchange crisis is imminent or in times of national emergency. Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Subject Shares shall be the responsibility of the foreign investor.

RESTRICTION ON FOREIGN OWNERSHIP

Foreign investors are permitted to invest in only a limited number of securities of Philippine corporations due to restrictions on foreign ownership imposed under the Constitution and by Philippine statutes, particularly in respect of securities of corporations engaged in restricted business activities. The principal restricted business activities are the ownership of land, exploitation and development of natural resources, ownership of educational institutions, operation of public utilities, and advertising, commercial banking, mass media, retail trade and rural banking activities.

Under the Foreign Investments Act of 1991, as amended, foreign investments in any Philippine corporation not engaged in a restricted business activity may not exceed 40.00% of a corporation's outstanding capital stock unless such foreign investment represents an inward remittance of at least Two Hundred Thousand US Dollars (US$ 200,000.00).

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THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents that have not been prepared or independently verified by the Company, or any of their respective subsidiaries, associates or advisors in connection with listing of the Subject Shares.

BRIEF HISTORY

The Philippines initially had two (2) stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two (2) separate exchanges were revoked. While the PSE maintains two (2) trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system that integrates all bids and ask quotations from the bourses.

In June 1998, the SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring TPs and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven (7) brokers and eight (8) non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

As of the date of this Prospectus, the PSE has an authorized capital stock of One Hundred Twenty Million Pesos (₱120,000,000.00), of which Seventy Three Million, Four Hundred Eighty Thousand, Three Hundred Ninety Six Pesos (₱73,480,396.00) is subscribed and fully paid-up.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium, and Emerging Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated June 6, 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of incorporation of the issuer. Each index, however, represents the numerical average of the prices of component stocks. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of stocks of 30 selected companies listed on the PSE.

With the increasing calls for good corporate governance, the PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1995 to 2013 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Table 26: Selected Stock Exchange Data				
Year	**Composite Index at Closing**	**Number of Listed Companies**	**Aggregate Market Capitalization (in ₱billions)**	**Combined Value of Turnover (in ₱billions)**
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.9
1997	1,869.2	221	1,261.3	588.0
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,938.6	713.9
2000	1,494.5	229	2,577.6	357.6
2001	1,168.1	231	2,142.6	159.5
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,172.8	572.6
2007	3,621.6	244	7,978.5	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	4,472.1	1,207.4
2011	4,372.0	253	8,687.0	422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.3
2014	7,230.6	263	14,251.7	2,130.1

** Source: PSE*

TRADING

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Trading on the PSE starts at 9:30 a.m. until 12:00 p.m., when there will be a one and a half hour lunch break. In the afternoon, trading resumes at 1:30 p.m. and ends at 3:30 p.m. with a 10-minute extension during which transactions may be conducted, provided that they are executed at the last traded price set prior to the market run-off and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed.

Minimum trading lots range from five (5) to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50.00% or down by 50.00% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day.

Resumption of trading shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban.

NON-RESIDENT TRANSACTIONS

When the purchase/sale of Philippine shares of stock involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three (3) business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

SETTLEMENT

The Securities Clearing Corporation of the Philippines ("SCCP") is a wholly owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- Synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also TPs;
- Guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and trade Guaranty Fund; and
- Performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

The SCCP settles the PSE trades on a three (3) -day rolling settlement environment, which means that settlement of trades takes place three trading days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each PSE Broker maintains a Cash Settlement Account with one of the four (4) existing Settlement Banks of SCCP, which are Banco de Oro Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank and Trust Company, and Union Bank of the Philippines. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement system on May 29, 2006. Central Clearing & Central Settlement employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

SCRIPLESS TRADING

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. In December 2006, PDTC was issued a temporary license to operate by the SEC as a depository for equity securities. In 2002, a permanent license as a depository of equity securities and a temporary license as a depository of debt securities. In September 2003, PDTC was granted a permanent license as a depository of debt securities.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including stockholders' meetings, dividend declarations, and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Rizal Commercial Banking Corporation, Banco de Oro Unibank, Inc., Metropolitan Bank and Trust Company, and Union Bank of the Philippines.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which stockholders transfer legal title (but not beneficial title) over their shares of stock in favor of the PCD Nominee Corporation ("PCD Nominee"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent and a new warrant or stock certificate ("Jumbo Certificate") covering all the warrants or shares lodged is issued in the name of the PCD Nominee. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account the participant-buyer, the PSE trades are automatically settled in the PDTC system, in accordance with the PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged by surrendering its Jumbo Certificate to a transfer agent, that then issues a new stock certificate in the name of the shareholder and a new Jumbo Certificate to the PCD Nominee for the balance of the lodged shares. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are canceled and a new Jumbo Certificate is issued in the name of PCD Nominee Corp. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

AMENDED RULE ON LODGMENT OF SECURITIES

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. Actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date.

- For existing listed companies, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee Jumbo Certificates and upon such advice, the PDTC shall surrender all PCD Nominee Jumbo Certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PCD Nominee evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

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ISSUANCE OF STOCK CERTIFICATES FOR CERTIFICATED SHARES

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder. Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

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TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. This discussion is based upon laws, regulations, rulings, income tax conventions, treaties, administrative practices, and judicial decisions in effect at the date of this Prospectus. Subsequent legislative, judicial, or administrative changes or interpretations may be retroactive and could affect the tax consequence to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to an investor.

This general description does not purport to be a comprehensive description of the Philippine tax aspects of the investment in shares and no information is provided regarding the tax aspects of acquiring, owning, holding, or disposing of the shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding, and disposing of the shares in such other jurisdictions.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SUBJECT SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

As used in this Section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof.

A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a non-resident alien engaged in trade or business in the Philippines; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a non-resident alien not engaged in trade or business in the Philippines.

A "domestic corporation" is created or organized under the laws of the Philippines; while a "foreign corporation" is one which is not domestic.

A "resident foreign corporation" is a foreign corporation engaged in trade or business in the Philippines; and a "non-resident foreign corporation" is a foreign corporation not engaged in trade or business in the Philippines.

INDIVIDUAL INCOME TAX

A resident citizen is taxed on income from all sources within and without the Philippines at progressive rates ranging from five percent (5.00%) to thirty two percent (32.00%) of net taxable income (other than certain passive income and capital gains which are subject to final taxes). A resident alien, non-resident citizen, or non-resident alien engaged in trade or business in the Philippines is generally subject to an income tax in the same manner and at the same progressive tax rates on taxable income from all sources within the Philippines (other than certain passive income and capital gains which are subject to final taxes).

A non-resident alien not engaged in trade or business in the Philippines is taxed on gross income from Philippine sources such as interest, cash and/or property dividends, rents, salaries, wages, premiums, annuities, compensation, remuneration, emoluments, or other fixed or determinable annual or periodic or casual gains, profits, and income, and capital gains (other than capital gains from the sale of shares of stock in a domestic corporation and real property) at the rate of twenty five percent (25.00%) withheld at source.

A "non-resident citizen" is a citizen of the Philippines who (a) establishes to the satisfaction of the Commissioner of Internal Revenue the fact of his physical presence abroad with a definite intention to reside therein, or (b) leaves the Philippines during the taxable year to reside abroad, either as an immigrant or for employment on a permanent basis, or (c) works and derives income from abroad and whose employment thereat requires him to be physically present abroad most of the time during the taxable year. A citizen of the Philippines who has been previously considered as a non-resident citizen and who arrives in the Philippines at any time during the taxable year to reside permanently in the Philippines shall likewise be treated as a non-resident citizen for the taxable year in which he arrives in the Philippines with respect to his income derived from sources abroad until the date of his arrival in the Philippines.

CORPORATE INCOME TAX

A domestic corporation is subject to regular corporate income tax at the rate of 30.00% (effective January 1, 2009 pursuant to R.A. No. 9337) on its taxable income (gross income less allowable deductions) from all income sources within and outside the Philippines except, those items of income that are subject to final withholding tax, such as: (a) gross interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines that are generally taxed at the lower final withholding tax rate of 20.00% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign exchange deposit system that is subject to a final tax at the rate of 7.50% of such income; (c) net capital gains from the sale, exchange or other disposition of shares of stock in a domestic corporation not traded in the stock exchange is subject to tax at the rate of 5.00%/10.00%; and (d) capital gains presumed to have been realized on the sale, exchange, or disposition of lands and/or buildings which are treated as capital assets is subject to tax at the rate of 6.00% based on the gross selling price or fair market value, whichever is higher.

A resident foreign corporation (except certain types of corporations enumerated in the Tax Code) is subject to a tax of thirty percent (30.00%) of its taxable income (gross income less allowable deductions) from all sources within the Philippines except those items of income that are subject to final withholding tax, such as: (a) gross interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines that are generally taxed at the lower final withholding tax rate of twenty percent (20.00%) of the gross amount of such income; (b) interest income from a depository bank under the expanded foreign currency deposit system that is subject to a final tax at the rate of 7.50% of such income; and (c) net capital gains from the sale, exchange or other disposition of shares of stock in a domestic corporation not traded in the stock exchange is subject to tax at the rate of 5.00%/10.00%.

A minimum corporate income tax of 2.00% of the gross income as of the end of the taxable year is imposed on domestic corporations and resident foreign corporations beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the regular corporate income tax for the taxable year.

Nevertheless, any excess of the minimum corporate income tax over the regular corporate income tax shall be carried forward and credited against the latter for the three (3) immediately succeeding taxable years. Further, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation that suffers losses on account of a prolonged labor dispute, *force majeure*, or legitimate business reasons.

The President of the Philippines may, upon the recommendation of the Secretary of Finance and upon the occurrence of certain macroeconomic conditions, allow domestic and resident foreign corporations the option to be taxed on a gross basis at the rate of fifteen percent (15.00%). This authority has not been exercised to date.

A final withholding tax of 30.00% is imposed, as a general rule, upon the gross income received during each taxable year of a non-resident foreign corporation from all sources within the Philippines, subject to the provisions of tax treaties between the Philippines and the country of residence of such foreign corporation.

TAX ON DIVIDENDS

Cash and property dividends received from a domestic corporation by individual stockholders who are either citizens or residents of the Philippines are subject to tax at the rate of 10.00%. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20.00% tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines or business in the Philippines from a domestic corporation are generally subject to tax at the rate of 25.00% of the gross amount subject, however, to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to tax while those received by non-resident foreign corporations (i.e. foreign corporations not engaged in trade or business in the Philippines) are subject to a final withholding tax at the rate of 30.00% (pursuant to R. A. No. 9337 effective January 2009).

The 30.00% rate for dividends paid to a non-resident foreign corporation may be reduced depending on whether the country of residence of such foreign corporation has an existing tax treaty with the Philippines. A country with a tax treaty may have a reduced preferential tax rate depending on the provisions of the corresponding tax treaties. The 30.00% rate may be reduced to 15.00% if the country in which the non-resident foreign corporation is domiciled: (a) imposes no tax on foreign sourced dividends; or (b) allows a credit against the tax due from the non-resident foreign corporation, for taxes deemed to have been paid in the Philippines equivalent to 15.00%, which represents the difference between the regular income tax of thirty percent (30%) and the fifteen percent (15%) tax on dividends.

Stock dividends distributed pro-rata to any holder of shares of stock are not subject to Philippine income tax. However, the sale, exchange, or disposition of shares received as stock dividends by the holder is subject to the capital gains or stock transaction tax.

Philippine tax authorities have prescribed certain procedures, through an administrative issuance, for availment of tax treaty relief. Subject to the approval by the BIR of the recipient's application for tax treaty relief, the Company shall withhold taxes at a reduced rate on dividends to be paid to a non-resident holder, if such non-resident holder provides the Company with proof of residence and, if applicable, individual or corporate status. Proof of residence for an individual consists of certification from his embassy, consulate, or other equivalent certifications issued by the proper government authority, or any other official document proving residence. If the regular tax rate is withheld by the paying corporation instead of the reduced rates applicable under a treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

However, the Supreme Court clarified in the recent case of Deutsche Bank AG Manila Branch vs. Commissioner of Internal Revenue (G.R. No. 188550, promulgated on August 19, 2013) that as the Philippines is bound to honor its treaty obligations, a prior application for a tax treaty relief within the period provided in the BIR's regulation cannot negate any entitlement to the relief. According to the Supreme Court, such tax treaty application or ruling "should merely operate to confirm the entitlement of the taxpayer to the relief." Thus, failure to file a tax treaty relief application (TTRA) prior to the occurrence of the transaction will not disqualify a person from availing of the relief under the tax treaty.

TAX TREATIES

The following table lists some countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Table 27: Countries with which the Philippines has Tax Treaties

	Dividends (%)	**Stock transaction tax on sale or disposition effected through the PSE (%)**[9]	**Capital Gains tax due on disposition of shares outside the PSE (%)**
Canada	25[1]	0.5	Exempt[11]
China	15[2]	Exempt[10]	Exempt[11]
France	15[3]	0.5	Exempt[11]
Germany	15[4]	0.5	5/10[12]
Japan	15[5]	0.5	Exempt[11]
Singapore	25[6]	0.5	Exempt[11]
United Kingdom	25[7]	0.5	Exempt[13]
USA	25[8]	0.5	Exempt[11]

Notes:

1. *15.00% if recipient company controls at least 10.00% of the voting power of the company paying the dividends.*
2. *10.00% if the recipient company holds directly at least 10.00% of the capital of the company paying the dividends*
3. *15.00% if the recipient company holds directly at least 15.00% of the voting shares of the company paying the dividends*
4. *10.00% if the recipient company owns directly at least 25.00% of the capital of the company paying the dividends*
5. *10.00% if the recipient company owns directly at least 25.00% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six (6) months immediately preceding the date of payment of the dividends*

6. *15.00% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15.00% of the outstanding shares of the voting stock of the paying company were owned by the recipient company.*
7. *15.00% if the recipient company is a company which controls directly or indirectly at least 10.00% if the voting power of the company paying the dividends*
8. *20.00% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole year of its prior taxable year at least 10.00% of the outstanding shares of the voting stock of the paying corporation was owned by the recipient corporation*
9. *Exempt if the stock transaction tax is expressly covered by the applicable tax treaty or is deemed by the relevant authorities as an identical or substantially similar tax to the Philippine income tax. In BIR ruling no. ITAD 22-07 dated February 9, 2007, the BIR held that the stock transaction tax cannot be considered as an identical or substantially similar tax on income, and, consequently, ruled that a Singapore resident is not exempt from the stock transaction tax on the sale of its shares in a Philippine corporation through PSE.*
10. *Exempt under Article 2(b) of the RP-China Tax Treaty*
11. *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*
12. *Under the RP-Germany Tax Treaty, capital gains from the alienation of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation. Tax rates are 5% on the net capital gains realized during the taxable year not in excess of ₱100,000.00 and 10.00% on the net capital gains realized during the taxable year in excess of ₱100,000.00.*
13. *Under the RP-UK Tax Treaty, capital gains on the sale of the stock of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

SALE, EXCHANGE, OR DISPOSITION OF COMMON SHARES

Capital Gains

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange, or disposition of shares outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to tax as follows: 5.00% on gains not exceeding ₱100,000.00 and 10.00% on gains over ₱100,000.00. An application for tax treaty relief must be filed with (and approved) by the Philippine tax authorities in order to obtain an exemption under a tax treaty.

The rate of tax is the same for both individual and corporation regardless of nationality and domicile. The capital gains tax described above shall apply (unless an applicable treaty exempts such gains from tax or provides for preferential rates) to the secondary sale of the common shares by the holder thereof to another party made outside the facilities of the PSE.

Gains from the sale or disposition of shares in a Philippine corporation may be exempt from capital gains tax or subject to a preferential rate under a tax treaty as noted above.

The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies, through the issuance of a Certificate Authorizing Registration, that capital gains tax and documentary stamp tax ("DST") relating to the transfer have been paid or other conditions to qualify for exemption or reduction in tax rate have been met.

Taxes on Transfer of Shares Listed and Traded at the PSE

A sale or other disposition of shares of stock listed and traded through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is generally subject to a stock transaction tax at the rate of one-half of one percent (1/2 of 1.00%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

On November 7, 2012, the BIR issued Revenue Regulations 16-2012 which requires all publicly listed companies to maintain, at all times, a minimum public float of ten percent (10.00%) of their issued and outstanding shares, exclusive of treasury shares. After December 31, 2012, every sale, barter, exchange or other disposition of the shares of stock of a non-compliant company shall be subject to a final tax of 5.00% or 10.00%, as described in the preceding paragraph, instead of the stock transaction tax of one-half of one percent (1/2 of 1.00%).

In connection with the foregoing, the PSE has issued Memo Circular No. 2012-0003 which states that listed companies that become non-compliant with the minimum public ownership requirement on or after January 1, 2013 shall be suspended from trading for a period of not more than six (6) months, and shall automatically be delisted if it remains non-compliant after the lapse of the trading suspension. The non-compliant company may request for a grace period from the PSE. The PSE may grant the same if it determines that there is a justifiable cause to do so.

VALUE ADDED TAX

A Value-Added Tax of 12.00% is imposed on the commission earned by the PSE-registered broker, which is generally passed on to the client.

DOCUMENTARY STAMP TAX

The original issue of shares of stock is subject to DST tax of ₱1.00 for each ₱200.00 par value or a fraction thereof, of the shares of stock issued. The secondary transfer of shares of stock is subject to a documentary stamp tax of ₱0.75 for each ₱200.00 par value or a fractional part thereof of the shares of stock transferred.

On June 30, 2009, Republic Act 9648 was signed into law and it permanently exempts the sale, barter or exchange of shares of stock listed and traded through the local stock exchange from the payment of documentary stamp tax and was made retroactive to March 20, 2009.

BIR RR 16-2012, which was issued on November 7, 2012, however imposes a DST in accordance with the above-mentioned rates on transfers of shares of stock of listed companies that are not compliant with the minimum public ownership requirement, upon execution of the deed transferring ownership or rights thereto, or upon delivery, assignment or indorsement of such shares in favor of another, and no transfer of shares of stock shall be recorded unless DST thereon has been duly paid for.

In addition, the borrowing and lending of securities, which will be executed under the securities borrowing and lending program to be implemented by a registered exchange, or which are in accordance with regulations prescribed by the appropriate regulatory authority, will likewise be exempt from DST. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR. Otherwise, such agreement would be subject to the DST on debt instruments at the rate of ₱1.00 on each ₱200.00 or the fractional part thereof of the issue price of such debt instrument.

TAX TREATMENT OF SECURITIES BORROWING AND LENDING TRANSACTIONS INVOLVING SHARES OF STOCK OR SECURITIES LISTED IN THE PSE

Pursuant to Section 2 of Revenue Regulations No. 001-08, Securities Borrowing and Lending (SBL) involves the lending of shares of stocks or securities by the Lender, who owns or controls them, to the Borrower who needs the shares of stocks/securities borrowed to support trading strategies or settlement obligations, in exchange for a collateral and the promise to return the equivalent shares of stocks/securities at the end of the borrowing period. The borrowing period in any agreement cannot be more than two (2) years. Typically, the Borrower will use or dispose of the shares of stocks/securities borrowed strictly in connection with a particular purpose or purposes as herein mentioned. Being fungible in nature, the borrowed shares of stocks/securities are transferred from the Lender to the Borrower. For the duration of the borrowing and lending period under the agreement, the Lender temporarily loses ownership of the shares of stock/securities lent but acquires a contractual right to receive all benefits accruing to the shares of stock/securities. The objective is to put the Lender into the same economic position as the Lender would have been had the securities not been lent. This means that in case of corporate actions like stock rights, dividend declarations, and other benefits accruing to the shares of stock, the Borrower would have to "manufacture" the corresponding benefits thereon and return the same to the Lender as if the shares of stock/securities "never left his hands". Upon demand of the Lender or at the end of the stipulated borrowing period, the Borrower is then obligated to return the equivalent shares of stock/securities and the Lender, in turn, returns the collateral put up by the Borrower. If the borrower fails to return the shares of stock/securities or the equivalent Shares of Stock/Securities, the Lender/Lending Agent, as part of the SBL transactions, may purchase shares of stock/securities from the stock exchange. In effect, SBL is similar to a simple collateralized cash loan transaction. However, instead of cash, what is borrowed are listed shares of stock/securities and what is provided as collateral is either cash, government or equity securities, or standby letter of credit issued by a bank.

Section 5 of Revenue Regulations No. 001-08 provides that the Securities Borrowing and Lending transactions of shares of stock/securities listed in the PSE, as well as the delivery to, and return by, the Lender/Lending Agent of collateral appurtenant thereto or the Equivalent Shares of Stock/Securities, shall not be subject to the stock transaction tax, capital gains tax, and documentary stamp taxes; provided, that, a valid Master Securities Lending Agreement (MSLA), which is a written contract between the Borrower and the Lender or the Lending Agent embodying the general terms and conditions for the conduct of SBL transactions, is executed by the parties and registered with and approved by the BIR, the SBL Program is in accordance with the rules and regulations of the SEC, and such SBL Program is under the administration and supervision of the PSE. Otherwise, all other applicable taxes prescribed by the Tax Code and special laws shall continue to apply.

TAX ON INITIAL PUBLIC OFFERING

A sale or other disposition through IPO of shares of stock in closely held corporations as defined in the Tax Code is subject to a tax based on the gross selling price or gross value in money of the shares of stock sold or disposed. The tax rates applicable are graduated and dependent upon the proportion of shares of stock sold or disposed to the total outstanding shares of stock after listing on the PSE. These tax rates are presented below:

Percentage of Stocks Sold to Outstanding Capital Stock	Rate
Up to 25.00%	4.00%
Over 25.00% but not over 33 & 1/3%	2.00%
Over 33 & 1/3%`	1.00%

The Tax Code defines a "closely-held corporation" to mean either: (a) a corporation at least 50.00% in value of the outstanding capital stock; or (b) a corporation at least 50.00% of the total combined voting power of all classes of stock entitled to vote, is owned directly or indirectly by or for not more than 20 individuals, to be determined based on certain rules. The person liable for the payment of the tax is either the issuing corporation in a primary offering or the selling stockholder in a secondary offering.

ESTATE AND GIFT TAXES

Shares issued by a corporation organized under Philippine laws are deemed to have a Philippine *situs*, and any transfer thereof by way of donation or succession, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate and donor's tax.

Subject to certain exceptions, the transfer of shares upon the death of an individual holder to his heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine taxes at progressive rates ranging from 5.00% to 20.00%, if the net estate is over ₱200,000.00. On the other hand, individuals, whether or not citizen or residents of the Philippines, who transfer shares by way of gift or donation will be liable to Donor's tax on such transfers at a progressive rates ranging from 2.00% to 15.00% of the net gifts made during the year exceeding ₱100,000.00. In case of a corporate donor or an individual who donates to a person other than his brother, sister, spouse, ancestors, lineal descendants or relatives by consanguinity within the 4th civil degree, the donor's tax rate will be a flat rate of 30.00%.

Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

TAXATION OUTSIDE THE PHILIPPINES

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence, such gain is generally subject to Philippine income tax and the transfer of such shares by gift (donation), or succession, is generally subject to the donor's or estate taxes as above-stated. Sales or other dispositions of shares of stock in a domestic corporation through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, are, however, subject to a stock transaction tax at the rate of 0.50% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, unless an applicable treaty exempts such sale from the stock transaction tax.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not fully discuss the tax consideration on non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS/HER OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING, AND DISPOSING OF THE SUBJECT SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, AND NATIONAL TAX LAWS.

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LEGAL AND OTHER MATTERS

Legal matters in connection with the Rights Offer have been passed upon by Picazo Buyco Tan Fider Law Offices with address at Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City.

Copies of the following documents may be inspected during business hours at the Company's principal office:

a. Articles of Incorporation and By-Laws of the Company as amended; and

b. Audited Financial Statements of the Company as at and for the years ended December 31, 2012, 2013, and 2014.

c. Unaudited Financial Statement of the Company as at and for the period ended March 31, 2015.

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ANNEX I

AUDITED FINANCIAL STATEMENTS OF ALLIANCE SELECT FOODS INTERNATIONAL, INC. AS OF DECEMBER 31, 2013 AND 2014, AND FOR THE YEARS ENDED DECEMBER 31, 2012, 2013, AND 2014

UNAUDITED MARCH 31, 2015 FINANCIAL STATEMENT OF ALLIANCE SELECT FOODS INTERNATIONAL, INC.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

Consolidated Financial Statements
December 31, 2014 and 2013
and
Independent Auditor's Report

Suite 1205, 1206, & 1405 East Tower
Philippine Stock Exchange Centre, Exchange Road
Ortigas Center, Pasig City, Philippines

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
A PUBLICLY-LISTED COMPANY

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Alliance Select Foods International, Inc. (ASFII) and its subsidiaries is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

Navarro Amper & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Group 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 examination.

JONATHAN Y. DEE
Chairman of the Board

RAYMOND K.H. SEE
President and Chief Executive Officer

GRACE S. DOGILLO
Vice President-Finance

Signed this 11 day of May 2015

SUITES 1205 & 1206 EAST TOWER,
PHILIPPINE STOCK EXCHANGE CENTRE,
EXCHANGE ROAD, ORTIGAS CENTER,
PASIG CITY, METRO MANILA,
PHILIPPINES 1605
TELEPHONE NO. (632) 635 5241 TO 44
FAX NO. (632) 635 5235

ELMIRA A. NATE
Chief Finance Officer
Signed this _____day of _____

SUBSCRIBED AND SWORN to before me this MAY 1 1 2015 at MANILA affiants exhibiting to me their government issued identification cards, as follows:

NAMES	GOV'T. ISSUED ID NO.	DATE OF ISSUE	PLACE OF ISSUE	EXPIRATION
Jonathan Y. Dee	Passport-EB6894223	Dec.06,2012	DFA, Manila	Dec.05,2017
Raymond K.H. See	Passport-EC3695414	March 17,2015	DFA, Manila	March 16,2020
Elmira A. Nate	SSS No. 33-2096432-8		Manila, Philippines	
Grace S.Dogillo	Passport –EB8007108	Apr.30,2013	DFA, Manila	Apr.29,2018

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Page No. 500
Book No. 67
Series of 2015

ATTY. RICHARD L. ANOLIN
NOTARY PUBLIC Until December 31, 2015
COMMISSION NO. 2014-059
FOR CITY OF MANILA PHILIPPINES
IBP LIFETIME NO. 05179/02 25 05/MLA
PTR NO. 3827432 01/05/15/MLA
ROLL NO. 43596
MCLE COMPLIANCE NO IV-002385018/16/14
ANOLIN AND ASSOCIATES LAW OFFICE
MANILA BLDG.
VILLEGAS ST.,
TEL. 525-05-86
richardanolin@yahoo.com

NavarroAmper&Co.

Navarro Amper & Co.
19th Floor Net Lima Plaza
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Bonifacio Global City, Taguig 1634
Philippines

Tel: +63 2 581 9000
Fax: +63 2 869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-3

Securities and Exchange Commission
SEC Building, EDSA
Mandaluyong City

Gentlemen:

In connection with our audit of the consolidated statement of financial position of Alliance Select Foods International, Inc. and its Subsidiaries as at December 31, 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, we wish to state that the Group is listed with the Philippine Stock Exchange.

Navarro Amper & Co.
BOA Registration No. 0004, valid from October 22, 2012 to December 31, 2015
SEC Accreditation No. 0001-FR-3, issued on January 4, 2013; effective until January 3, 2016, Group A
TIN 005299331

By:

Bonifacio F. Lumacang, Jr.
Partner
CPA License No. 0098090
SEC A.N. 0526-AR-2, issued on May 6, 2013; effective until May 5, 2016, Group A
TIN 170035681
BIR A.N. 08-002552-18-2015, issued on February 6, 2015; effective until February 5, 2018
PTR No. A-2368310, issued on January 6, 2015, Taguig City

Taguig City, Philippines
May 11, 2015

NavarroAmper&Co.

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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
Suites 1205, 1206 & 1405 East Tower
Philippine Stock Exchange Centre, Exchange Road
Ortigas Center, Pasig City

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Alliance Select Foods International, Inc. and its Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alliance Select Foods International, Inc. and its subsidiaries as at December 31, 2014 and 2013, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2014, in accordance with Philippine Financial Reporting Standards.

Navarro Amper & Co.
BOA Registration No. 0004, valid from October 22, 2012 to December 31, 2015
SEC Accreditation No. 0001-FR-3, issued on January 4, 2013; effective until January 3, 2016, Group A
TIN 005299331

By:

Bonifacio F. Lumacang, Jr.
Partner
CPA License No. 0098090
SEC A.N. 0526-AR-2, issued on May 6, 2013; effective until May 5, 2016, Group A
TIN 170035681
BIR A.N. 08-002552-18-2015, issued on February 6, 2015; effective until February 5, 2018
PTR No. A-2368310, issued on January 6, 2015, Taguig City

Taguig City, Philippines
May 11, 2015

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollar)

	Notes	2014	2013
ASSETS			
Current Assets			
Cash	7	**$ 2,426,020**	$ 1,568,125
Trade and other receivables - net	8	**9,303,672**	16,162,372
Due from related parties	19	**494,383**	810,484
Inventories - net	9	**18,787,629**	14,436,955
Biological asset	10	**203,763**	220,498
Prepayments and other current assets	11	**1,556,596**	1,364,387
Total Current Assets		**32,772,063**	34,562,821
Non-current Assets			
Investment in associates	12	**108,038**	336,838
Investment in joint ventures	13	**561,207**	471,996
Property, plant and equipment - net	14	**13,227,398**	21,126,781
Deferred tax assets	34	**7,489,791**	1,408,920
Goodwill	3	**9,502,585**	9,502,585
Other intangible assets - net	15	**200,063**	218,631
Other non-current assets - net	16	**1,985,571**	1,831,649
Total Non-current Assets		**33,074,653**	34,897,400
		$65,846,716	$69,460,221
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	17	**$ 9,040,275**	$ 7,332,391
Loans payable	18	**29,201,242**	28,610,398
Income tax payable		**1,316**	227,283
Due to related parties	19	**153,604**	143,763
Total Current Liabilities		**38,396,437**	36,313,835
Non-current Liabilities			
Loans payable - net of current portion	18	**3,399,000**	4,565,481
Retirement benefit obligation	20	**416,146**	634,958
Deferred tax liabilities	34	**304,470**	258,604
Total Non-current Liabilities		**4,119,616**	5,459,043
		42,516,053	41,772,878
Equity			
Share capital	21	**32,238,544**	22,575,922
Reserves	23	**7,062,172**	4,065,145
Retained earnings (Deficit)		**(15,045,466)**	1,330,601
		24,255,250	27,971,668
Treasury shares	21	**(5,774)**	(5,774)
Equity attributable to equity holders of the parent		**24,249,476**	27,965,894
Non-controlling interest	22	**(918,814)**	(278,551)
Total Equity		**23,330,662**	27,687,343
		$65,846,716	$69,460,221

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollar)

		For the Years Ended December 31		
	Notes	**2014**	2013	2012
Revenue - net	25	**$81,262,493**	$84,328,471	$82,337,301
Cost of Goods Manufactured and Sold	27, 39	**73,382,400**	77,000,224	71,762,397
Gross Profit		**7,880,093**	7,328,247	10,574,904
Other Income	26	**434,855**	1,118,499	87,879
		8,314,948	8,446,746	10,662,783
Selling and Administrative Expenses	28, 39	**28,289,706**	10,014,942	6,809,785
Other Expenses	29	**640,600**	156,275	438,082
Finance Costs	33	**1,831,364**	1,761,475	2,083,109
		30,761,670	11,932,692	9,330,976
Share in Equity in Net Earnings (Loss) of Associates	12	**(228,800)**	105,441	195,465
Share in Equity in Net Earnings (Loss) of Joint Ventures	13	**73,525**	(69,246)	106,525
		(155,275)	36,195	301,990
Profit (Loss) Before Tax		**(22,601,997)**	(3,449,751)	1,633,797
Income Tax Expense (Benefit)	34	**(5,525,493)**	(530,818)	866,368
Profit (Loss) for the Year		**($17,076,504)**	($ 2,918,933)	$ 767,429
Profit (Loss) for the year attributable to:				
Equity holders of the parent		**($16,436,112)**	($ 2,580,913)	$ 1,312,232
Non-controlling interest	22	**(640,392)**	(338,020)	(544,803)
		($17,076,504)	($ 2,918,933)	$ 767,429
Earnings (Loss) Per Share				
Basic and diluted earnigs (loss) per share	35	**($ 0.0122)**	($ 0.0024)	$ 0.0013
Profit (Loss) for the Year		**($17,076,504)**	($2,918,933)	$ 767,429
Other Comprehensive Income (Loss)				
Items that may be reclassified to profit or loss in subsequent periods				
Exchange differences on translating foreign operations		**42,620**	8,868	31,145
Share in other comprehensive income (loss) of a joint venture	13	**15,686**	(27,576)	(2,669)
Item that may not be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on retirement	20	**51,784**	104,394	(213,462)
		110,090	85,686	(184,986)
Total Comprehensive Income (Loss)		**(16,966,414)**	($2,833,247)	$ 582,443
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent		**($16,326,151)**	($2,495,071)	$ 1,115,647
Non-controlling interest		**(640,263)**	(338,176)	(533,205)
		($16,966,414)	($2,833,247)	$ 582,442

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollar)

	Notes	Share Capital	Share Premium	Revaluation Increment	Share Dividends Payable	Investment Revaluation Reserve	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Non-controlling Interest	Total
Balance, January 1, 2012		$17,861,369	$2,948,340	$57,668	$3,258,912	$ 4,877	$139,714	$3,601,756	($5,774)	$275,400	$28,142,262
Additional subscription		4,714,553	873,392	-	(3,258,912)	-	-	-	-	-	2,329,033
Repurchase of shares issued to non-controlling interests								(7,563)		(492,437)	(500,000)
Acquisition of new partially-owned subsidiary		-	-	17,624	-	-	-	-	-	69,040	86,664
Noncontrolling interest in the subsidiary's investments		-	-	-	-	-	-	-	-	19,141	19,141
Effects on noncontrolling interest due to the loss of control over a subsidiary		-	-	-	-	-	-	(860,638)	-	721,686	(138,952)
	21, 22	22,575,922	3,821,732	75,292	-	4,877	139,714	2,733,555	(5,774)	592,830	29,938,148
Other comprehensive income											
Exchange differences on translating foreign operations	22, 23	-	-	(3,615)	-	-	23,162	-	-	11,598	31,145
Remeasurement loss on retirement		-	-	-	-	-	-	(213,462)	-	-	(213,462)
Share in other comprehensive income (loss) of a joint venture	13	-	-	-	-	21,793	-	(24,463)	-	-	(2,670)
Profit (Loss) for the year	22	-	-	-	-	-	-	1,312,232	-	(544,803)	767,429
Total comprehensive income (loss)		-	-	(3,615)	-	21,793	23,162	1,074,307	-	(533,205)	582,442
Balance, December 31, 2012		22,575,922	3,821,732	71,677	-	26,670	162,876	3,807,862	(5,774)	59,625	30,520,590
Other comprehensive income											
Exchange differences on translating foreign operations	22, 23	-	-	-	-	-	8,860	-	-	8	8,868
Remeasurement gain (loss) on retirement	22			-				104,558		(164)	104,394
Share in other comprehensive loss of a joint venture	13	-	-	-	-	(26,670)	-	(906)	-	-	(27,576)
Loss for the year		-	-	-	-	-	-	(2,580,913)	-	(338,020)	(2,918,933)
Total comprehensive income (loss)		-	-	-	-	(26,670)	8,860	(2,477,261)	-	(338,176)	(2,833,247)
Balance, December 31, 2013		22,575,922	3,821,732	71,677	-	-	171,736	1,330,601	(5,774)	(278,551)	27,687,343
Additional subscription	21	9,662,622	2,947,111								12,609,733
		32,238,544	6,768,843	71,677	-	-	171,736	1,330,601	(5,774)	(278,551)	40,297,076
Other comprehensive income											
Exchange differences on translating foreign operations	22, 23	-	-	-	-	-	42,612	-	-	8	42,620
Remeasurement gain (loss) on retirement	22			-	-	-	-	51,663	-	121	51,784
Share in other comprehensive income of a joint venture	13	-	-	-	-	7,304	-	8,382	-	-	15,686
Loss for the year		-	-	-	-	-	-	(16,436,112)	-	(640,392)	(17,076,504)
Total comprehensive income (loss)		-	-	-	-	7,304	42,612	(16,376,067)	-	(640,263)	(16,966,414)
Balance, December 31, 2014		**$32,238,544**	**$6,768,843**	**$71,677**	**$ -**	**$ 7,304**	**$214,348**	**($15,045,466)**	**($5,774)**	**($918,814)**	**$23,330,662**

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. Dollar)

		For the Years Ended December 31		
	Notes	**2014**	2013	2012
Cash Flows from Operating Activities				
Profit (Loss) before tax		**($22,601,997)**	($3,449,751)	$ 1,633,797
Adjustments for:				
Finance costs	33	**1,831,364**	1,761,475	2,083,109
Depreciation and amortization	14, 15	**1,447,424**	1,454,516	1,123,609
Provision for doubtful accounts	8, 16	**8,450,976**	1,125,627	(13,307)
Write off of input VAT refund	8	**54,951**	-	-
Gain on sale of property, plant and equipment	14, 15, 26	**(3,899)**	(546,031)	-
Retirement benefit	20	**148,979**	122,349	88,471
Unrealized Foreign exchange gain (loss) - net		**69,338**	(44,574)	10,575
Provision on inventory obsolescence	9, 28	**1,191,686**	40,067	20,000
Loss on inventory writedown	28	**2,040,961**	338,391	-
Loss on impairment of fishing vessels	14	**7,792,307**	-	-
Share in loss (profit) of associates and joint ventures	12, 13	**155,275**	(36,195)	(301,990)
Interest income	7, 26	**(108,896)**	(94,740)	(33,578)
Operating cash flows before working capital changes		**468,469**	671,134	4,610,686
Decrease (Increase) in:				
Trade and other receivables		**6,467,383**	636,764	(605,725)
Due from related parties		**316,101**	600,472	(216,297)
Inventories and biological assets		**(7,566,585)**	(5,153,053)	(4,161,363)
Prepayments and other current assets		**(8,196,917)**	435,076	(2,568,898)
Other-non current assets		**(86,605)**	258,328	354,144
Increase in trade and other payables		**1,674,101**	454,402	682,677
Cash used in operations		**(6,924,054)**	(2,096,877)	(1,904,776)
Income tax paid		**(735,479)**	(954,376)	(344,470)
Interest income received	7	**41,579**	27,181	33,578
Contribution to retirement fund	20	**(311,275)**	(99,810)	-
Net cash used in operating activities		**(7,929,228)**	(3,123,882)	(2,215,668)
Cash Flows from Investing Activities				
Additions to property, plant and equipment	14	**(1,547,515)**	(2,078,248)	(2,688,503)
Proceeds from sale of property, plant and equipment and assets held-for-s	14	**31,992**	1,242,104	-
Acquisition of investment in subsidiary		**-**	-	(2,050,639)
Net cash used in investing activities		**(1,515,523)**	(836,144)	(4,739,142)
Cash Flows from Financing Activities				
Proceeds from bank loans		**74,635,566**	63,582,854	60,502,879
Payment of bank loans		**(75,211,203)**	(59,533,357)	(51,414,657)
Finance costs paid		**(1,797,581)**	(1,761,475)	(1,704,409)
Proceeds from (Payment of) due to related parties		**9,841**	(869,085)	45,758
Issuance of new shares	21	**9,662,622**	-	-
Proceeds from issuance of share capital	21	**2,947,111**	-	2,329,033
Proceeds from investment of non-controlling interest holders		**-**	-	(192,319)
Net cash from financing activities		**10,246,356**	1,418,937	9,566,285
Effects of Foreign Exchange Rate Changes		**56,290**	(82,612)	(56,113)
Net Increase (Decrease) in Cash		**857,895**	(2,623,701)	2,555,362
Cash, Beginning		**1,568,125**	4,191,826	1,636,464
Cash, Ending	7	**$ 2,426,020**	$1,568,125	$ 4,191,826
Non-cash Investing Activities				
Conversion of receivables to equity investment	3	**$ 777,047**	$ 257,000	$ -
Acquisition of fishing vessels through *dacion en pago*	14	**-**	-	(15,225,410)
		$ -	$ -	$ -

See Notes to Consolidated Financial Statements.

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Corporate Information

Alliance Select Foods International, Inc. (the "Parent Company") is a public corporation under Section 17.2 of the Securities Regulation Code (SRC) and was incorporated and registered in the Philippine 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. Its shares are listed in the Philippine Stock Exchange (PSE) since November 8, 2006.

Furthermore, the Parent Company was registered with the Board of Investments (BOI) on August 24, 2004 under the Omnibus Investments Code of 1987, otherwise known as Executive Order No. 226, on a non-pioneer status as new export producer of canned tuna and its by-product, fishmeal. As such, the Parent Company is entitled to certain incentives such as income tax holiday (ITH) for four years plus three bonus years from the date of registration and subject for approval of extension by the BOI; tax credit on raw materials and supplies used for export products; and additional deduction for labor expense, subject to certain requirements under the terms of its BOI registration. The Parent Company has been granted by the BOI three years extension of ITH that ended on August 23, 2011.

On July 1, 2010, the Board of Directors has resolved to change the corporate name from Alliance Tuna International, Inc. to Alliance Select Foods International, Inc. The change in corporate name was then approved by the SEC on July 22, 2010.

On November 25, 2011, SEC has approved the increase in the Parent Company's authorized share capital from P950,000,000 divided into 950,000,000 shares to P1,500,000,000 divided into 1,500,000,000 shares having a par value of P1 per share.

The financial position and results of operations of the Parent Company and its subsidiaries (the "Group") are consolidated in these financial statements.

The Parent Company's principal place of business is located at Suites 1205, 1206 & 1405 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. It has plant facilities located in Barrio Tambler, General Santos City, Philippines.

Status of Operations

The Group incurred net losses in 2014 and 2013 amounting to $17,076,504 and $2,918,933, respectively. The significant loss in 2014 was a result of Management decision to take a prudent and conservative position to recognize non-recurring expenses amounting to $19,530,881 million. These non-recurring expenses comprised mainly of the following: inventory write down and provision for inventory obsolescence, provision for impairment in the value of the Group's fishing vessels and provision for impairment of the receivables from Wild Catch Fisheries, Inc. (WCFI) as a result of an amendment in the joint venture agreement between the Parent Company and WCFI, as disclosed in Note 40.

The Management has taken appropriate actions by implementing strategies that will assist in improving the results of operations and maintaining financial stability. These measures include a more persistent and aggressive sales efforts, a focus on improve efficiencies across all areas of operations, better inventory management and raw material sourcing. Furthermore, the Parent Company intends to undertake a stock right offer (SRO) to raise funds for its operational requirements as disclosed in Note 40.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with 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), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for:

- financial instruments carried at amortized cost;
- land carried at revalued amounts;
- investments in associates and joint ventures accounted for using the equity method;
- inventories carried at the lower of cost or net realizable value;
- biological assets measured at fair value less costs to sell; and
- the retirement benefit obligation recognized as the net total of the present value of defined benefit obligation less the fair value plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, *Share-based Payment,* leasing transactions that are within the scope of PAS 17, *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2, *Inventories,* or value in use in PAS 36, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These consolidated financial statements are presented in U.S. Dollar, the currency of the primary economic environment in which the Group operates. All amounts are recorded in the nearest dollar, except when otherwise indicated.

3. BASIS OF CONSOLIDATION AND COMPOSITION OF THE GROUP

Basis of Consolidation and Non-Controlling Interest

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control. When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Composition of the Group

Details of the Parent Company's subsidiaries as at December 31 are as follows:

	Date Acquired/ Incorporated	Ownership Interests		
		2014	2013	2012
ASFI Thailand	May 12, 2004	**100%**	100%	100%
PT International Alliance Food Indonesia (PTIAFI)	May 28, 2008	**99.98%**	99.98%	99.98%
Prime Foods New Zealand Limited (PFNZ)	January 6, 2009	**50.00% + 1 share**	50.00% + 1 share	50.00% + 1 share
Big Glory Bay Salmon and Seafood Company Inc. (BGB)	October 29, 2009	**68%**	50.00% + 1 share	50.00% + 1 share
ASFI Choice Foods, Inc. (ASFIC)	April 11, 2011	**100%**	100%	100.00%
Spence & Company Ltd. (Spence)	August 10, 2011	**100%**	100%	100.00%
Akaroa Salmon (NZ) Ltd. (Akaroa)	October 1, 2012	**80%**	80%	80.00%
Alliance Select Foods Pte. Ltd. (ASF)	January 24, 2013	**-**	100%	100%

The principal activities and other details of the subsidiaries are as follows:

ASFI Thailand

On March 12, 2004, the Parent Company established ASFI Thailand, a Thailand based wholly-owned subsidiary, the primary activity of which is that of a sales representative office. ASF Thailand's net assets as at December 31, 2014 and 2013 amounted to nil.

PTIAFI

PTIAFI 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, 2001. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in the Decision Letter No. AHU-24298.AH.01.01 dated May 28, 2008.

PTIAFI is primarily engaged in canned fish processing exclusively for international market. The plant is located at JI. Raya Madidir Kelurahan Madidir Unet Ling. II Kecamatan Madidir, Bitung, Indonesia.

This investment in PTIAFI provides the Group with access to the rich Indonesian marine resources.

On May 26, 2010 the Board of Directors authorized the Company to increase its equity investment in PTIAFI from $825,600 to $4,499,000 by converting its outstanding cash advances in the amount of $3,673,400 into equity and applying the same as payment for the additional 3,673,400 shares at a par value of $1.00. The percentage ownership thus increased from 79.92% as at December 31, 2009 to 89.98% as at December 31, 2010. The Company's joint venture partner in the subsidiary, PT Wailan Pratama, also converted part of its advances and increase its shareholdings from 206,400 shares as at December 31, 2009 to 500,001 shares as at December 31, 2010 with a par value of $1.00.

On December 20, 2011, PTIAFI founded and established PT Van de Zee (VDZ) under the current Indonesian law with 80% percentage ownership and is considered a subsidiary of PTIAFI. VDZ will be operated in integration with the tuna processing activities of PTIAFI. VDZ's establishment as a foreign investment company has been approved by the Indonesian Investment Coordinating Board or Bedan Koordinasi Penanaman Modal and Ministry of Laws and Human Rights of the Republic of Indonesia.

On February 10, 2012, the Parent Company purchased 500,000 shares of PT Wailan Pratama, a fishing company, at book value for $500,000 which has been approved by the Indonesia Investment Coordinating Board and the Department of Law and Human Rights in accordance to Indonesia law. This event increased Parent's stake in PTIAFI from 89.98% as at December 31, 2010 to 99.98% on February 10, 2012.

In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51% to take more of profits from the country's vast mineral resources. As a result, PTIAFI, being owned by the Company, sold 31% of its ownership in PT VDZ decreasing its share to 49%. Based on Management's assessment, PTIAFI still has control over PT VDZ.

The significant information on the consolidated financial statements of PTIAFI as at and for the years ended December 31 are as follows:

	2014	2013
Total assets	**$13,526,199**	$13,137,787
Total liabilities	**(9,554,481)**	(7,721,773)
Net assets	**$ 3,971,718**	$ 5,416,014
Revenues	**$15,423,914**	$18,890,089
Cost and expenses	**(16,928,090)**	(19,114,351)
Profit (Loss) for the year	**(1,504,176)**	(224,262)
Other comprehensive income	**28,881**	40,242
Total comprehensive loss	**($ 1,475,295)**	($ 184,020)

The significant financial information of VDZ as at and for the years ended December 31 that have been part of the consolidated financial statements of PTIAFI are as follows:

	2014	2013
Total assets	**$2,559,609**	$1,964,497
Total liabilities	**(3,242,546)**	(2,244,835)
Net liabilities	**($ 682,937)**	($ 280,338)
Revenues	**$ 11,233**	$ 143,538
Cost and expenses	**(442,718)**	(472,698)
Loss for the year	**($ 431,485)**	($ 329,160)

PFNZ

PFNZ is a company domiciled in New Zealand and is 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 is primarily engaged in the business of processing, manufacturing and distributing smoked salmon and other seafoods under the Prime Smoke and Studholme brand for distribution in New Zealand and other countries. The investment in PFNZ is the first venture of the Parent Company in the salmon business. The plant is located in Hororata RD2 Darfield, New Zealand.

In September 2014, PFNZ started operating as a marketing arm of BGB after the cessation of its manufacturing operations.

The significant information on the financial statements of PFNZ as at and for the years ended December 31 are as follows:

	2014	2013
Total assets	**$5,664,431**	$4,713,347
Total liabilities	**(5,881,123)**	(4,216,872)
Net assets (liabilities)	**($ 216,692)**	$ 496,475
Revenues	**$7,485,266**	$7,783,188
Cost and expenses	**(8,221,423)**	(8,074,164)
Loss for the year	**($ 736,157)**	($ 290,976)

BGB

BGB is a joint venture between the Parent Company and its New Zealand-based subsidiary PFNZ. It was established primarily to engage in the business of manufacturing goods such as salmon and other processed seafoods. It was registered with the Philippine SEC on October 29, 2009 with registration number CS200916903. Its registered address is located at Suite 1205 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines and its plant facilities is located at Barrio Tambler, General Santos City, Philippines.

The investment in salmon processing allows the Group to be the dominant player in the smoked salmon industry in the region and to continue on a path towards further product and resource diversification.

BGB started its commercial operation on August 1, 2011.

The Company was registered with the BOI and was granted ITH for four years. The ITH registration of the Company expired on June 30, 2014. As a result, the Company has been subjected to normal income tax of 30% for the second half of 2014.

In 2013, the Parent Company and PFNZ converted their respective advances to BGB amounting to $257,000 each into equity ownership of 11,082,610 shares of BGB each with a par value of P1 per share. Ownership percentages of the Parent Company and PFNZ remain the same after the conversion.

In 2014, the Parent Company converted a portion of its advances to BGB amounting to $777,047 into 777,047 shares of BGB, resulting in an increased ownership percentage from 50% + 1 to 68% during the year.

The significant information on the financial statements of BGB as at and for the years ended December 31 are as follows:

	2014	2013
Total assets	**$7,699,283**	$4,863,600
Total liabilities	**(8,675,927)**	(6,008,697)
Net liabilities	**($ 976,644)**	($1,145,097)
Revenues	**$6,022,433**	$2,209,380
Cost and expenses	**(6,631,510)**	(3,415,222)
Loss for the year	**(609,077)**	(1,205,842)
Other comprehensive loss	**484**	(659)
Total comprehensive loss	**($ 608,593)**	($1,206,501)

ASFIC

On April 11, 2011, the Parent Company established ASFIC in Massachusetts, USA, to serve as the Parent Company's vehicle in making investments in, or acquisitions of other companies, as well as market and distribute the Group's products in the USA. ASFIC is a wholly-owned subsidiary of the Parent Company. ASFIC does not have any revenue nor expenses as the Parent Company used it solely to acquire investments. ASFIC's net assets as at December 31, 2014 and 2013 amounted to$10,000.

SPENCE

On August 10, 2011, the Parent Company acquired 100% of the issued share capital of Spence, located at No. 76 Campanelli Drive, Brockton MA 02301 USA, for a cash consideration of $9,240,946 resulting in recognition of goodwill amounting to $7,451,946. Spence specializes in the production of smoked salmon and other seafoods. Its processing facilities cover an area of 20,000 square meters with a rated capacity of 6 metric tons per day.

Goodwill arising from acquisition on August 10, 2011 amounted to $7,451,946, computed as follows:

Investment	$9,240,946
Net assets	(1,789,000)
Goodwill	$7,451,946

The investment in salmon processing allows the Group to diversify its product line to take advantage of the changing food consumption patterns around the globe, address the issue of sourcing raw materials and improve overall margins and profitability.

The significant information on the financial statements of Spence as at and for the years ended December 31 are as follows:

	2014	2013
Total assets	**$ 4,162,435**	$ 3,844,497
Total liabilities	**(1,538,940)**	(1,236,146)
Net assets	**$ 2,623,495**	$ 2,608,351
Revenues	**$16,909,905**	$16,023,396
Cost and expenses	**(16,094,763)**	(15,409,309)
Net income	**$ 815,142**	$ 614,087

AKAROA

On October 1, 2012, the Parent Company acquired 80% of the issued shares of Akaroa with a fair value of $276,161 at a purchase price of $2,326,800, resulting in a goodwill amounting to $2,050,639, recognized in the consolidated financial statements. Akaroa is a company incorporated and domiciled in New Zealand and is registered under the Companies Act of 1993. Its principal office is located in 9 Pope Street Riccarton, Christchurch New Zealand. Akaroa is engaged in the business of sea cage salmon farming and operates two marine farms in Akaroa Harbor, South Island, New Zealand. It also processes fresh and smoked salmon.

Goodwill arising from acquisition on October 1, 2012 amounted to $2,050,639, computed as follows:

Investment	$2,326,800
Net assets at 80%	(276,161)
Goodwill	$2,050,639

Akaroa also holds 20% stake in Salmon Smolt NZ Ltd., a modern hatchery quarantining high quality and consistent supply of smolts (juvenile salmon) for its farm.

The Group financed this acquisition through a private placement of its authorized unissued shares. Management believes that the acquisition of Akaroa will enable the Group to stabilize its supplies of salmon and eventually strengthen its market share in the salmon industry.

The significant information on the financial statements of Akaroa as at years ended December 31 are as follows:

	2014	2013
Total assets	**$1,571,454**	$1,348,596
Total liabilities	**(1,538,940)**	(907,723)
Net assets	**$ 32,514**	$ 440,873
Revenues	**$3,364,694**	$2,704,225
Cost and expenses	**(3,284,246)**	(2,820,474)
Profit (Loss) for the year	**$ 80,448**	($ 116,249)

ASF

On January 24, 2013, the Parent Company established Alliance Select Foods Pte. Ltd. (ASF), a Singapore based wholly-owned subsidiary. The initial issued and paid up share capital of the subsidiary is SGD10 (Ten Singapore Dollars) with 10 ordinary shares worth SGD1 per share. ASF has not yet started its commercial operation. The Parent Company intends to increase the paid up capital in the future as it becomes operational. The primary activity of the subsidiary will be that of general wholesaler and trader and an investment holding company. ASF's net assets as at December 31, 2014 and 2013 amounted to nil.

Due to change in Management's strategy and ASF being non-operational, the Parent Company decided to close ASF in 2014, which did not have any material impact on the Group's financial statements.

AMHI

AMHI was established primarily to engage as a property holding arm of the Group. It was registered with the Philippine SEC on June 18, 2010 with registration number CS201009131. Its registered address is located at Purok Salayda, Barangay Tambler, General Santos City, Philippines.

Initially, AMHI is a Special Purpose Entity (SPE) and considered as a subsidiary of the Parent Company. As an SPE, AMHI conducts its normal operations by exclusively allowing the members of the Group to make use of its properties under lease agreements.

On December 12, 2012, the Parent Company's officers who held key positions in AMHI resigned from AMHI. Moreover, on December 28, 2012, AMHI sold a substantial portion of its assets to the Parent Company to settle amounts due to the latter.

Effective December 28, 2012, the Parent Company ceased to exercise control over AMHI and had reduced financial interest, but continued to have significant influence over AMHI as disclosed in Note 6.

For consolidation purposes, the result of operations from January 1, 2012 up to December 27, 2012 was included in the consolidated statements of comprehensive income.

The loss of control over AMHI resulted in the reduction of the Group's retained earnings as at December 31, 2012 amounting to $860,638.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2014

The following new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Group effective on January 1, 2014, unless otherwise indicated:

Amendments to PAS 32*, Financial Instruments: Presentation*

The amendments provide clarifications on the application of the offsetting rules of financial assets and financial liabilities.

The amendments have no significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to PAS 36, *Impairment of Assets*

The amendments to PAS 36 reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendments have no significant impact on the Group's consolidated financial statements since the Group did not apply the present value technique in determining the allowance for impairment of inventories and property and equipment.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2014

The Group will adopt PFRS 9 when this becomes effective:

PFRS 9, *Financial Instruments*

The standard requires all recognized financial assets that are within the scope of PAS 39, *Financial Instruments: Recognition and Measurement,* to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. The standard is to be effective no earlier than the annual periods beginning January 1, 2017, with earlier application permitted.

The Management is still evaluating the impact of PFRS 9 on the Group's financial assets and liabilities as of the reporting period.

New and Revised Accounting Standards Issued by IASB and Approved for Adoption by FRSC which are Effective after the Reporting Period Ended December 31, 2014 but pending for Adoption in the Philippines by BOA

The Group will adopt the following PFRS when these become effective:

Annual Improvements to IFRSs 2010-2012 Cycle

The annual improvements address the following issues:

Amendment to IFRS 2, *Share-based Payment*

The amendment provides new definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

The adoption of this amendment will have no impact on the Group's consolidated financial statements.

Amendment to IFRS 3, *Business Combinations (with consequential amendments to other standards)*

This amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

The future adoption of this amendment may have an impact on the Group's consolidated financial statements should the Group decide to venture into a new entity as part of its strategic plans to turn-around the Group's operations.

Amendments to IFRS 8, *Operating Segments*

The amendments require an entity to disclose the judgments made by Management in applying the aggregation criteria to operating segments. These also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

Amendment to IFRS 13, *Fair Value Measurement (amendment to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards)*

This amendment states that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 16, *Property, Plant and Equipment*

The amendment requires that when an item of property, plant and equipment is revalued the gross carrying amount be adjusted in a manner that is consistent with the revaluation of the carrying amount.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 24, *Related Party Disclosures*

The amendment states that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 38, *Intangible Assets*

The amendment requires that when an intangible asset is revalued the gross carrying amount be adjusted in a manner that is consistent with the revaluation of the carrying amount.

The above improvements are effective for annual periods beginning on or after July 1, 2014 and shall be applied retrospectively. However, early application of these improvements is permitted under IFRS.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

These annual improvements address the following issues: *Annual Improvements to IFRSs 2011-2013 Cycle*

Amendment to IFRS 1, *First-time Adoption of International Financial Reporting Standards (changes to the Basis for Conclusions only)*

The amendment states that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.

The adoption of this amendment has no impact on the Group's consolidated financial statements as the Group is not adopting IFRS for the first time.

Amendment to IFRS 3, *Business Combinations*

The amendment clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IFRS 13, *Fair Value Measurement*

The amendment stresses that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39, *Financial Instruments: Recognition and Measurement,* or IFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32, *Financial Instruments: Presentation.*

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 40*, Investment Property*

The amendment clarifies that in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3, *Business Combinations,* and investment property as defined in PAS 40, *Investment Property,* requires the separate application of both standards independently of each other.

The above improvements are effective for annual periods beginning on or after July 1, 2014 and shall be applied retrospectively. However, early application of these improvements is permitted under IFRS.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendments to IAS 19*, Employee Benefits*

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in those contributions, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered.

The amendments are applicable to annual periods beginning on or after 1 July 2014.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business such that the acquirer is required to apply all of the principles on business combinations in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognize deferred taxes;
- recognize any goodwill or bargain purchase gain;
- perform impairment tests for the cash generating units to which goodwill has been allocated; and
- disclose information required relevant for business combinations.

The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted under IFRS but corresponding disclosures are required. The amendments apply prospectively.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

IFRS 14, *Regulatory Deferral Accounts*

The standard permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of PFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

The standard is effective for annual reporting periods beginning on or after January 1, 2016. Earlier application is permitted under IFRS.

The adoption of this standard will have no significant impact on the Group's consolidated financial statements.

Amendments to IAS 16, *Properties, Plant and Equipment*

These amendments clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted under IFRS.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

IFRS 9*, Financial Instruments (Hedge Accounting)* and amendments to PFRS 9, PFRS 7 and PAS 39 (2014)

On 24 July 2014, the IASB issued the final version of IFRS 9 incorporating a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial assets. The final version of IFRS 9 adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The Management is still evaluating the impact of the above improvements on the Group's consolidated financial statements.

New Accounting Standards Issued by IASB which are Effective After the Reporting Period Ended December 31, 2014 but pending Approval for Adoption in the Philippines

IFRS 15, *Revenue from Contracts with Customers*

The standard specifies how and when a PFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

The standard is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted under IFRS.

The Management is still evaluating the impact of the new accounting standard on the Company's current revenue recognition.

5. SIGNIFICANT ACCOUNTING POLICIES

Business Combination

Acquisitions of businesses are accounted for using the equity method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12 and PAS 19, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another PFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PAS 39 or PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interest even if this results in the non-controlling interest having deficit.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.
On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intragroup Transactions and Balances

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including inter group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used in line with those used by the Parent Company. All intra-group transactions, balances, income and expenses are eliminated in the consolidation.

Financial Assets

Initial recognition

Financial assets are recognized in the Group's financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified at fair value through profit or loss (FVTPL).

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets FVTPL, held-to-maturity investments, available-for-sale financial assets (AFS) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently, the Group's financial assets consist of loan and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Group's financial assets classified under this category include cash, trade and other receivables, due from related parties, and refundable lease deposit under other non-current assets.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial re-organization; or
- default or delinquency in interest or principal payments; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss with the exception of trade receivables, wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in consolidated profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the carrying amount of the financial asset derecognized and the consideration received or receivable is recognized in consolidated profit or loss.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Inventories

Inventories are measured initially at cost. Costs comprise direct materials, direct labor costs and those overheads incurred in bringing the inventories to their present location and condition. Subsequently, inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distributing the goods.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the consolidated statements of comprehensive income. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to consolidated profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associates is measured initially at cost. Subsequent to initial recognition, investment in associates is carried in the Group's consolidated financial statements using the equity method.

The results of operation and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale. Investments in associates are carried in the consolidated statements of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of associates in excess of the Group's interest in those associates are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition is recognized as goodwill. Goodwill is included within the carrying amount of the investments and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition, i.e., discount on acquisition is immediately recognized in consolidated profit or loss in the period of acquisition.

When a group entity transacts with its associates, profits and losses resulting from the transactions with the associates are recognized in the Group's consolidated financial statements only to the extent of interests in the associates that are not related to the Group.

The Group's accounting policy for impairment of assets under PAS 36 is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Group's accounting policy on impairment of tangible asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investments in associates are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in associates and is recognized in profit or loss.

Upon disposal of associates that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with PAS 39. The difference between the previous carrying amount of the associates attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates on the same basis as would be required if that associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates.

Investments in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control (i.e., when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held-for-sale.
Investments in joint ventures are measured initially at cost. Subsequent to initial recognition, investments in joint ventures are carried in the Group's consolidated financial statements using the equity method.

The Group's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investments in joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Group's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Under the equity method, investments in a joint venture is carried in the consolidated statements of financial position at cost as adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in a joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. From the date the Group disposes of its interest or when such external restrictions are placed on a jointly controlled entity that the Group no longer has joint control, the Group shall discontinue the use of equity method.

When the Group transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognized in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

The investment in a joint venture is derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in a joint venture and is recognized in consolidated profit or loss.

Biological Assets

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Group and the fair value or cost of the assets can be measured reliably.

The Group measures its biological assets on initial recognition, and at the end of each reporting period, at fair value less estimated costs to sell. Estimated costs to sell include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties.

The Group uses the national average market values issued by the New Zealand Inland Revenue Department (IRD) as a proxy for fair value of a class of livestock, provided that such values are applied consistent to a class of livestock.

Harvested agricultural produce are also carried at fair value less estimated costs to sell at harvest point.

The Group's classifies its biological assets as consumable biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets.

Gains or losses arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset are included in the consolidated profit or loss for the period in which they arise.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

At the end of each reporting period, items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

Major spare parts and stand-by equipment qualify as property and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant, and equipment.

Estimated future dismantlement costs of items of property and equipment arising from legal or constructive obligations are recognized as part of property, plant and equipment and are measured at present value at the time the obligation was incurred.

Land held for use in the production or supply of goods or services, or for administrative purposes, is stated in the consolidated statements of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land is charged to other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is charged to consolidated profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation surplus relating to a previous revaluation of that asset.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Fishing vessels	40 years
Buildings	25 years
Machinery and equipment	15 years
Office furniture, fixtures and equipment	5 years
Transportation equipment	5 years

Leasehold improvements are depreciated over the improvements' useful life of seven years or when shorter, the terms of the relevant lease.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated profit or loss.

Intangible Assets

Acquired intangible assets

Intangible assets that are acquired by the Group with finite useful lives are initially measured at cost. At the end of each reporting period items of intangible assets acquired are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the intangible asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the consolidated profit or loss as incurred.

Amortization of intangible assets with definite useful lives

Amortization for salmon farming consent and fishing license with finite useful life is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the consolidated profit or loss on a straight-line basis over the estimated useful life of salmon farming consent and fishing license, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of the salmon farming consent and fishing license for the current and comparative periods is 25 years.

Intangible assets with indefinite useful lives

Macrocystic consent with indefinite life are not amortized. However, these assets are reviewed annually to ensure the carrying value does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Group considers its macrocystic consent having an indefinite useful life for the following reasons:

- there have been no established legal or contractual expiration date;
- impracticability of the determination of the intangible assets' economic useful lives; and
- unforeseeable limit to the period over which the fishing license and mycrocystic consent are expected to generate net cash flows for the Group.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

When the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit or group of units on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Goodwill that forms part of the carrying amount of an investment in associates is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in associates is tested for impairment as a single asset when there is objective evidence that the investment in associates may be impaired.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Financial liabilities

Financial liabilities are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Group's financial liabilities, except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Since the Group does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in consolidated profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring Group's own shares are shown as a deduction from equity attributable to the Group's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Group's equity holders.

Stock dividend distributable

Share dividend payable is recognized at the date of declaration. Its measurement is dependent on the percentage of share dividends issue as compared to the total shares outstanding at date of declaration. If the percentage of declared share dividends is less than 20%, the Parent Company measures it at par value or fair market value at the date of declaration; whichever is higher and any excess of fair value over its par is considered to be share premium. If the percentage of the declared share dividends is 20% or more, the Parent Company measures it on par value.

Repurchase, disposal and reissue of shares capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which include directly attributable cost, net of any tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognized as increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Retained earnings

Retained earnings represent the accumulated income of the Group attributable to the Parent Company after deducting dividends declared by the latter.

Deficit

Deficit represents accumulated losses incurred by the Group. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Non-controlling interest

Non-controlling interest represents the accumulated income after dividends declared attributable to the non-controlling shareholders of the subsidiaries.

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the

Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item Retirement benefit. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business.

Sale of goods

Sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and volume rebates. Sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales return

Sales return is recognized at the time of actual return of goods. It is measured by the amount of the revenue previously recognized in which the return is associated. It is treated as a contra revenue account and represents a direct deduction from amounts receivable for goods provided in the normal course of business.

The Group does not offer to its customers a general right of return. However, the Group accepts returns of damaged and defective products that are shipped directly from the Group or for products that are already expired.

Sales allowance

Sales allowance is recognized if it is probable that discounts will be granted and the amount can be measured reliably. It is measured as a portion of the revenue previously recognized in which the allowance is associated. It is treated as a contra revenue account and represents a direct deduction from amounts receivable for goods provided in the normal course of business.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Other income

Other income is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably. Other income includes all income generated outside the normal course of business.

Expense Recognition

Expenses are recognized in consolidated profit or loss when 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. Expenses are recognized in consolidated profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Expenses in the consolidated statements of comprehensive income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes Materials used, Direct labor and Manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Leases

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

Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currency Transactions and Translations

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in the consolidated profit or loss for the year.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the consolidated profit or loss in the period in which they are incurred.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Parent Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Group and the key management personnel of the Group are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax.

Current tax expense

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Parent Company's registered product was granted an ITH starting August 24, 2004 up to August 23, 2011 as disclosed in Note 1. After the ITH, the liability for current tax is calculated using a tax rate of 30% under the normal taxation or 2% of defined gross income under minimum corporate income tax (MCIT), whichever is higher.
The income tax rates of subsidiaries are as follows:

ASFIC	40%
Spence	40%
Akaroa	28%
PFNZ	28%
PTIAFI	25%
BGB	ITH (1st half of 2014) 30% (2nd half of 2014)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in associate except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes are recognized as an expense or income in consolidated profit or loss, except when they relate to items that are recognized outside consolidated profit or loss, whether in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized outside consolidated profit or loss.

Earnings per Share

The Group computes its basic earnings per share by dividing consolidated profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares issued and outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Group and the weighted average number of shares outstanding are adjusted for the effects off all dilutive potential ordinary shares.

Events After the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Business Unit Head to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that;
- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- 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 financial statements.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which 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.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements.

Segment reporting

The Group's revenue is classified into sales of canned and processed seafoods and sales of fishmeal. Although the revenue can be identified separately, the Group uses the same assets and resources for its sales of canned and processed seafoods and sales from fishmeal activities. Segregation and/or identification/allocation of those resources for each activity are impracticable since sales from fishmeal activities are minimal and do not exceed the 10% threshold criteria set forth in PFRS 8.

For Management purposes, the Group is currently organized activities based on its products (i.e., sale of canned and processed seafoods; and sale of fishmeal) and considers each product as one segment. The core activity is the canned and processed seafoods which account for more than 98.3% of the Group's consolidated revenues, consolidated profit for the year, and consolidated total assets. Thus, Management believes that the Group's only reportable segment is the Group's activities taken as a whole.

Leases

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Classification of lease as operating lease

Based on Management evaluation, the lease arrangements entered into by Group as a lessor and as a lessee are accounted for as operating leases because the Group has determined that the lessor will not transfer the ownership of the leased assets to the Group upon termination of the lease.

The lease contracts entered into by the Group are classified as operating leases as discussed in Note 30.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the US Dollar. The US Dollar is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the Group in determining the costs and selling price of its inventories.

Determination of control

The Management assessed whether or not it has control over another entity based on whether the Parent Company has the practical ability to direct the relevant activities of an another entity unilaterally. In making their judgment, the Parent Company considered its controlling financial interest and its ability to direct and make decision over an entity's relevant activities. Accordingly, an entity is considered a subsidiary of the Parent Company based on Management consideration of control as at December 31, 2014 and 2013.

Based on the assessment made by the Management, the Parent Company has control over its subsidiaries PT International Alliance Foods Indonesia (PTIAFI), Prime Foods NZ Ltd. (PFNZ), Big Glory Bay Salmon and Seafood, Inc. (BGB), ASFI Thailand, Spence & Company, Ltd. (Spence) and Akaroa Salmon New Zealand Limited (Akaroa) as at December 31, 2014 and 2013, and special purpose entities ASFI Choice Foods, Inc. (ASFIC) and Alliance Select Foods Pte. Ltd. (ASF) as at December 31, 2014 and 2013. Accordingly, the financial statements of these entities are included in the consolidated financial statements of the Parent Company. ASF would not affect the Company's financial statements since its net assets amounted to nil as at December 31, 2014 and 2013.

Determination of joint control

Management exercises its judgment in reassessing whether the Group has joint control over FDCP Inc. (FDCP) and Wild Catch Fisheries, Inc. (WCFI) or mere significant influence by evaluating the substance of relationship that may exist between the Group over FDCP and WCFI. The recognition and measurement of the Group's investments over FDCP and WCFI will depend on the result of the judgment made.

Based on the assessment made by the Management, the Parent Company has classified its joint arrangements as joint ventures because of its rights over the net assets of FDCP, Inc. (FDCP) and Wild Catch Fisheries, Inc. (WCFI) as discussed in Note 13.

Loss of control

Based on the reassessment made by the Management due to the changes in circumstances arising from the restructuring of AMHI disclosed in Note 3, the Parent Company ceased to exercise control over AMHI effective December 28, 2012. As a result of the loss of control, the Group accounts for its 40% ownership in AMHI as an investment in associates from the time the control is lost.

Determination of significant influence

Management exercises its judgment in determining whether the Group has control over another entity by evaluating the substance of relationship that indicates the significant influence of the Group over its associates. The recognition and measurement of the Group's investments over these entities will depend on the result of the judgment made.

Based on the assessment made by the Management, the Group has significant influence over AMHI and Salmon Smolt NZ Limited (SSNZ) as at December 31, 2014 and 2013.

Biological assets

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.

The Group believes that the fair value of its biological assets cannot be measured reliably since the market determined prices are not readily available. As an alternative, the Group uses the national average market values issued by the New Zealand Inland Revenue Department (IRD) as a proxy for fair value of a class of livestock, provided that such values are applied consistent to a class of livestock.

Revaluation of assets

Land

The Group has adopted the fair value approach in determining the carrying value of its land. While the Group has opted to rely on independent appraisers to determine the fair value of its land, such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis for determining fair value.

The latest revaluation of the above land was made on February 1, 2011 by John J Ryan & Associates Ltd., a registered appraiser in New Zealand. The Management believes that any effect of the changes in the assumptions from this date up to December 31, 2014 is not significant.

Going concern

It is the responsibility of the Management to determine whether the going concern assumption is appropriate in the presentation of financial statements. In determining whether a substantial doubt about the Company's ability to continue as going concern exists, Management evaluates all relevant information about conditions and events.

The Group incurred a net loss in 2014 and 2013 amounting to $16,966,414 and $2,833,247, respectively. The significant loss in 2014 was a result of Management decision to take a prudent and conservative position to recognize non-recurring expenses amounting to $19,530,881 which comprised of inventory write-down, provision for inventory obsolescence, provision for impairment in the vales of the Company's fishing vessels and provision for impairment of the receivables from WCFI as a result of an amendment in the joint venture agreement between the Company and WCFI which cast a significant doubt on the Company's ability to continue as a going concern.

However, the Management has taken appropriate actions by implementing strategies that will assist in improving the results of operations and maintaining financial stability such as but not limited to more aggressive sales efforts, improve efficiencies across all areas of operations, better inventory management and raw material sourcing.

Accordingly, the financial statements have been prepared on a going concern basis.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimating useful lives of assets

The useful lives of the Group's assets with definite lives are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant, and equipment, and intangibles assets are reviewed periodically 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 Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant, and equipment, and intangibles assets would increase the recognized operating expenses and decrease non-current assets.

As at December 31, 2014 and 2013, the carrying amounts and accumulated depreciation and amortization of the Group's property, plant and equipment, and intangible assets as disclosed in Notes 14, and 15, respectively, are as follows:

	Carrying Amounts	**Accumulated Depreciation and Amortization**
December 31, 2014		
Property, plant and equipment*	**$11,672,952**	**$5,745,321**
Intangible assets**	**176,642**	**67,836**
	$11,849,594	**$5,813,157**
December 31, 2013		
Property, plant and equipment*	$19,532,483	$4,486,313
Intangible assets**	194,172	50,306
	$19,726,655	$4,536,619

** The above amounts for property, plant and equipment do not include carrying amount of land amounting to $1,554,446 and $1,594,298 as at December 31. 2014 and 2013, respectively, which is not subject to depreciation.*

*** The above amounts for intangible assets does not include mycrocystic consent with a carrying amount of $23,421 and $24,459, as at December 31. 2014 and 2013, respectively, with indefinite useful lives which is not subject to amortization.*

Asset impairment

The Group performs an impairment review when certain indicators are present.

Determining the recoverable amounts of investment properties, property, plant and equipment, intangible assets, investments in associates and investments in joint ventures which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial position and result of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

Total carrying amounts of investments in associates, investment in joint ventures, property, plant and equipment and intangible assets as at December 31, 2014 and 2013 are disclosed in Notes 12, 13, 14, and 15, respectively.

As at December 31, 2014 and 2013, Management believes that there is no further allowance for impairment required on its investments in associates, joint ventures, property plant and equipment and intangible assets in excess of those that were already provided.

Estimating the fair value of refundable lease deposit

In the determination of the fair value of the refundable lease deposits, the Group applies discounted cash flow method using the effective interest rates of similar type of instruments which considers the following factors:

- expected future cash flows;
- time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the cash flows;
- price for bearing the uncertainty inherent in the cash flows (i.e., a risk premium); and
- non-performance risk relating to that liability, including the obligor's own credit risk.

The carrying amounts of refundable lease deposit, as disclosed in Note 19, would be affected by changes in these factors and circumstances.

The fair values of refundable lease deposit as at December 31, 2014 and 2013 calculated using the discounted cash flow method are disclosed in Notes 19 and 36.

Deferred tax assets

The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets 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. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Total deferred tax assets recognized in the consolidated statements of financial position as at December 31, 2014 and 2013, amounted to $7,489,791 and $1,408,920, respectively, as disclosed in Note 34.

Estimating allowances for doubtful accounts

The Group estimates the allowance for doubtful accounts related to its receivables based on the assessment of specific accounts when the Group has information that certain counterparties are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Group used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

Total trade and other receivables recognized in the consolidated statements of financial position amounted to $9,303,672 and $16,162,372, which is net of the related allowances for doubtful accounts amounting to $1,620,966 and $1,175,280 as at December 31, 2014 and 2013, respectively, as disclosed in Note 8.

Estimating net realizable value of inventories

The net realizable value of inventories represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The Group determines the estimated selling price based on recent sale transactions of similar goods with adjustments to reflect any changes in economic conditions since the date the transactions occurred. The Group records provision for excess of cost over 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 consolidated profit or loss and consolidated equity.

Total inventories recognized in the consolidated statements of financial position amounted to $18,787,629 and $14,436,955, net of the related allowance for raw materials and finished goods obsolescence of $1,259,431 and $67,745 as at December 31, 2014 and 2013, respectively, as disclosed in Note 9.

Retirement benefit and other post-employment benefit

The determination of the retirement obligation cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, and rates of compensation increase. In accordance with PFRS, actual results that differ from the assumptions are recognized as expense and recorded as obligation in the current period. 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 pension and other retirement obligations.

Retirement expense recognized under the consolidated statements of comprehensive income amounted to $148,979, $122,349 and $88,471 in 2014, 2013 and 2012, respectively, as disclosed in Note 28 and accrued retirement obligation recognized in the consolidated statements of financial position amounted to $416,146 and $634,958 as at December 31, 2014 and 2013, respectively, as disclosed in Note 20.

7. CASH

Cash and cash equivalents at the end of each reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	2014	2013
Cash in banks	**$2,419,092**	$1,540,904
Cash on hand	**6,928**	27,221
	$2,426,020	$1,568,125

Cash in banks earned an average interest ranging from 0.10% to 0.25% per annum in 2014 and 2013. Cash in banks are unrestricted and immediately available for use in the current operations of the Group.

Interest income earned from cash in banks amounted to$41,579, $27,181 and $33,578 in 2014, 2013 and 2012, respectively, as disclosed in Note 26.

8. TRADE AND OTHER RECEIVABLES - net

The Group's trade and other receivables consist of:

	Note	2014	2013
Trade		**$ 8,563,137**	$ 8,851,560
Others:			
Related parties	19	**964,407**	7,317,107
Claims receivable		**738,788**	177,413
Advances to employees		**61,082**	78,687
Others		**597,224**	912,885
		10,924,638	17,337,652
Less: Allowance for doubtful accounts		**1,620,966**	1,175,280
		$ 9,303,672	$16,162,372

In 2014, receivable from related parties includes due from PT Waila, an affiliate of a subsidiary, amounting to $942,107 which has been fully provided in 2013. It also includes receivable from FDCP amounting $22,300, as disclosed in Note 19.

In 2013, related parties include sale of fishing vessel to WCFI amounting to $6,375,000 and a receivable from PT Waila, an affiliate of a subsidiary, of $942,107 which has been fully provided since 2013. In 2014, however, the Company reclassified the amount relating to the sale of vessels to other non-currents, as disclosed in Note 16.

Claims receivable includes insurance claims and refunds from government agencies.

Others pertain to advances to employees and tax credit certificates applied with the Bureau of Internal Revenue (BIR) for input value-added tax (VAT).

In 2014, the Group has written off claims from the BIR amounting to $54,951 as a result of the denial of the Company's application for refund of input VAT covering 2010 and 2011.

The average credit period taken on sale of goods is 39 days. No interest is charged on the outstanding trade receivables even beyond their credit terms.

Trade and other receivables amounting to a total of $8,931,327 and $10,135,671 as at December 31, 2014 and 2013, respectively, have been pledged for the Group's short-term loans from a foreign bank and local bank with an aggregate outstanding balance of $21,496,905 and $17,477,705 as at December 31, 2014 and 2013, respectively, as disclosed in Note 18.

Included in the Company's trade and other receivables are debtor's accounts which are past due with carrying amounts of $2,373,421 and $2,505,356 as at December 31, 2014 and 2013, respectively, as disclosed in Note 37.

Movements in the allowance for doubtful accounts follow:

	Note	2014	2013
Balance, January 1		**$1,175,280**	$ 22,667
Doubtful accounts expense	28	**446,268**	1,125,627
Currency translation adjustment		**(582)**	26,986
		$1,620,966	$1,175,280

In 2013, the Group provided full allowance for doubtful accounts on its receivable from PT Wailan Pratama and from a certain supplier amounting to $942,107 and $183,520, respectively, as the probability of collection as at December 31, 2013 is doubtful.

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, Management believes that there is no further allowance for doubtful accounts required in excess of those that were already provided as at December 31, 2014 and 2013.

9. INVENTORIES - net

Details of the Group's inventories are as follows:

	Note	2014	2013
Finished goods	27	**$13,925,033**	$10,764,205
Less: Allowance for obsolescence		**1,010,612**	-
		12,914,421	10,764,205
Raw and packaging materials		**5,531,854**	3,337,783
Less: Allowance for obsolescence		**248,819**	67,745
		5,283,035	3,270,038
Parts and supplies		**386,178**	273,280
Work-in-process		**203,995**	129,432
		$18,787,629	$14,436,955

The amount of inventories recognized as expense in 2014, 2013 and 2012 amounted to $73,382,400, $77,000,224 and $71,762,397 respectively, as disclosed in Note 27.

The carrying amount of raw and packaging materials amounted to $5,283,035 and $3,270,038 as at December 31, 2014 and 2013, respectively. Movements in the allowance for inventory obsolescence are as follows:

	Note	2014	2013
Balance, January 1		**$ 67,745**	$27,678
Loss on inventory obsolescence	28	**1,191,686**	40,067
Balance, December 31		**$1,259,431**	$67,745

The Group also recognized inventory write-downs amounting to $2,040,961, $338,391 and nil in 2014, 2013, and 2012, respectively, as disclosed in Note 28. These were attributable to the volatility in raw material prices, leaving the Company with finished goods purchased at higher fish cost.

Inventories amounting to a total of $11,295,754 and $8,926,686 as at December 31, 2014 and 2013, respectively, have been pledged as security for the Group's short-term loans from a foreign bank and local bank with an aggregate outstanding balance of $21,496,905 and $17,477,705 as at December 31, 2014 and 2013, respectively, as disclosed in Note 18.

As at December 31, 2014 and 2013, inventories of PTIAFI with a carrying amount of $3,765,982 and $4,515,143 are insured with PT Asuransi Sompo Japan Nipponka Indonesia against possible risks of losses for $4,500,000 and $1,469,943, respectively.

10. BIOLOGICAL ASSETS

The movement of the carrying amounts of the Company's biological assets is broken down as follows:

	2014	2013
Balance, January 1	**$220,498**	$201,521
Costs of agricultural activities	**186,235**	125,399
Harvest	**(202,970)**	(106,422)
Balance, December 31	**$203,763**	$220,498

Biological assets of the Group comprised solely of consumable female smolts. Female smolts are young salmons at the stage when it migrates from fresh water to the sea.

Smolts arrive at the farm annually around October to December. They are cultured during its developmental phase which lasts around on average period of 12-18 months from the date of arrival. At this phase, water temperature is being strictly monitored not to exceed 11˚C. When the water temperature exceeds 11˚C, smolts are taken out from the water and will undergo a grading process, which usually happens around July or August of each year. The survival rate of fish from grading to harvesting is about 85%.

Point of harvest is usually around February of each year and continues over a 12-month period. Daily harvest ranges from 200 - 300 salmons or double the amount depending on the season.

The fair value less estimated point-of-sale costs is impracticable to determine due to the following factors that affect the determination of the growth of the biological assets:

a. inclement weather, such as in case of raging storms that can cause havoc to the farm and lead to significant fish loss;

b. the quality of smolts which is a crucial factor in the achievement of the desired weight of fish; and

c. the risk of salmon disease outbreak that cannot be discounted.

Consequently, as at December 31, 2014 and 2013, the carrying amount of the Group's biological assets amounting to $203,763 and $220,498 are valued at their proxy market value of NZ$0.90 per smolt or approximately US$0.70 and US$0.73 per smolt using the average foreign exchange rate in 2014 and 2013, respectively, less cost to sell.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below.

	Note	**2014**	2013
Prepaid taxes and licenses		**$ 384,183**	$ 106,798
Input value-added tax (VAT)		**260,657**	80,953
Deposits	19	**255,912**	466,773
Prepaid importation		**251,336**	353,094
Prepaid rent		**118,249**	13,746
Prepaid insurance		**55,258**	46,511
Others		**231,001**	296,512
		$1,556,596	$1,364,387

Deposits represent advance payments for raw materials and rental of office spaces. As at December 31, 2013, deposits include advances to WCFI amounting to $376,008, with the provision under a Joint Venture Agreement in which these will be liquidated against fish purchases. These advances to WCFI were reclassified to other non-current assets in 2014, as disclosed in Note 16.

Prepaid importation pertains to the Group's advance payments for costs relating to the importation of raw materials from its foreign suppliers based on an agreed price and quantity.

Others pertain to prepayments for subscriptions, membership fees and travel advances.

12. INVESTMENTS IN ASSOCIATES

Details and movements of the Group's investments in associates are as follows:

	2014			2013		
	AMHI	**SSNZ**	**Total**	AMHI	SSNZ	Total
Acquisition Cost	**$ 8,613**	**$27,319**	**$ 35,932**	$ 8,613	$27,319	$ 35,932
Accumulated Equity in Profit						
Balance, beginning of year	**260,194**	**40,712**	**300,906**	163,713	31,752	195,465
Equity in profit (loss) for the year	**(226,773)**	**(2,027)**	**(228,800)**	96,481	8,960	105,441
Balance, End of Year	**33,421**	**38,685**	**72,106**	260,194	40,712	300,906
	$ 42,034	**$66,004**	**$108,038**	$268,807	$68,031	$336,838

AMHI

As disclosed in Note 3, AMHI was previously classified as a subsidiary of the Parent Company. However, effective December 28, 2012, the Parent Company ceased to exercise control over AMHI due to the resignation from AMHI of the Parent Company's officers who held key positions in AMHI, and consequently made AMHI its associate.

The Group has 40% interest over AMHI as at December 31, 2014 and 2013.

Significant financial information on the financial statements of AMHI as at and for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Total assets	**$3,885,243**	$4,999,910
Total liabilities	**(3,696,279)**	(4,243,390)
Net assets	**$ 188,964**	$ 756,520
Revenues	**$ 840,164**	$ 826,192
Cost and expenses	**(1,407,097)**	(584,991)
Profit (Loss) for the year	**($ 566,933)**	$ 241,201

The reconciliation of the above summarized financial information to the carrying amount of the interest in AMHI recognized in the consolidated financial statements is shown below:

	2014	2013
Net assets of the associate	**$188,964**	$756,520
Ownership interest in AMHI	**40%**	40%
Proportion of the Group's ownership interest in AMHI	**75,586**	302,608
Effect of cumulative foreign exchange loss-net	**(33,552)**	(33,801)
	$ 42,034	$268,807

SSNZ

The Group has 16% interest over SSNZ through Akaroa. SSNZ is engaged in the farming of salmon in South Island of New Zealand and is incorporated in 2008.

Significant financial information on the financial statements of SSNZ as at and for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Total assets	**$384,493**	$498,932
Total liabilities	**(125,930)**	(159,782)
Net assets	**$258,563**	$339,150
Revenues	**$416,192**	$648,006
Cost and expenses	**(428,860)**	(592,011)
Profit (Loss) for the year	**($ 12,668)**	$ 55,995

The reconciliation of the above summarized financial information to the carrying amount of the interest in SSNZ recognized in the consolidated financial statements is shown below:

	2014	2013
Net assets of the associate	**$258,563**	$339,150
Ownership interest in SSNZ	**16%**	16%
Proportion of the Group's ownership interest in SSNZ	**41,370**	54,264
Effect of cumulative foreign exchange loss-net	**24,634**	13,767
	$ 66,004	$ 68,031

The Group's Management believes that there are no indications of impairment on its investments in associates.

13. INVESTMENTS IN JOINT VENTURES

Details and movements of the Group's investments in joint ventures are as follows:

	2014			2013		
	FDCP	**WCFI**	**Total**	FDCP	WCFI	Total
Acquisition Cost	**$240,964**	**$39,279**	**$280,243**	$240,964	$39,279	$280,243
Accumulated Equity in Profit (Loss)						
Balance, beginning	**319,165**	**(39,279)**	**279,886**	349,132	-	349,132
Equity in profit (loss) for the year	**73,525**	**-**	**73,525**	(29,967)	(39,279)	(69,246)
	392,690	**(39,279)**	**353,411**	319,165	(39,279)	279,886
Share in Other Comprehensive Income from						
Accumulated equity in fair value gain on available-for-sale investments						
Balance, beginning	**-**	**-**	**-**	26,670	-	26,670
Equity share for the year	**7,304**		**7,304**	(26,670)	-	(26,670)
	7,304	**-**	**7,304**	-	-	-
Remeasurement loss on retirement						
Balance, beginning	**(88,133)**	**-**	**(88,133)**	(87,227)	-	(87,227)
Equity share for the year	**8,382**	**-**	**8,382**	(906)	-	(906)
	(79,751)	**-**	**(79,751)**	(88,133)	-	(88,133)
	(72,447)	**-**	**(72,447)**	(88,133)	-	(88,133)
	$561,207	**$ -**	**$561,207**	$471,996	$ -	$471,996

FDCP

FDCP is engaged in the manufacturing and wholesale of tin cans. The Group's ownership interest in FDCP is 40% as at December 31, 2014 and 2013.

Significant financial information on the financial statements of FDCP as at and for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Total assets	**$2,534,308**	$2,217,661
Total liabilities	**(2,566,478)**	(2,472,816)
Net liabilities	**($ 32,170)**	($ 255,155)
Revenues	**$4,279,858**	$3,142,294
Cost and expenses	**(4,096,046)**	(3,217,212)
Profit (Loss) for the year	**183,812**	(74,918)
Other comprehensive income (loss)	**39,213**	(68,941)
Total comprehensive income (loss)	**$ 223,025**	($ 143,859)

WCFI

On January 31, 2013, the Parent Company, CHL Fishing Industry, Inc. (CFII) and CHL Construction & Development Enterprises, Inc. (CCDEI), entered into a joint arrangement agreement to establish WCFI, an entity primarily engaged in commercial fishing within and without the Philippine waters and in the High Seas.

The Parent Company's ownership interest in WCFI, Inc. is 40% as at December 31, 2014 and 2013.

The significant financial information of the WCFI as at and for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Total assets	**$6,936,792**	$7,823,112
Total liabilities	**(9,203,534)**	(7,979,127)
Net liabilities	**($2,266,742)**	($ 156,015)
Revenues	**$ 37,414**	$ -
Cost and expenses	**(2,158,686)**	(258,231)
Loss for the year	**($2,121,272)**	($ 258,231)

On January 27, 2014, the Parent Company subscribed 4,800,000 common shares to the unissued shares and 33,600,000 common shares to the increased authorized capital stock of WCFI with a par value of P1.00 per share. In payment and exclusively in exchange for its total subscription of 38,400,000 common shares in WCFI, subject to SEC's approval, the Parent Company executed a Deed of Assignment, assigning and conveying unto WCFI, its successor-in-interest, the ownership of its vessel named as "FV BUENA SUERTE J-168" with an appraised value of P40,548,000 or approximately $915,325. As stipulated in the joint venture agreement, the difference between the subscription price of the share and the approved appraised value amounting to P1,564,640 shall be treated as advances by the Company, for future fish deliveries of WCFI.

On November 10, 2014 SEC informed WCFI that after counter evaluation of the application for increase of authorized capital stock by the Division Head of the SEC on September 23, 2014, the approval has been deferred in view of the clarifications on the accounts in audited financial statements as of December 31, 2013.

In this regard, WCFI withdrew the subject application on January 29, 2015 in view of ongoing discussions of the Board of Directors. On February 6, 2015, SEC informed WCFI that in view thereof, no further action will be taken and the same shall be considered withdrawn, as disclosed in Note 40.

In September 2014, one of the vessels sold by the Parent Company to WCFI in 2012 sank in Philippine waters due to bad weather conditions and strong currents. As a result, ASFII and fellow venturers, CHL and CHLC, decided to amend the joint agreement as disclosed in Note 40.

The Parent Company recognized its share in losses in 2013 only to the extent of its investment in WCFI amounting to $39,279. The Parent Company's unrecognized share in losses as at ended December 31, 2014 and 2013 amounted to $869,918 and $62,692, respectively.

14. PROPERTY, PLANT AND EQUIPMENT - net

Movements in the carrying amounts of the Group's property, plant and equipment are as follows:

	Notes	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture Fixtures and Equipment	Fishing Vessels	Construction in Progress	Total
Cost										
January 1, 2013		$1,599,107	$5,115,328	$7,087,930	$698,995	$335,223	$37,261	$11,356,396	$ -	$26,230,240
Additions		-	19,536	497,560	170,944	33,111	10,414	1,037,698	308,985	2,078,248
Reclassification		-	-	7,862	(36,148)	(403)	102	-	(253)	(28,840)
Disposals		-	(534)	(60,563)	(22,701)	(37,182)	-	(2,530,000)	-	(2,650,980)
Translation adjustment		(4,941)	(2,466)	(7,243)	(638)	(418)	-	-	-	(15,706)
December 31, 2013		1,594,166	5,131,864	7,525,546	810,452	330,331	47,777	9,864,094	308,732	25,612,962
Additions		-	18,594	741,143	177,117	36,984	11,968	18,841	542,868	1,547,515
Reclassification		-	-	-	-	-	-	-	(2,235)	(2,235)
Disposals		-	-	(128,288)	(127,806)	-	(2,598)	-	-	(258,692)
Translation adjustment		(39,852)	(20,229)	(68,002)	(4,689)	(1,884)	-	-	-	(134,656)
December 31, 2014		1,554,314	5,130,229	8,070,399	855,074	365,431	57,147	9,882,935	849,365	26,764,894
Accumulated Depreciation and Amortization										
January 1, 2013		-	716,876	1,804,058	358,611	240,062	22,021	75,114	-	3,216,742
Depreciation and Amortization	27, 28	-	326,169	722,115	87,291	35,365	13,052	256,773	-	1,440,765
Reclassification		-	-	(937)	-	(54)	-	(90)	-	(1,081)
Disposals		-	-	(34,590)	(40,453)	(38,531)	(2,546)	(47,437)	-	(163,557)
Translation adjustment		(132)	(1,364)	(4,408)	(451)	(335)	2	-	-	(6,688)
December 31, 2013		(132)	1,041,681	2,486,238	404,998	236,507	32,529	284,360	-	4,486,181
Depreciation and Amortization	27, 28	-	252,728	807,573	96,510	36,287	7,357	227,197	-	1,427,652
Reclassification		-	-	-	-	-	-	-	-	
Disposals		-	-	(88,549)	(139,342)	(2,708)	-	-	-	(230,599)
GAAP & IRS adjustment		-	-	118,879	-	-	-	-	-	118,879
Translation adjustment		-	(13,269)	(39,484)	(2,849)	(1,322)	-	-	-	(56,924)
December 31, 2014		(132)	1,281,140	3,284,657	359,317	268,764	39,886	511,557	-	5,745,189
Allowance for impairment										
December 31, 2014	28	-	-	-	-	-	-	7,792,307	-	7,792,307
Carrying Amounts December 31, 2014		**$1,554,446**	**$3,849,089**	**$4,785,742**	**$495,757**	**$ 96,667**	**$17,261**	**$1,579,071**	**$849,365**	**$13,227,398**
Carrying Amounts December 31, 2013		$1,594,298	$4,090,183	$5,039,308	$405,454	$ 93,824	$15,248	$9,579,734	$308,732	$21,126,781

The Group has pledged certain property, plant and equipment having a total carrying amount of $5,473,090 and $12,231,073 as at December 31, 2014 and 2013, respectively, to secure short-term loans granted to the Group as disclosed in Note 18, summarized as follows:

	2014	2013
Building and leasehold improvements	**$2,674,689**	$2,829,831
Machinery and equipment	**1,928,226**	8,518,203
Land	**854,100**	854,100
Office furniture, fixtures and equipment	**8,237**	14,964
Plant furniture, fixtures and equipment	**7,598**	12,073
Transportation equipment	**240**	1,902
	$5,473,090	$12,231,073

In addition to the above, certain property, plant and equipment of the Group have been used as securities for the long-term loans obtained from various banks and financial institutions to finance the acquisition of machinery and equipment, as disclosed in Note 18. As at December 31, 2014 and 2013, the carrying amounts of the property, plant and equipment used as securities are as follows:

	2014	2013
Machinery and equipment	**$1,670,717**	$1,520,749
Land	**700,346**	740,198
Building and leasehold improvements	**989,744**	1,058,024
Transportation equipment	**147,245**	326,888
	$3,508,052	$3,645,859

On December 29, 2011 and September 7, 2012 the Parent Company acquired the fishing vessels from BSJ, Parent Company's supplier, by virtue of "dacion en pago" as a full settlement of BSJ's obligation.

On July 16, 2013, one fishing vessel with a carrying amount of $2,482,563 was sold to WCFI for a selling price of $2,530,000, resulting in a gain of $47,437.

Gains on disposals of the property and equipment amounted to $3,899, $47,437 and nil in 2014, 2013 and 2012, respectively, as disclosed in Note 26.

A parcel of land located in New Zealand owned by the Group, through PFNZ, was revalued on the basis of market value. The fair values as of December 31, 2014 and 2013 amounting to $1,328,808 and $1,594,298, respectively, as disclosed in Note 23, were determined based on the valuations carried out at February 1, 2011 by John J Ryan & Associates. The fair value hierarchy of this property is considered under Level 3 as it was derived from valuation techniques that include inputs for the asset that are not based on observable market data. The valuation was arrived at by reference to market evidence of transaction prices for similar properties located near the underlying parcel of land.

Had the land of the Group been carried at cost, its carrying amount as at December 31, 2014 and 2013 would be $1,554,446 and $1,478,831, respectively. The revaluation surplus is disclosed in Note 23.

The total carrying value of property, plant and equipment being held by the Group as at December 31, 2014 and 2013 amounted to $13,227,398 and $21,126,781, respectively.

In 2014, the Group provided an allowance for impairment of the value of fishing vessels amounting to $7,792,307, as disclosed in Note 28, due to impairment indicators that existed in 2014. This is also in line with the strategic direction of Management to take practical position regarding its plan for fishing operations. The Management believes that there is no further allowance for impairment required other than that provided for the fishing vessels as at December 31, 2014.

15. OTHER INTANGIBLE ASSETS - net

Intangible assets pertain to mycrocystic consent, salmon farming consent and fishing license. The carrying amounts of the Group's intangible assets follow:

	Note	Mycrocystic Consent	Salmon Farming Consent	Fishing License	Total
Cost		$24,588	$70,627	$173,851	$269,066
Accumulated Amortization					
January 1, 2013		-	1,429	-	1,429
Amortization	28	-	5,715	8,036	13,751
Translation adjustment		129	338	34,788	35,255
December 31, 2013		129	7,482	42,824	50,435
Amortization	28	-	5,608	14,164	19,772
Translation adjustment		1,038	2,521	(4,763)	(1,204)
December 31, 2014		1,167	15,611	52,225	69,003
Carrying Amount, December 31, 2014		**$23,421**	**$55,016**	**$121,626**	**$200,063**
Carrying Amount, December 31, 2013		$24,459	$63,145	$131,027	$218,631

Macrocystic consent is a resource consent granted by the New Zealand government to the Group in relation to its salmon farming activities.

Salmon farming consent is a marine farming license to grow, among other fish, salmon in the ocean. The Group has obtained two salmon farming consents. The consents allow the Group to have fish farms in two places in Akaroa harbor. The first consent was given on May 2, 1991 for salmon farming in Lucas Bay covering almost 1.8 hectares. The second consent was given on November 27, 2000 for salmon farming in Titoki Bay where the Group can culture green and blue mussels, rock lobster, snapper, paua and other salmon species. The licenses allow the Group to utilize a total area of approximately 2.9 hectares.

Fishing license is granted by Indonesian government to the Group to do fishing activities within the Indonesian sea region.

Management believes that there is no indication that an impairment loss has occurred on its intangible assets with definite useful lives. The Group has determined, based on annual impairment testing, that the carrying amounts of intangible assets with indefinite useful life are not in excess of their net recoverable amounts.

16. OTHER NON-CURRENT ASSETS - net

Details of the other non-current assets are shown below:

	Notes	2014	2013
Related party	8, 19	**$6,375,000**	$ -
Refundable lease deposit	19	**1,720,579**	1,624,953
Advances to supplier	19	**1,722,767**	-
Input VAT		**170,155**	204,802
Others		**1,778**	1,894
		9,990,279	1,831,649
Less: Allowance for impairment	28	**8,004,708**	-
		$1,985,571	$1,831,649

In 2014, the Parent Company reclassified its receivables from WCFI relating to the sale of vessels amounting to $6,375,000 to non-current as a result of the sinking of one of the vessels of WCFI in September 2014 as disclosed in Note 13. Further, due to WCFI's failure to pay the consideration for the said vessels within the agreed period as disclosed in Note 40, the Parent Company provided allowance for impairment for these receivables amounting to $6,281,941. Net receivable from WCFI as at December 31, 2014 amounted to $93,509, disclosed in Note 19.

As a result of the agreement to cancel the Deed of Assignment of Vessel and Contracts of Sale with WCFI, as disclosed in Note 40, the Parent Company also reclassified the advances to WCFI amounting to $1,722,767 as at December 31, 2014 to non-current. The Parent Company provided an allowance for impairment on these advances in full.

Refundable lease deposit pertains to lease deposit made to AMHI as at December 31, 2014 and 2013, as disclosed in Note 19.

17. TRADE AND OTHER PAYABLES - net

The details of the outstanding trade and other payables are as follows:

	2014	2013
Trade	**$5,780,138**	$5,261,446
Accrued expenses	**1,911,942**	1,417,111
Customer's claims	**830,065**	-
Taxes payables	**407,214**	410,741
Customers' deposits	**58,929**	112,099
Others	**51,987**	130,994
	$9,040,275	$7,332,391

The average credit period on purchases of certain goods from suppliers is 15 to 45 days. No interest is charged on the outstanding payables even beyond their credit terms.

Trade payables as at December 31, 2014 include payable to FDCP, a related party, amounting to $415,329, as disclosed in Note 19. Trade payables also include the Group's accrual for WCFI's payables to various suppliers amounting to $466,728 as of December 31, 2014, pursuant to the Supplemental Agreement to the Joint Venture Agreement between ASFII and WCFI, as disclosed in Note 40.

Details of accrued expenses are as follows:

	Note	2014	2013
Salaries, wages, and other employee benefits		**$ 488,212**	$ 541,211
Rent	30	**340,270**	-
Interest		**198,598**	164,815
Employee benefits		**172,658**	56,550
Freight		**153,018**	44,962
Business development expense		**144,000**	-
Professional fees		**120,146**	34,319
Due to government agencies		**56,918**	-
Management fees		**-**	31,778
Utilities		**-**	23,731
Others		**238,122**	519,745
		$1,911,942	$1,417,111

Others consist of accrual of security services, commission and directors' per diem.

18. LOANS PAYABLE

The details of the total outstanding loans of the Group are as follows:

Short-term Loans

Terms and conditions of outstanding short-term loans and borrowings are as follows:

Creditor	Original Currency	Nominal Interest Rate %	Years of Maturity	2014	2013
Local bank	USD	4.25 to 4.5%	2015	**$ 6,873,509**	$ 7,807,416
Local bank	USD	3.70%	2015	**6,373,747**	4,028,116
Foreign bank	USD	6.50%	2015	**3,625,000**	3,800,000
Investment bank	USD	4.25% to 4.5%	2015	**2,700,000**	2,700,000
Foreign bank	USD	4.80%	2015	**-**	1,250,000
Local bank	USD	5.50%	2015	**2,241,298**	-
Local bank	USD	4.80%	2015	**1,257,400**	1,029,443
Local bank	USD	3.00%	2015	**-**	812,730
Private lender	USD	6.00%	2015	**296,667**	640,000
Foreign bank	USD	10%	2015	**31,983**	162,148
Foreign bank	USD	10%	2015	**-**	451,719
Investment bank	PHP	4.60%	2015	**3,429,186**	4,784,527
Local bank	PHP	5.26%	2015	**1,125,950**	-
				27,954,740	27,466,099
Add: Current portion of long-term loans				**1,246,502**	1,144,299
				$29,201,242	$28,610,398

Loans from local banks aggregating $17,871,905 and $13,677,705 as at December 31, 2014 and 2013, respectively, and loans from a foreign bank with an outstanding balance of $451,719 as at December 31, 2013 are revolving facilities in the form of export packing credit, export bills purchase, receivable financing, and import letters of credit and trust receipts. These are secured by the receivables, inventories, real estate mortgage and chattel mortgage on certain plant, machineries and equipment, with breakdown as follows:

	Notes	**2014**	2013
Trade and other receivables	8	**$ 3,356,748**	$ 4,326,711
Inventories	9	**7,715,605**	4,997,365
Buildings and leasehold improvements	14	**1,103,413**	1,179,207
Machinery and Equipment	14	**586,933**	6,965,600
		$12,762,699	$17,468,883

Loans from a foreign bank, with an outstanding balance of $3,625,000 and $3,800,000 as at December 31, 2014 and 2013, respectively, are secured by the Group's assets with a carrying amount of $12,937,472 and $13,824,547, respectively, with breakdown as follows:

	Notes	**2014**	2013
Trade and other receivables	8	**$ 5,574,579**	$ 5,808,960
Inventories	9	**3,580,149**	3,929,321
Property, plant and equipment	14	**3,782,744**	4,086,266
		$12,937,472	$13,824,547

In 2013, the Group received a total loan of $640,000 from a non-financial institution to finance the acquisition and upgrade of the fishing vessels. This facility is secured with the fishing vessels financed by the loan and corporate guarantee from PTIAFI.

All other loans from an investment bank and a foreign bank are clean short term facilities through the issuance of promissory notes to finance the Comapany's working capital requirements. The term ranges from 30 to 180 days payable upon maturity. The amount includes the current portion of long-term debt.

Long-term Loans

Creditor	Original Currency	Nominal Interest Rate %	Years of Maturity	**2014**	2013
Local bank	USD	6-Mos Libor + 3.75%	2016	**$1,785,716**	$2,142,858
Local bank	USD	90Day PDSTF + 5%	2016	**1,285,714**	1,571,429
Foreign bank	USD	7.22%	2016	**463,722**	635,166
Foreign bank	NZD	10.2%-11.1%	2024	**501,779**	559,792
Local bank	USD	4.31%	2016	**240,625**	433,125
Local bank	USD	9.18%	2017	**109,922**	160,947
HC Studholme	NZD	7.50%		**110,859**	115,773
Foreign Finance Corporation	NZD	9.90%	2016	**108,130**	49,924
Individual	NZD	Non-interest bearing	2016	**39,035**	40,766
				4,645,502	5,709,780
Less: Current portion of long-term loans				**1,246,502**	1,144,299
				$3,399,000	$4,565,481

The long-term loans with an outstanding balance of $3,071,430 as at December 31, 2014 and $3,714,287 as at December 31, 2013, are secured by a guarantee up to 90% of the principal amount by Philippine Export Import Credit Agency (PHILEXIM) and assignment of Spence shares of stocks. The proceeds of the loan were utilized to partially finance the acquisition of 100% stake in Spence.

The outstanding mortgage loan of $32,211 and $84,365 , net of current portion of $77,711 and $76,582 , as at December 31, 2014 and 2013, respectively, pertains to loans availed by the Group from a certain local bank to finance the acquisition of the Group's transportation equipment. Transportation equipment under mortgage has a carrying amount of $139,896 and $163,362 as at December 31, 2014 and 2013, respectively. Interest rate is 9.18% per annum, payable on a monthly basis and maturing from April 2016 to September 2017.

The Group entered into a five-year loan facility with a local bank in the principal amount of $770,000 drawn on February 9, 2011 to partially finance the construction of the salmon processing plant and acquisition of plant machinery and equipment. This is secured by a chattel on the Group's machinery and equipment and building and leasehold improvements with a carrying value of $1,571,276. Moreover, the Parent Company executed a guarantee agreement in favor of Land Bank of the Philippines as part of the security for the credit facilities obtained by BGB.

On April 23, 2012, the Group entered into a Facility Agreement with a foreign bank. This facility has a maximum amount of $300,000. The outstanding loans drawn from this facility are due within three years with eight months grace period from the date of agreement.

On September 5, 2013, the Group entered a loan facility from PT Rabobank International Indonesia to finance the capital expenditure requirement for the purchase of fishing vessels and fishing gears. The loan has maximum amount of $720,000 or 80% of the purchase price of the fishing vessels and gear (whichever is the lower) and subject to annual interest equal to the lender's cost of funding plus 3.75%. The outstanding amount drawn from this facility is due within 3 years with 6 months grace period. This facility is secured with the Group's vessels.

The Group obtained loans from various banks and financial institutions to finance the acquisition of machinery and equipment. An existing long-term loan is secured by a mortgage on land, with certificate of title nos. 217835 and 217836 as disclosed in Note 14. In addition, some of these loans are secured by the Group's machinery and equipment and transportation equipment as disclosed in Note 14.

Total finance costs arising from loans amounted to $1,569,467, $1,522,843, and $1,518,406 in 2014, 2013, and 2012, respectively, as disclosed in Note 33.

Loan Covenants

The guarantee agreement with PHILEXIM, and credit line agreement with a local bank requires the Group to give prior notice with respect to disposition of all or a materially significant portion of its property or assets, material changes in its ownership structure and Management, acquisition of stocks, encumbrance of any of its assets, incurrence of any major capital expenditures and extending loan to others except in the ordinary course of business for as long as the Group is within the prescribed financial ratios. However, in case the Group goes beyond the stipulated financial ratios, requests, to do any of the actions enumerated above shall require the prior approval of PHILEXIM and a local bank, which shall be acted upon within a reasonable time. As at December 31, 2014 and 2013, the Group was in compliance 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 PHILEXIM and a local bank. Management believes that these circumstances did not have any adverse effect on the Group's borrowing capacity and overall operation.

19. RELATED PARTY TRANSACTIONS

The summary of the Group's transactions and outstanding balances with related parties as at and for the year ended December 31, 2014 is as follows:

		Outstanding Balances				
Nature of Transactions	Amounts	Receivable	Payable	Terms	Condition	Notes
Associates						
Advances Granted						
AMHI	$ -	$ 437,827	$ -	5.6% interest; Payable on demand, cash settlement	Unsecured, no impairment	19.a
Recharges						
AMHI	32,281	32,281	-	n.a.	n.a.	
SSNZ	-	24,275	-	0% to 5.6% Interest; Payable on demand	Unsecured, no impairment	
Refundable Lease Deposit						
AMHI	95,626	1,720,579	-	Payable after 5 years	Unsecured, no impairment	19.b
Lease						
AMHI	693,703	-	-	3-5 years		19.b
Joint Ventures						
Sale of Assets						
WCFI	(6,281,941)	93,059	-	n.a.	n.a.	19.d
Sublease						
WCFI	455	-	-	n.a.	n.a.	
Advances as Fish Deposit						
WCFI	1,346,759	1,722,767	-	n.a.	n.a.	19.c
Provision for Impairment						
WCFI	(1,722,767)	(1,722,767)	-			
Various Charges						
FDCP	57,700	22,300	-	n.a.	n.a.	
Purchases						
FDCP	4,279,857	-	415,329	n.a.	n.a.	
Subsidiary of Venturer						
Advances Obtained						
MCC	173,089	-	-	10% per annum on the 1st P50M and 8% on excess; Payable after one year	Unsecured, no impairment	
Shareholder of Subsidiaries with Significant Influence						
Advances Obtained						
Duncan Bates	9,841	-	153,604	0% interest; Payable on demand	Unsecured, no impairment	19.f
Retirement Fund						
Contribution	311,275	-	-	n.a.	n.a.	
Other Receivable		$ 22,300	$ -			
Other Non-current Assets		$ 93,059	$ -			
Due from Related Parties		$ 494,383	$ -			
Due to Related Parties		$ -	$153,604			
Refundable Lease Deposit		$1,720,579	$ -			
Trade and other payables		$ -	$415,329			

The summary of the Company's transactions and outstanding balances with related parties as at and for the year ended December 31, 2013 are as follows:

		Outstanding Balances				
Nature of Transactions	**Amounts**	**Receivable**	**Payable**	**Terms**	**Condition**	**Notes**
Associates						
Advances Granted						
AMHI	$ 17,560	$ 594,905	$ -	5.6% interest; Payable on demand	Unsecured, no impairment	19.a
SSNZ	-	25,351	-	0% to 5.6% Interest; Payable on demand	Unsecured, no impairment	
Refundable Lease Deposit						
AMHI	-	1,624,953	-	Payable after 5 years	Unsecured, no impairment	19.b
Lease						
AMHI	753,983	-	-	n.a	n.a.	19.b
Joint Ventures						
Advances Granted						
WCFI	177,141	177,141	-	0% interest; Payable on demand	Unsecured, no impairment	19.c
Sale of Asset						
WCFI	6,375,000	6,375,000	-	0% interest; Payable on Dec.31, 2014	n.a.	19.d
Sublease						
WCFI	412	-	-		n.a.	
Advances as Fish Deposit						
WCFI	376,008	376,008	-	0% interest; per JV agreement	n.a.	19.c
Purchases						
FDCP	3,152,326	-	-	n.a.	n.a.	
Venturer						
Advances Granted						
FDPHI	-	13,087	-	0% interest; Payable on demand	Unsecured, no impairment	
Subsidiary of Venturer						
Advances Paid						
MCC	986,850	-	-	10% per annum on the 1st P50M and 8% on excess; Payable after one year	Unsecured, no impairment	
Lease						
MCC	41,738	-	-		-	19.e
Shareholder of Subsidiaries with Significant Influence						
Advances Obtained						
Duncan Bates	117,765	-	143,763	0% interest; Payable on demand	Unsecured, no impairment	19.f
Provision for Doubtful Accounts						
PT. Wailan Pratama	(942,107)	-	-	0% interest; Payable on demand	Unsecured, Impaired	19.g
Retirement Fund						
Contribution	99,810	-	-		n.a.	
Other Receivable		$6,375,000	$ -			
Due from Related Parties		$ 810,484	$ -			
Due to Related Parties		$ -	$143,763			
Refundable Lease Deposit		$1,624,953	$ -			
Prepayment and Other Current Assets		$ 376,008	$ -			

Significant Contract Agreements

a. The Parent Company extended cash advances to AMHI which the latter used as down payment to purchase from Maranaw Canning Corporation (MCC) the plant facilities located at General Santos City.

b. The Parent Company entered into a contract with MCC for the operating lease of the latter's land, plant, machinery and equipment in Barrio Tambler, General Santos City (Gensan Plant). The lease term started from March 1, 2004 and expired on December 23, 2010.

   Upon expiration of the lease contract between the Group and MCC, the latter leased the Gensan Plant for one month or until January 23, 2011 to AMHI which in turn sub-leased the Gensan Plant to the Group.

   The lease contract between MCC and AMHI was extended to a much longer term effective January 24, 2011 to December 23, 2013; thus, enabling AMHI to sublease the Gensan Plant to the Group for the same period.

   Following the acquisition of MCC's property by AMHI, the contract of lease between MCC and AMHI was likewise terminated on May 16, 2011. On the same date, ASFII directly leased the property from AMHI for a term of 3 years until May 15, 2014.

   A Memorandum of Understanding with Deed of Assignment (MOU-DA) was executed between the Group and AMHI on December 28, 2012. Under the MOU-DA, the parties intend to enter into a long-term lease contract in order to secure long-term possession of the land. The contemplated long-term lease will require the Parent Company to pay AMHI a security deposit in an amount equivalent to 36 months of the first year's monthly rental or equivalent to $2,029,579. In order to pay the security deposits contemplated by the proposed long-term lease agreement, the Group assigned, endorsed and transferred its refundable lease deposits from MCC to AMHI with a revalued amount of $2,020,456 on December 31, 2012, and the Group shall pay AMHI an additional amount of $9,123 to complete the amount of the required security deposit.

   The Group's refundable lease deposit receivable from AMHI was discounted at 4.2169% over five years resulting in a present value amounting to $1,650,879 as disclosed in Note 16. The difference between its fair value and present value amounting to $378,700 is recognized as finance cost as disclosed in Note 33. In 2014 and 2013, the related interest accretion of the discounted lease deposit resulted in interest income amounting to $67,317 and $67,559, respectively, was included as part of other income as disclosed in Note 26. As of December 31, 2014 and 2013, the present value of the refundable lease deposit amounted to $1,720,579 and $1,624,953, as disclosed in Note 16.

   On January 25, 2013, a long term contract was executed between the Group and AMHI, superseding the lease contract made on May 16, 2011. The new term shall be for a period of five (5) years commencing on January 1, 2013 and expiring on December 31, 2017, unless sooner terminated by any party for cause. The lease shall be renewable every five (5) years, upon such terms and conditions mutually agreeable to the parties. Based on the contract, the rental fee shall be P2,403,065 with US dollar equivalent of $58,540, based on foreign exchange rate of January 1, 2013, subject to an annual escalation rate of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. The lease is classified as operating lease as disclosed in Note 30.

c. The Parent Company extended advances to WCFI which were used to finance WCFI's pre-operating expenses and working capital requirements. In addition, the Parent Company paid WCFI deposits for the purchase of tuna catch. The terms and application of these deposits against purchase price shall be subject to Joint Venture agreement between the parties. The outstanding balance as at December 31, 2013 is presented as deposits under prepayments and other current assets. The same were reclassified to other non-current assets in 2014, as disclosed in Note 11, and subsequently provided with an allowance for doubtful accounts as a result of the cancellation of the underlying contracts, as disclosed in Note 40.

d. In 2013, the Parent Company sold three (3) fishing vessels with total carrying amount of $6,303,503 to WCFI for total selling price of $6,375,000, resulting in a gain of $71,497 as disclosed in Note 26.

e. The Group leases from MCC an office condominium unit where its head office is located for a period of two years from January 1, 2010 to December 31, 2011, renewable by mutual agreement of both parties. The lease contract was renewed on December 29, 2011 with the term of two years commencing from January 1, 2012 until December 31, 2013, with a monthly rental fee of $3,485. The lease is classified as operating lease. The lease contract was not renewed subsequent to December 31, 2013.

f. Duncan D. Bates extended a non-interest bearing cash advance to Akaroa as part of the Share Purchase Agreement for its working capital requirements. As at December 31, 2014 and 2013, the balance of the Group due to Duncan D. Bates amounted to $153,604 and $143,763, respectively.

g. In 2013, the Group provided full allowance for doubtful accounts on its receivable from PT Wailan Pratama amounting to $942,107 as the probability of collection as at December 31, 2013 is doubtful as disclosed in Note 8.

Intra-group Amounts and Balances

Upon consolidation, significant intra-group amounts and balances are eliminated to reflect the Group's consolidated financial position and performance as a single entity.

Intra-group receivables as at December 31, 2014 and 2013 that are eliminated upon consolidation are as follows:

	2014	2013
Parent Company's receivable from:		
BGB	**$ 4,902,519**	$3,422,532
PTIAFI	**3,422,349**	1,356,420
PFNZ	**1,036,057**	512,016
Akaroa	**312,484**	248,405
Spence	**38,161**	25,000
	9,711,570	5,564,373
BGB's receivable from PFNZ	**3,114,662**	1,295,138
Spence's receivable from Parent Company	**200,000**	566,667
PFNZ's receivable from BGB	**684,067**	103,617
PTIAFI's receivable from Parent Company	**-**	5,236
PTIAFI's receivable from PT Van Dee Zee	**2,510,555**	-
	$16,220,854	$7,535,031

Intra-group payables as at December 31, 2014 and 2013 eliminated upon consolidation are as follows:

	2014	2013
Payable to Parent Company:		
BGB	**$ 4,902,519**	$3,422,532
PTIAFI	**3,422,349**	1,356,420
PFNZ	**1,036,057**	512,016
Akaroa	**312,484**	248,405
Spence	**38,161**	25,000
	9,711,570	5,564,373
PFNZ's payable to BGB	**3,114,662**	1,295,138
Parent Company's payable to Spence	**200,000**	566,667
BGB's payable to PFNZ	**684,067**	103,617
Parent Company's payable to PTIAFI	**-**	5,236
PT Van Dee Zee's payable to PTIAFI	**2,510,555**	-
	$16,220,854	$7,535,031

Other intra-group income and expense balances for the years ended December 31, 2014 and 2013 that are eliminated upon consolidation are as follows:

	2014	2013
Sales	**$4,183,135**	$1,271,538
Dividend income	**800,000**	-
Commission income	**424,010**	517,840
Management fee	**300,000**	300,000
Gain on intragroup sale of fixed assets	**74,645**	-
Interest expense	**17,215**	16,977
Rental income	**4,092**	-

As a result of the above intra-group accounts eliminations, the Group recognized net currency translation adjustments of $9,477 and $7,705 in 2014 and 2013, respectively.

Remuneration of Key Management Personnel

The remuneration of the key Management personnel of the Group is set out below in aggregate for each of the categories specified in PAS 24, *Related Party Disclosures*.

	2014	2013
Short-term employee benefits	**$537,003**	$897,796
Post-employment benefits	**29,081**	68,502
	$566,084	$966,298

20. RETIREMENT BENEFIT

The Group values its defined benefit obligation using Projected Unit Credit Method by the service of an independent actuary and accrues retirement benefit expense for its qualified employees based on the minimum retirement benefit provided under Republic Act No. 7641 equivalent to one-half month salary per year of service, a fraction of at least six months being considered as one whole year. One-half month salary is defined as 15 days plus 1/12 of the 13th month pay and the cash equivalent of not more than five days of service incentive leaves. The benefit shall be payable to employees who retire from service who are at least sixty years old and with at least five years of continuous service.

The Parent Company executed a Trust Agreement with Land Bank of the Philippines on January 13, 2011, establishing the Parent Company's Retirement Plan. As of December 31, 2014 and 2013, only the Parent Company's retirement obligation is funded.

The plan typically exposes the Parent Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in cash and cash equivalents and debt instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in fixed income securities.

Interest risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to the Group's employees.

The most recent actuarial valuation was carried out at December 31, 2014 by independent actuaries.

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

	2014	2013	2012
Discount rate	**4.83%**	4.30%	5.10%
Expected rate of salary increases	**3.5%**	3.00%	5.00%

Amounts recognized in comprehensive income in respect of this defined benefit plan are as follows:

	2014	2013	2012
Service cost			
Current service cost	**$ 70,993**	$ 84,089	$ 61,571
Settlement loss	**50,708**	-	-
Net interest expense	**27,278**	38,260	26,900
Components of defined benefit costs recognized in profit or loss	**148,979**	122,349	88,471
Return on plan assets (excluding amounts of included in net interest expense)	**1,307**	1,380	55
Remeasurement on the net defined benefit asset:			
Actuarial losses (gains) from:			
Changes in demographic assumptions	**-**	(989)	-
Changes in financial assumptions	**33,616**	(70,384)	10,529
Experience adjustments	**(86,707)**	(34,401)	202,878
Components of defined benefit costs recognized in other comprehensive income	**(51,784)**	(104,394)	213,462
Translation adjustments	**(4,721)**	(52,202)	39,580
Total	**$ 92,474**	($ 34,247)	$341,513

Total retirement expense recognized as part of selling and administrative expenses amounted to $148,979, $122,349, and $88,471 in 2014, 2013, and 2012, respectively, as disclosed in Note 28.

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

	December 31	
	2014	2013
Present value of defined benefit obligations	**$421,121**	$757,789
Fair value of plan assets	**(4,975)**	(122,831)
Net liability arising from defined benefit obligation	**$416,146**	$634,958

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

	2014	2013
Balance, January 1	**$757,789**	**$798,598**
Current service cost	**70,993**	**84,089**
Interest cost	**32,562**	**39,531**
Settlement benefits paid	**(185,033)**	**-**
Benefits paid (other than settlement)	**(251,045)**	**-**
Settlement loss	**50,708**	**-**
Remeasurement losses (gains):		
Actuarial gains arising from changes in demographic assumptions	**-**	**(989)**
Actuarial gains and losses arising from changes in financial assumptions	**33,616**	**(70,384)**
Actuarial gains arising from experience adjustments	**(86,707)**	**(34,401)**
Translation adjustments	**(1,762)**	**(58,655)**
Balance, December 31	**$421,121**	**$757,789**

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

	2014	2013
Balance, January 1	**$122,831**	$ 25,685
Interest income	**5,284**	1,271
Remeasurement gains (losses):		
Return on plan assets (excluding amounts included in net interest expense)	**(1,307)**	(1,380)
Employer contribution	**311,275**	99,810
Benefits paid	**(436,078)**	-
Translation adjustments	**2,970**	(2,555)
Balance, December 31	**$ 4,975**	$122,831

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

	Fair Value	
	2014	2013
Cash and cash equivalents	**$ 473**	$100,239
Debt instruments	**5,149**	22,668
Fees payables	**(112)**	(56)
Withholding taxes payable	**(535)**	(20)
	$4,975	$122,831

Cash and cash equivalents include High Yield Deposits (HYD) and Time Deposits (TD) and Savings Deposit maintained in local banks with an interest rate of 0.375%. Debt instruments pertain to investments in government securities, with a term of 5.9 to 9.63 years and yield-to-maturity ranging from 2.953% to 3.25%.

The significant information of the Fund as at December 31, 2014 and 2013 are as follows:

	2014		2013	
	Carrying	**Fair Value**	Carrying	Fair Value
Total assets	**$5,622**	**$5,622**	$122,907	$122,907
Total liabilities	**(647)**	**(647)**	(76)	(76)
Net assets	**$4,975**	**$4,975**	$122,831	$122,831

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	2014		2013	
	Change in Assumption	**Increase (Decrease) on Retirement**	Change in Assumption	Increase (Decrease) on Retirement
Discount rate	**1.00%**	**($35,668)**	1.00%	$53,884
Expected salary growth rate	**1.00%**	**41,992**	1.00%	55,540
Life expectancy	**10.00%**	**3,979**	10.00%	3,685

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

The average duration of the benefit obligation as at December 31, 2014 and 2013 is 15 and 16 years, respectively. These numbers pertain to active employees.

The Group expects to make a contribution of $227,000 to the defined benefit plan during the next financial year.

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

21. SHARE CAPITAL

	Shares	**2014**	Shares	2013
Authorized:				
Ordinary shares of P1 par value each	**1,500,000,000**	**P1,500,000,000**	1,500,000,000	P1,500,000,000
Issued, fully paid and outstanding				
Beginning	**1,069,713,774**	**$ 22,575,922**	1,069,713,774	$ 22,575,922
Additional issuance	**430,286,226**	**9,662,622**	-	-
Total issued and fully paid	**1,500,000,000**	**32,238,544**	1,069,713,774	22,575,922
Treasury shares	**(287,537)**	**(5,774)**	(287,537)	(5,774)
	1,499,712,463	**$ 32,232,770**	1,069,426,237	$ 22,570,148

The Parent Company has one class of ordinary shares which have a par value of P1, carry one vote per share but do not carry a right to fixed income.

The history of shares issuances from the initial public offering (IPO) of the Parent Company is as follows:

Transaction	Subscriber	Registration/ Issue Date	Number of Shares Issued
Listing of common shares	Various	November 8, 2006	401,099,610
IPO	Various	November 8, 2006	134,000,000
Stock dividend	Various	December 17, 2007	64,177,449
Stock rights offer (SRO)	Various	July 25,2011	272,267,965
Stock dividend	Various	January 25, 2012	137,500,000
Sale of shares	Various	December 14, 2012	60,668,750
Private placement	Strongoak, Inc.	May 5, 2014	430,286,226
			1,500,000,000

On October 23, 2006, the Parent Company launched an Initial Public Offering (IPO) of 134,000,000 ordinary shares at an offer price of P1.35. The offered shares represented 25.04% of the Parent Company's issued and outstanding capital stock. The Parent Company raised net proceeds of $3,304,556 from the IPO. On November 8, 2006, the Parent Company's shares of stocks totaling 535,099,610 shares were listed with the Philippine Stock Exchange (PSE).

On June 26, 2007, the Parent Company declared 12% stock dividends corresponding to 64,177,449 shares with a value of $3,000,070 to all shareholders of record as of November 20, 2007, where stocks were subsequently issued on December 17, 2007.

On July 25, 2011, the Parent Company issued an additional 272,267,965 shares arising from its stock rights offer, which entitled each eligible investor to one rights share for every two and two-tenths (2.2) existing ordinary shares held as at June 13, 2011 record date.

In its meeting on August 1, 2011, the Board of Directors approved the increase in the Parent Company's authorized share capital from P950,000,000 divided into 950,000,000 shares to P1,500,000,000 divided into 1,500,000,000 shares with a par value of P1 per share. The same resolution was approved by the shareholders in their meeting on August 1, 2011. The increase in share capital was approved by the SEC on November 25, 2011.

On January 25, 2012, the Parent Company issued the 15.78% stock dividend declared on August 1, 2011, as discussed in Note 24.

On October 1, 2012, the Parent Company received additional subscription from certain shareholders for private placement purposes amounting to US$2,329,033. The transaction resulted in a share premium amounting to $873,392. The fund raised from the said private placement was used to finance the Parent Company's acquisition of 80% stake in Akaroa. On November 28, 2012, the PSE approved the application of the Parent Company to list additional 60,668,750 ordinary shares (the "Private Placement Shares"), with a par value of P1.00 per share, to cover its private placement transactions with various subscribers. The Private Placement Shares were issued to the subscribers at a subscription price of P1.60 per share with an aggregate transaction value of P97,070,000.

On May 5, 2014, the Parent Company's Board of Directors approved the issuance of 430,286,226 shares to Strongoak, Inc. in a private placement for a 28.7% share of the Parent Company's total outstanding shares. The subscription price was P1.31 per share at a 3.3% premium on the 30-day weighted average price for the period. The issuance of shares resulted in an increase in share capital and share premium amounting to $9,662,622 and $2,947,111, respectively.

The total number of shareholders as at December 31, 2014 and 2013 is 239 and 238, respectively.

22. NON-CONTROLLING INTEREST

	2014	2013
Balance, beginning	**($278,551)**	$ 59,625
Share in loss for the year	**(640,392)**	(338,020)
Remeasurement (gain) or loss	**121**	(164)
Translation adjustment	**8**	8
Balance, ending	**($918,814)**	($278,551)

23. RESERVES

This account consists of:

	Notes	**2014**	2013
Share premium	21, 24	**$6,768,843**	$3,821,732
Cumulative currency translation adjustments		**214,350**	171,736
Revaluation increment	14	**71,677**	71,677
Fair value on investment revaluation reserve	13	**7,304**	-
		$7,062,174	$4,065,145

The revaluation increment amounting to $71,677 arose from the share of the Group in the excess of revalued amounts over its cost. There has been no revaluation made since the latest revaluation as disclosed in Note 14.

As at December 31, 2014 and 2013, land has been carried at its revalued amounts of $1,554,446 and $1,594,298, respectively, as discussed in Note 14.

Fair value on investment revaluation reserve arises from the accumulated share in other comprehensive income of a joint venture, FDCP. The share in other comprehensive income of a joint venture arises from the accumulated fair value gain on the joint venture's available-for-sale investments and remeasurement gains or losses on retirement obligation.

Translation reserve comprises all foreign currency differences arising from the translation of the separate financial statements of the Group's foreign subsidiaries whose functional currencies differ from the Group's functional currency.

24. DIVIDENDS DECLARED

On August 1, 2011, the Parent Company declared a 15.78% share dividends corresponding to 137,500,000 shares with a par value of $3,258,912 to all shareholders of record as at January 25, 2012. On the date of dividend declaration, these share dividends are recorded at fair market value of $4,008,462 and the excess of $749,550 is recorded as part of share premium. These shares of stock were issued on January 25, 2012.

25. REVENUE - net

An analysis of the Group's net revenue is as follows:

	2014	2013	2012
Sales of goods	**$82,128,633**	$84,361,266	$82,499,672
Less: Sales discounts	**40,648**	32,624	24,517
Sales returns	**825,492**	171	137,854
	$81,262,493	$84,328,471	$82,337,301

26. OTHER INCOME

An analysis of the Group's other income is as follows:

	Notes	**2014**	2013	2012
Foreign exchange gain		**$239,519**	$ 475,758	$25,134
Interest income from accretion of lease deposit	19	**67,317**	67,559	-
Interest income from cash in banks	7	**41,579**	27,181	33,578
Gain on sale of share of stocks		**34,100**	-	-
Gains on sale of property, plant and equipment and asset held-for-sale	14, 19	**3,899**	546,031	-
Rental income		**452**	-	10,710
Reversal of allowance for doubtful accounts		**-**	-	13,307
Miscellaneous		**47,989**	1,970	5,150
		$434,855	$1,118,499	$87,879

Included in other income are gain on sale of property, plant and equipment amounting to $3,899, $47,437 and nil in 2014, 2013 and 2012, respectively. Also in 2013, a gain on sale of fishing vessels classified as assets held-for-sale to WCFI and a third party amounting to $71,497 and $427,097, respectively.

27. COST OF GOODS MANUFACTURED AND SOLD

	Notes	2014	2013	2012
Materials used		**$57,144,566**	$61,480,133	$58,915,915
Direct labor	32	**7,632,374**	7,627,648	6,251,394
Manufacturing overhead:				
Fuel		**1,873,728**	1,759,643	1,666,967
Fishmeal		**1,763,168**	1,411,075	1,412,513
Warehousing		**1,158,913**	787,036	651,777
Depreciation and amortization	14	**1,100,838**	1,054,294	707,372
Rental	19, 30	**1,081,233**	980,896	423,630
Light and water		**829,836**	743,666	608,686
Indirect labor	32	**554,603**	779,346	704,673
Consumables		**549,371**	609,186	422,854
Freight and handling		**507,200**	288,204	657,779
Repairs and maintenance		**500,027**	561,240	533,155
Outside services		**386,626**	182,666	242,248
Laboratory		**263,210**	311,087	539,139
Insurance		**189,350**	167,198	36,812
Travel and communication		**142,278**	84,304	52,127
Amortization of prepayments		**98,670**	20,427	46,128
Taxes and licenses		**98,424**	147,219	108,544
Representation and entertainment		**78,909**	100,651	93,607
Security fees		**71,017**	105,102	114,193
Professional fees		**36,729**	20,829	16,273
Others		**482,158**	1,448,725	983,120
Total manufacturing costs		**76,543,228**	80,670,575	75,188,906
Finished goods, beginning	9	**10,764,205**	7,093,854	3,667,345
Total cost of goods manufactured		**87,307,433**	87,764,429	78,856,251
Finished goods, ending	9	**13,925,033**	10,764,205	7,093,854
Cost of goods manufactured and sold	39	**$73,382,400**	$77,000,224	$71,762,397

Other manufacturing overhead includes cooperative labor services, office supplies and corporate social responsibility expenses.

Inventory write-downs and obsolescence previously reported under cost of goods sold were reclassified to selling and administrative expenses, as disclosed in Note 39.

28. SELLING AND ADMINISTRATIVE EXPENSES

	Notes	2014	2013	2012
Doubtful accounts expense	8, 16	**$8,450,976**	$1,125,627	$ -
Impairment loss on fishing vessels	14	**7,792,307**	-	-
Salaries, wages and other short-term benefits	32	**2,476,083**	2,491,014	2,476,928
Inventory write down	9, 39	**2,040,961**	338,391	-
Inventory obsolescence	9, 39	**1,191,686**	40,067	20,000
Outside services		**899,600**	1,563,997	320,532
Transportation and travel		**640,070**	748,429	762,954
Advertising and marketing		**690,405**	557,119	306,621
Freight and handling		**675,872**	515,602	41,070
Depreciation and amortization	14, 15	**346,586**	400,222	416,237
Business development		**504,657**	330,945	333,047
Taxes and licenses		**274,106**	304,379	495,066
Representation and entertainment		**247,957**	201,091	135,775
Insurance		**167,490**	155,368	192,145
Utilities and communication		**153,182**	154,548	163,754
Rental	19, 30	**162,541**	147,762	142,477
Repairs and maintenance		**109,292**	126,069	25,104
Retirement benefit	20, 32	**148,979**	122,349	88,471
Materials and supplies		**107,063**	94,060	125,911
Write-off of input VAT refund	8	**54,951**	-	-
Commission		**42,646**	74,482	29,540
Fuel and oil		**46,662**	62,192	31,138
Fringe benefit tax		**30,605**	25,569	23,442
Management fees		**-**	23,844	38,144
Other personnel expenses		**28,419**	23,469	180,311
Membership dues		**79,633**	22,527	19,251
Condominium dues		**21,234**	17,298	10,492
Impairment loss on investment		**39,279**	-	-
Others		**866,464**	348,522	431,375
	39	**$28,289,706**	$10,014,942	$6,809,785

Doubtful accounts expense include written off claims from BIR amounting to $54,951 as a result of the denial of the Group's application for refund for input covering 2010 and 2011. It also includes write-off of other receivables amounting to $3,385.

Outside services in 2014 consist mainly of professional fees while those in 2013 pertain to fees incurred for the Company's preparation in connection with the project to seek a listing in Singapore Depository Shares in Singapore Exchange Securities Trading Limited's Catalyst Board.

Insurance comprise of premiums of the directors and officers liability insurance, life and health insurance and vehicle insurance.

Others include buyer's claim, documentary stamps, postage and export documentation expenses.

29. OTHER EXPENSES

	2014	2013	2012
Bank charges	**$ 186,587**	$150,951	$188,168
Foreign exchange loss	**435,515**	-	162,322
Others	**18,498**	5,324	87,592
	$ 640,600	$156,275	$438,082

30. OPERATING LEASE AGREEMENTS

The Group as Lessee

The Group entered into a number of lease agreements classified as operating leases summarized as follows:

a. On January 25, 2013, a long term contract was executed between the Group and AMHI. The term shall be for a period of five (5) years commencing on January 1, 2013 and expiring on December 31, 2017, unless sooner terminated by any party for cause. The lease shall be renewable every five (5) years, upon such terms and conditions mutually agreeable to the parties. Based on the contract, the rental fee shall be P2,403,065 with US dollar equivalent of $58,540, based on foreign exchange rate of January 1, 2013, subject to an annual escalation rate of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. Pursuant to the lease contract, the Group required to pay AMHI a total security deposit equivalent to 36 months of the first year's monthly rental as disclosed in Note 19.

b. The Group leases from MCC an office condominium unit where its head office is located for a period of two years from January 1, 2010 to December 31, 2011, renewable by mutual agreement of both parties. The lease contract was renewed on December 29, 2011 with the term of two years commencing from January 1, 2012 until December 31, 2013, with a monthly rental fee of $3,485. The lease is classified as operating lease. The lease contract was not renewed subsequent to December 31, 2013.

c. On April 1, 2009 and July 1, 2010, the Group leases from Luthi Machinery Company, Inc. the two Solid Pack canning machines, serial No. SPD8-93 and SP156-95 for a period of five (5) years with an annual minimum rental of $36,000 and $58,000, respectively. Lessee agrees to pay an overage rental of $0.137 and $0.131, respectively, per case packed of filled by Lessee during each year when production from the machine during each year of the Lease term exceeds 275,000 and 300,000 cases, respectively. The lease term is renewable by mutual agreement of both parties.

d. The Group leases from Gael Land the manufacturing, warehouse and office space, in United States, for a period of nine (9) years from January 1, 2012 to May 31, 2020, renewable by mutual agreement of both parties. In consideration of the use of the leased premises, the Group pays a monthly rental of $17,900. The long-term lease will require the Group to pay the Lessor a refundable security deposit in an amount equivalent to two months rental or equivalent to $35,800.

e. In August 2012, the Group leases from Baruch Estate the manufacturing and office space, in New Zealand, for a period of five (5) years from August 2012 to July 2017, renewable by mutual agreement of both parties. Lessee agrees to pay a monthly rental of $4,705.

Total rental expense charged in profit and loss in relation to these lease agreements amounted to $1,243,774, $1,128,658 and $566,107 in 2014, 2013 and 2012, respectively, as disclosed in Notes 27 and 28.

Total rental deposits recognized in the consolidated statements of financial position, as part of other non-current assets, amounted to $1,720,579 and $1,624,953 as at December 31, 2014 and 2013, respectively, as disclosed in Notes 16 and 19. Outstanding prepaid rentals presented in the consolidated statements of financial position, as part of prepayments and other current assets, amounted to $118,249 and $13,746 as at December 31, 2014 and 2013, respectively, as disclosed in Note 11.

At the end of each reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014	2013
Not later than one year	**$ 716,559**	$1,016,902
Later than one year but not later than five years	**1,534,050**	3,225,281
Later than five years	**-**	471,184
	$2,250,609	$4,713,367

31. CORPORATE SOCIAL RESPONSIBILITY

For the past seven (7) years the Company has been giving back to the community by means of a Feeding Program conducted in Banisil High School located at General Santos City which aims to sustainably feed underweight students in an attempt to combat frequent absences and poor academic performance. For school year 2013-2014 which ended last March 21, 2014, 88% or 122 of the 139 underweight students attained their normal nutritional status.

Last August 8, 2014, the Company participated in the launching of the feeding program for 126 Grade 7 students of the same school. Part of the goal is to educate families about health and nutrition, so that they could sustain the progress children have made during the school year feeding program.

Total expenses related to the corporate social responsibility programs of the Company amounted to $5,157, $7,223 and $10,198 in 2014, 2013 and 2012, respectively.

32. EMPLOYEE BENEFITS

Aggregate employee benefits expense consists of:

	Notes	**2014**	2013	2012
Short-term employee benefits	27, 28	**$10,663,060**	$10,923,577	$9,456,437
Post-employee benefits	20, 28	**148,979**	122,349	88,471
		$10,812,039	$11,045,926	$9,544,908

33. FINANCE COSTS

The composition of finance costs based on its source is as follows:

	Notes	**2014**	2013	2012
Short-term loans	18	**$1,327,821**	$1,193,974	$ 860,166
Long-term loans	18	**241,646**	328,869	658,240
Advances from a related party	19	**261,897**	238,632	186,003
Discounting of lease deposit	19	**-**	-	378,700
		$1,831,364	$1,761,475	$2,083,109

34. INCOME TAXES

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

	2014	2013	2012
Current tax expense	**$ 509,512**	$ 662,824	$725,985
Deferred tax expense (benefit)	**(6,035,005)**	(1,193,642)	140,383
	($5,525,493)	($ 530,818)	$866,368

A reconciliation between income tax expense (benefit) and the product of accounting profit (loss) follows:

	2014	2013	2012
Accounting profit (loss)	**($22,601,997)**	($3,449,571)	$1,633,797
Tax expense (benefit) at 30%	**($ 6,780,599)**	($1,034,871)	$ 490,139
Tax effect of tax rate differences	**1,182,153**	142,300	485,328
Tax effect of expenses that are non-deductible/ exempt from tax	**103,152**	1,028,524	174,832
Tax effect of income exempt from taxation	**(30,199)**	(666,771)	(283,931)
	($ 5,525,493)	($ 530,818)	$ 866,368

Deferred tax assets

The following are the composition of deferred tax assets recognized by the Group:

	NOLCO	MCIT	Unrealized Foreign Exchange Loss	Allowance for Doubtful Accounts	Allowance for Inventory Obsolescence	Allowance for impairment loss on fishing vessels	Excess of Retirement Expense Over Contribution	Rental Payable	Depreciation & Employee Benefits	Total
January 1, 2013	$ -	$ -	$ 3,172	$ -	$ -	$ -	$126,311	$ -	$83,701	**$ 212,554**
Charged to profit for the year	807,684	52,786	(3,172)	297,153	14,323	-	63,701	19,874	(55,983)	**1,196,366**
December 31, 2013	807,684	52,786	-	55,550	14,323	-	190,012	19,874	27,088	**1,408,920**
Charged to loss for the year	396,222	75,073	29,371	2,488,223	736,026	2,337,691	(4,691)	11,971	10,985	**6,080,871**
December 31, 2014	$1,203,906	$127,859	$29,371	$2,785,376	$750,349	$2,337,691	$185,321	$31,845	$38,073	**$7,489,791**

Deferred tax assets as at December 31, 2014 and 2013 amounted to $7,489,791 and $1,408,920, respectively, arising from net operating loss carry-over (NOLCO), minimum corporate income tax (MCIT), allowance for doubtful accounts, excess of retirement expense over contribution and accrued expenses.

The Group's NOLCO and MCIT will expire in 2016 and 2017.

The Group believes that with the new strategic plan being implemented to turn-around the business, as disclosed in Note 1, the Group will generate enough taxable income to utilize the total deferred tax assets of $7,489,791 and $1,408,920 as at December 31, 2014 and 2013, respectively.

Deferred tax liabilities

Deferred tax liabilities as at December 31, 2014 and 2013 amounted to $304,470 and $258,604 arising from unrealized foreign exchange gain and excess of accelerated depreciation used for income tax purposes over the depreciation used for financial reporting purposes.

35. EARNINGS (LOSS) PER SHARE

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

	Earnings (Loss)		
	2014	2013	2012
Profit (Loss) for the year	**($ 16,555,831)**	($ 2,580,913)	$ 1,312,232
Weighted average number of shares Outstanding	**1,353,533,033**	1,069,426,237	1,014,299,096
Earnings (Loss) per share	**($0.0122)**	($ 0.0024)	$0.0013

The Group has no dilutive potential shares in 2014 and 2013; hence, basic earnings per share are equal to the diluted earnings per share.

36. FAIR VALUE INFORMATION

The fair values of the Group's financial assets and financial liabilities are shown below:

	2014		2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**$ 2,426,020**	**$ 2,426,020**	$ 1,568,125	$ 1,568,125
Trade and other receivables	**9,303,672**	**9,303,672**	16,162,372	16,162,372
Due from related parties	**494,383**	**494,383**	810,484	810,484
Refundable lease deposit	**1,720,579**	**1,720,579**	1,624,953	1,624,953
	$13,944,654	**$13,944,654**	$20,165,934	$20,165,934
Financial Liabilities				
Trade and other payables*	**$ 8,589,617**	**$ 8,589,617**	$ 6,921,650	$ 6,921,650
Loans payable	**32,600,242**	**32,600,242**	33,175,879	33,175,879
Due to related parties	**153,604**	**153,604**	143,763	143,763
	$41,343,463	**$41,343,463**	$40,241,292	$40,241,292

**The amount does not include government liabilities which are not considered as financial liabilities.*

The fair values of the Group's financial assets and liabilities are determined as follows:

Due to the short-term maturities of cash and cash equivalents, trade and other receivables, due from related parties, trade and other payables, short-term loans, and due to related parties, their carrying amounts approximate their fair values.

The fair values of refundable lease deposit, long-term loans payable, and long-term due to related parties, are determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments.

The fair value hierarchies of the above financial instruments are considered level 2 as they are derived from valuation techniques that include inputs other than quoted prices in active market but are observable for the asset or liability, either directly or indirectly.

37. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group's activities are exposed to a variety of financial risks: market risk relating to foreign exchange risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk Management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

There has been no change on the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign exchange risk

Foreign exchange risk relates to the possibility that an investment's value changing due to changes in currency exchange rate. The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in foreign currencies. Foreign exchange risk arises from future commercial transactions when recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The Group seeks to mitigate its transactional currency exposures by maintaining its costs at consistent levels, regardless of any upward or downward movements in the foreign currency exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	2014	2013
Cash in banks	**$ 528,634**	$ 694,610
Trade and other receivables	**1,219,675**	2,359,001
Due from related parties	**494,383**	810,484
Trade and other payables	**(4,413,370)**	(5,538,197)
Loans payable	**(6,814,895)**	(6,295,207)
Due to related parties	**-**	(143,763)
	($8,985,573)	($8,113,072)

The following table details the Group's sensitivity to a 10% increase and decrease in the functional currency of the Group against the relevant foreign currencies. The sensitivity rate used in reporting foreign currency risk is 10% and it represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% increase or decrease foreign currency rates. The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit for the year when the functional currency of the Group strengthens 10% against the relevant currency. For a 10% weakening of the functional currency of the Group against the relevant currency, there would be an equal and opposite impact on the profit for the year and the balances below would be negative.

	Effect on Profit for the year	
	2014	2013
Cash	**($ 52,863)**	($ 69,461)
Trade and other receivables	**(121,968)**	(235,900)
Due from related parties	**(49,438)**	(81,048)
Trade and other payables	**441,337**	553,820
Loans payable	**681,490**	629,521
Due to related parties	**-**	14,375
	$898,558	$811,307

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 18.

The Group has no established policy on managing interest rate risk. Management believes that any variation in the interest will not have a material impact on the net profit of the Group.

Bank and mortgage loans amounting to $32,600,242 and $33,175,879 as at December 31, 2014 and 2013, respectively, agreed at interest rates ranging from approximately 4% to 11% for bank loans and 9.2% per annum for mortgage loans; expose the Group to fair value interest rate risk.

An estimate of 50 basis points increase or decrease is used in reporting interest rate changes and represents Management's assessment of the reasonably possible change in interest rates.

The effects of a 50 basis points change in interest rate on net profit for the years ended December 31, 2014 and 2013 is an increase or a decrease of $150,906 and $158,175, respectively.

This is mainly attributable to the Group's exposure to interest rates on its borrowings.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to cash, trade and other receivables, due from related parties, and refundable lease deposit.

The Group has adopted a policy of extending sufficient credit terms to customers such as, letters of credit and documents against payment as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade. The Group uses publicly available financial information and its own trading records to rate its major customers.

Based on the prior years' experiences of the Group and based on the assessment of the current economic environment and creditworthiness of its debtors, Management believes receivables are neither impaired nor uncollectible, as disclosed in Note 8.

The carrying amounts of financial assets recorded in the consolidated financial statements, represent the Group's maximum exposure to credit risk without taking account the value of any collateral obtained:

	2014	2013
Cash	**$ 2,419,092**	$ 1,540,904
Trade and other receivables	**9,303,672**	16,162,372
Due from related parties	**494,383**	810,484
Refundable lease deposit	**1,720,579**	1,624,953
	$13,937,726	$20,138,713

Aging of accounts that are past due but not impaired follows:

	2014	2013
1 to 30 days past due	**$2,042,389**	$1,783,329
31 to 60 days past due	**279,917**	359,449
Over 60 days	**51,115**	362,578
	$2,373,421	$2,505,356

As at December 31, 2014 and 2013, the aging analysis of the Group's financial assets is as follows:

	Neither Past Due nor Impaired	Past Due Account but Not Impaired			Impaired Financial Assets	Total
		1-30 Days Past Due	31-60 Days Past Due	Over 60 days		
2014						
Cash in banks	**$ 2,419,092**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,419,092**
Trade and other receivables	**6,930,251**	**2,042,389**	**279,917**	**51,115**	**553,841**	**9,857,513**
Due from related parties	**494,383**	**-**	**-**	**-**	**6,375,000**	**6,869,383**
Refundable lease deposit	**1,720,579**	**-**	**-**	**-**	**-**	**1,720,579**
	$11,564,305	**$2,042,389**	**$279,917**	**$51,115**	**$6,928,841**	**$20,866,567**
2013						
Cash in banks	$ 1,540,904	$ -	$ -	$ -	$ -	$ 1,540,904
Trade and other receivables	12,531,389	1,783,329	359,449	362,578	1,125,627	16,162,372
Due from related parties	810,484	-	-	-	-	810,484
Refundable lease deposit	1,624,953	-	-	-	-	1,624,953
	$16,507,730	$1,783,329	$359,449	$362,578	$1,125,627	$20,138,713

The carrying amounts of financial assets that are neither past due nor impaired are rated as high grade.

The Group uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

High Grade - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Group has excellent repayment experience.

Satisfactory Grade - applies to financial assets that are performing as expected, including loans and advances to small and medium-sized entities and recently established businesses.

Liquidity risk

Liquidity risk refers to the possibility that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity 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 Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves in cash in bank, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturities 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 Group can be required to pay. The table includes both interest and principal.

	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
2014				
Trade and other payables*		**$ 8,589,627**	**$ -**	**$ 8,589,627**
Loans payable	**6%**	**30,957,233**	**3,599,024**	**34,556,257**
Due to related parties		**153,604**		**153,604**
		$39,700,464	**$3,599,024**	**$43,299,488**
2013				
Trade and other payables*		$ 6,921,650	$ -	$ 6,921,650
Loans payable	6%	30,132,523	4,930,616	35,063,139
Due to related parties		143,763	-	143,763
		$37,197,936	$4,930,616	$42,128,552

**The amount does not include government liabilities which are not considered as financial liabilities.*

38. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the profits of the shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans, and advances received from related parties as offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The debt to equity ratio of the Group at each reporting period is within the acceptable range as follows:

	2014	2013
Debt	**$41,343,473**	$40,241,292
Less: Cash	**2,426,020**	1,568,125
Net debt	**38,917,453**	38,673,167
Equity	**24,129,759**	27,965,894
Debt to equity ratio	**1.61:1**	1.38:1

Debt is composed of trade and other payables, loans payable, due to related parties, and income tax payable as discussed in Notes 17, 18 and 19, respectively, while equity includes share capital and reserves and retained earnings of the Group, less treasury shares.

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. As at December 31, 2014 and 2013, the public ownership is 55.33% and 55.33%, respectively.

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.

As at December 31, 2014 and 2013, the Group was generally in compliance with its loan covenants except for its current and interest coverage ratios, as disclosed in Note 18.

Management believes that the above ratios are within the acceptable range.

39. RECLASSIFICATION OF COMPARATIVE AMOUNTS

Inventory write-downs and obsolescence amounting to $338,391 and $40,067 in 2013, and nil and $20,000 in 2012, respectively, were reclassified from cost of goods sold to selling and administrative expenses to conform to the current year's presentation. Details are as follows:

	December 31, 2013 (As Previously Reported)	Reclassification Adjustment	December 31, 2013
Profit or Loss			
Cost of goods manufactured and sold	$77,378,682	($378,458)	$77,000,224
Selling and administrative expenses	9,636,484	378,458	10,014,942

	December 31, 2012 (As Previously Reported)	Reclassification Adjustment	December 31, 2012
Profit or Loss			
Cost of goods manufactured and sold	$71,782,397	($20,000)	$71,762,397
Selling and administrative expenses	6,789,785	20,000	6,809,785

Management believes that the above reclassification resulted in a better presentation of the accounts and did not have any impact on prior year's total profit or loss.

40. EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred subsequent to December 31, 2014:

1. On November 10, 2014 SEC informed WCFI that after counter evaluation of the application for increase of authorized capital stock by the SEC's Head on September 23, 2014 the approval has been deferred in view of the clarifications on the accounts in AFS as of December 31, 2013.

   In this regard, WCFI withdrew the subject application on January 29, 2015 in view of ongoing discussions of the Board of Directors. On February 6, 2015, SEC informed WCFI that in view thereof, no further action will be taken and the same shall be considered withdrawn.

2. In accordance with its obligations under the Joint Venture Agreement with CHL and CHLC for the formation of WCFI, the Company transferred a total of four (4) vessels to WCFI, namely J-103, J-107, J-168 and J-45 under various Deeds of Assignment and Contracts of Sale.

   However, in a meeting held on December 8, 2014, the Board granted authority to cancel the Deed of Assignment of Vessel and Contracts of Sale of Vessel with WCFI covering J-103, J-107 and J-168 for failure of WCFI to pay the consideration for the said vessels within the agreed period.

   In the same meeting, the Board also granted authority for the Company to enter into an agreement with WCFI for the assignment to the Company of any and all proceeds to be received by WCFI in the event of a sale by WCFI of the vessel and/or license pertaining to J-45.

   In view of the foregoing, the Company and WCFI formally agreed and executed the following agreements:

   a. Supplemental Agreement to the Contract of Sale of Vessel with WCFI, CHL and CHLC, dated March 25, 2015 for the: (a) assignment to the Company of any and all proceeds to be received by WCFI in the event of a sale by WCFI of the vessel and/or license pertaining to J-45; (b) transfer of two (2) light boats (Princess Victoria 1 and Princess Victoria 2) and approximately two hundred four (204) rolls of ropes in favor of CHL.

   b. Cancellation of the Deed of Assignment of Vessel and Contracts of Sale of Vessel, dated April 15, 2015, covering J-103, J-107 and J-168 for failure of WCFI to pay the consideration. The said cancellation states that repairs made and improvements introduced by WCFI forms part of the vessels to be returned and inures to the benefit of ASFII

   c. Supplemental Agreement to the Joint Venture Agreement, dated April 15, 2015, whereby: (a) ASFII shall pay WCFI's trade payables as of December 31, 2014 amounting to P20,824,021.94; and (b) ASFII shall have no further funding liability or obligation under the Joint Venture Agreement.

3. In its meeting on February 17, 2015, the Board of Directors adopted a resolution to increase the Parent Company's authorized capital stock from One Billion Five Hundred million (P1,500,000,000.00) divided into one billion five hundred million (1,500,000,000) common shares with a par value of One Peso (P1.00) per share, to Three Billion Pesos (P3,000,000) divided into Three Billion (3,000,000,000) common shares with a par value of One Peso(P1.00) per share. In the same meeting, the Board of Directors approved the stock rights offering of up to One Billion (1,000,000,000) common shares ("the Rights Shares") with a par value of p1.00 per share, by way of pre-emptive rights offering to eligible existing common shareholders of the Corporation at the proportion of one (1) right shares for every one and a half (1 ½) existing common shares held as of the record date.

   On March 31, 2015, the Stockholders of the Company representing 2/3 of the outstanding capital stock ratified the Board of Directors resolution to increase the authorized capital stock of the Company. This shall be submitted to the Securities and Exchange Commission for approval.

41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group were approved and authorized for issuance by the Board of Directors on May 11, 2015.

* * *

NavarroAmper&Co.

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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-3

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
ALLIANCE SELECT FOODS INTERNATIONAL, INC. and ITS SUBSIDIARIES
Suites 1205, 1206 & 1405 East Tower
Philippine Stock Exchange Centre, Exchange Road
Ortigas Center, Pasig City

We have audited the consolidated financial statements of Alliance Select Foods International, Inc. and its Subsidiaries as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 in accordance with Philippine Standards on Auditing, on which we have rendered an unqualified opinion dated May 11, 2015.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on the attached schedules showing the reconciliation of the retained earnings available for dividend declaration, the list of all effective accounting standards and interpretations, the map showing the relationships between and among the Parent Company and its related parties, and the other supplementary information shown in Schedules A to F and H as at and for the year ended December 31, 2014, as required by the Securities and Exchange Commission under SRC Rule 68, as amended, are presented for purposes of additional analysis and are not required part of the basic consolidated financial statements. These information are the responsibility of Management and have been subjected to the auditing procedures applied in our audits, except for the map which we have audited only to the extent disclosed in the consolidated financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from October 22, 2012 to December 31, 2015
SEC Accreditation No. 0001-FR-3, issued on January 4, 2013; effective until January 3, 2016, Group A
TIN 005299331

By:

Bonifacio F. Lumacang, Jr.
Partner
CPA License No. 0098090
SEC A.N. 0526-AR-2, issued on May 6, 2013; effective until May 5, 2016, Group A
TIN 170035681
BIR A.N. 08-002552-18-2015, issued on February 6, 2015; effective until February 5, 2018
PTR No. A-2368310, issued on January 6, 2015, Taguig City

Taguig City, Philippines
May 11, 2015

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DECLARATION
As at December 31, 2014

Alliance Select Foods International, Inc. and Its Subsidiaries
Suites 1205, 1206 & 1405 East Tower, Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City

Items	Amount
Unappropriated Retained Earnings, beginning	**$ 2,203,623**
Net loss based on the face of AFS	**(13,702,240)**
Deduct non-actual/unrealized income net of tax	
Unrealized foreign exchange gain net (except those attributable to Cash)	(79,272)
Net Income (Loss) Actual/Realized	**(13,622,968)**
Less: Treasury shares	5,774
Unappropriated Retained Earnings (Deficit), Ending	**($11,425,119)**

Alliance Select Foods International, Inc. and Its Subsidiaries
List of Effective Standards and Interpretations under the Philippine Financial Reporting Standards (PFRS)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	*First-time Adoption of Philippine Financial Reporting Standards*	✓		
	Amendments to PFRS 1 and PAS 27: *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	✓		
	Amendments to PFRS 1: *Additional Exemptions for First-time Adopters*			✓
	Amendment to PFRS 1: *Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters*			✓
	Amendments to PFRS 1: *Severe Hyperinflation and Removal of Fixed Date for First-time Adopters*			✓
	Amendments to PFRS 1: *Government Loans*			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PFRS 1, *First-Time Adoption of PFRS*			✓
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards (Changes to the Basis for Conclusions only)***		✓	
PFRS 2	*Share-based Payment*			✓
	Amendments to PFRS 2: *Vesting Conditions and Cancellations*			✓
	Amendments to PFRS 2: *Group Cash-settled Share-based Payment Transactions*			✓
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 2:*Definition of Vesting Condition***		✓	
PFRS 3 (Revised)	*Business Combinations*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 3, *Business Combinations (with consequential amendments to other standards)***		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 3: *Scope of Exception for Joint Ventures***		✓	
PFRS 4	*Insurance Contracts*			✓
	Amendments to PAS 39 and PFRS 4: *Financial Guarantee Contracts*			✓
PFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	✓		
PFRS 6	*Exploration for and Evaluation of Mineral Resources*			✓
PFRS 7	*Financial Instruments: Disclosures*	✓		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets*	✓		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets - Effective Date and Transition*	✓		
	Amendments to PFRS 7: *Improving Disclosures about Financial Instruments*	✓		
	Amendments to PFRS 7: *Disclosures - Transfers of Financial Assets*	✓		
	Amendments to PFRS 7: *Disclosures – Offsetting Financial Assets and Financial Liabilities*	✓		
	Amendments to PFRS 7: *Mandatory Effective Date of PFRS 9 and Transition Disclosures***		✓	
PFRS 8	*Operating Segments*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 8: *Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets***		✓	
PFRS 9	*Financial Instruments**		✓	
	Amendments to PFRS 9: *Mandatory Effective Date of PFRS 9 and Transition Disclosures***		✓	
	Amendments to PFRS 9: *Hedge accounting and Removal of Mandatory effective date of IFRS 9***		✓	
PFRS 10	*Consolidated Financial Statements*	✓		
	Amendments to PFRS 10: *Consolidated Financial Statement: Transition Guidance*	✓		
	Amendments to PFRS 10:*Transition Guidance and Investment Entities***		✓	
PFRS 11	*Joint Arrangements*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
	Amendments to PFRS 1: *Joint Arrangements: Transition Guidance*	✓		
PFRS 12	*Disclosure of Interests in Other Entities*	✓		
	Amendments to PFRS 12: *Disclosure of Interests in Other Entities: Transition Guidance*	✓		
	Amendments to PFRS 12: *Transition Guidance and Investment Entities***		✓	
PFRS 13	*Fair Value Measurement*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 13: *Fair Value Measurement (Amendments to the Basis of Conclusions Only, with Consequential Amendments to the Bases of Conclusions of Other Standards)***		✓	
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 13: *Portfolio Exception***		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	*Presentation of Financial Statements*	✓		
	Amendment to PAS 1: *Capital Disclosures*	✓		
	Amendments to PAS 32 and PAS 1: *Puttable Financial Instruments and Obligations Arising on Liquidation*			✓
	Amendments to PAS 1: *Presentation of Items of Other Comprehensive Income*	✓		
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 1: *Presentation of Financial Statements*	✓		
PAS 2	*Inventories*	✓		
PAS 7	*Statement of Cash Flows*	✓		
PAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	✓		
PAS 10	*Events after the Reporting Period*	✓		
PAS 11	*Construction Contracts*			✓
PAS 12	*Income Taxes*	✓		
	Amendment to PAS 12 - Deferred Tax: *Recovery of Underlying Assets*	✓		
PAS 16	*Property, Plant and Equipment*	✓		
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 16, *Property, Plant and Equipment*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 16: *Revaluation Method - Proportionate Restatement of Accumulated Depreciation***		✓	
PAS 17	*Leases*	✓		
PAS 18	*Revenue*	✓		
PAS 19 (Amended)	*Employee Benefits (2011)*	✓		
PAS 20	*Accounting for Government Grants and Disclosure of Government Assistance*			✓
PAS 21	*The Effects of Changes in Foreign Exchange Rates*	✓		
	Amendment: *Net Investment in a Foreign Operation*	✓		
PAS 23 (Revised)	*Borrowing Costs*	✓		
PAS 24 (Revised)	*Related Party Disclosures*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 24*: Key Management Personnel***		✓	
PAS 26	*Accounting and Reporting by Retirement Benefit Plans*			✓
PAS 27 (Amended)	*Separate Financial Statements*	✓		
	Amendments to PAS 27: *Transition Guidance and Investment Entities***		✓	
PAS 28 (Amended)	*Investments in Associates and Joint Ventures*	✓		
PAS 29	*Financial Reporting in Hyperinflationary Economies*			✓
PAS 31	*Interests in Joint Ventures*	✓		
PAS 32	*Financial Instruments: Disclosure and Presentation*	✓		
	Amendments to PAS 32 and PAS 1: *Puttable Financial Instruments and Obligations Arising on Liquidation*			✓
	Amendment to PAS 32: *Classification of Rights Issues*	✓		
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 32*, Financial Instruments: Presentation*	✓		
	Amendments to PAS 32: *Offsetting Financial Assets and Financial Liabilities***		✓	
PAS 33	*Earnings per Share*	✓		
PAS 34	*Interim Financial Reporting*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 34*, Interim Financial Reporting*	✓		
PAS 36	*Impairment of Assets*	✓		
PAS 37	*Provisions, Contingent Liabilities and Contingent Assets*	✓		
PAS 38	*Intangible Assets*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 38*: Revaluation Method - Proportionate Restatement of Accumulated Amortization*****		✓	
PAS 39	Financial Instruments: *Recognition and Measurement*	✓		
	Amendments to PAS 39: *Transition and Initial Recognition of Financial Assets and Financial Liabilities*	✓		
	Amendments to PAS 39: *Cash Flow Hedge Accounting of Forecast Intragroup Transactions*			✓
	Amendments to PAS 39: *The Fair Value Option*			✓
	Amendments to PAS 39 and PFRS 4: *Financial Guarantee Contracts*	✓		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets*	✓		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets – Effective Date and Transition*	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: *Embedded Derivatives*			✓
	Amendment to PAS 39: *Eligible Hedged Items*			✓
PAS 40	*Investment Property*	✓		
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PAS 40*: Clarifying the Interrelationship of IFRS 3 and IAS 40 When Classifying Property as Investment Property or Owner-Occupied Property*****		✓	
PAS 41	*Agriculture*	✓		
Philippine Interpretations				
IFRIC 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*			✓
IFRIC 2	*Members' Share in Co-operative Entities and Similar Instruments*			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	*Reassessment of Embedded Derivatives*			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: *Embedded Derivatives*			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	*PFRS 2- Group and Treasury Share Transactions*			✓
IFRIC 12	*Service Concession Arrangements*			✓
IFRIC 13	*Customer Loyalty Programmes*			✓
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*			✓
IFRIC 17	*Distributions of Non-cash Assets to Owners*			✓
IFRIC 18	*Transfers of Assets from Customers*			✓
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*			✓
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*			✓
IFRIC 21	*Levies*			✓
SIC-7	*Introduction of the Euro*			✓
SIC-10	*Government Assistance - No Specific Relation to Operating Activities*			✓
SIC-15	*Operating Leases - Incentives*			✓
SIC-25	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*			✓
SIC-27	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*			✓
SIC-29	*Service Concession Arrangements: Disclosures.*			✓
SIC-31	*Revenue - Barter Transactions Involving Advertising Services*			✓
SIC-32	*Intangible Assets - Web Site Costs*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PIC Q&A No. 2006-01	*Revenue Recognition for Sales of Property Units Under Pre-Completion Contracts*			✓
PIC Q&A No. 2007-03	*Valuation of Bank Real and Other Properties Acquired (ROPA)*			✓
PIC Q&A No. 2008-02	*Accounting for Government Loans with Low Interest Rates under the Amendments to PAS 20*			✓
PIC Q&A No. 2010-02	*Basis of Preparation of Financial Statements*	✓		
PIC Q&A No. 2010-03	*Current/non-current Classification of a Callable Term Loan*			✓
PIC Q&A No. 2011-02	*Common Control Business Combinations*			✓
PIC Q&A No. 2011-03	*Accounting for Inter-company Loans*	✓		
PIC Q&A No. 2011-04	*Costs of Public Offering of Shares*			✓
PIC Q&A No. 2011-05	*Fair Value or Revaluation as Deemed Cost*			✓
PIC Q&A No. 2011-06	*Acquisition of Investment Properties – Asset Acquisition or Business Combination?*			✓
PIC Q&A No. 2012-01	*Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*			✓
PIC Q&A No. 2012-02	*Cost of a New Building Constructed on Site of a Previous Building*			✓

*These are the new and revised accounting standards and interpretations that are effective after the reporting period ended December 31, 2014. The company will adopt these standards and interpretations when these become effective.

**These are the new and revised accounting standards issued by IASB and approved for adoption by FRSC which are effective after the reporting period ended December 31, 2014 but pending for adoption in the Philippines by BOA

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SUMMARY OF SCHEDULES ANNEX 68-E
DECEMBER 31, 2014

Schedule	Description	Applicability
A	Financial Assets	*Yes*
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	*Yes*
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	*Yes*
D	Intangible Assets - Other Assets	*Yes*
E	Long-Term Debt	*Yes*
F	Indebtedness to Related Parties	*Yes*
G	Guarantee of Securities of Other Issuers	*Not Applicable*
H	Capital Stocks	*Yes*

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE A - Financial Assets
DECEMBER 31, 2014

Name of issuing entity and association of each issue	ASFII	PT IAFI	PT VDZ	PFNZ	BGB	SPENCE	AKAROA	ASFIC	Amount shown in the balance sheet
Cash									
Citizens Bank						1,103,995		10,000	$ 1,113,995
Bangkok Bank Manila	429,474				21,627				451,101
Bank of New Zealand				147,963			130,993		278,956
Land Bank of the Philippines	112,576				60,416				172,992
Rabo Bank		113,329	6,519						119,848
Banco De Oro Universal Bank	79,444				10,866				90,310
Union Bank of the Philippines	88,729								88,729
Philippine Business Bank	29,735								29,735
Philippine Veterans Bank	22,657								22,657
Sterling Bank of Asia	15,199								15,199
Bank of Mandiri		10,002							10,002
Development Bank of the Philippines	6,116								6,116
East West Bank					5,586				5,586
Asia United Bank					4,525				4,525
Bank Rakyat Indonesia			3,070						3,070
Robnisons Bank					1,873				1,873
ANZ							1,704		1,704
	783,929	**123,331**	**9,589**	**147,963**	**104,892**	**1,103,995**	**132,697**	**10,000**	**2,416,396**
Petty cash and Undeposited collection	6,928	603	603		1,491				9,625
	790,858	**123,934**	**10,192**	**147,963**	**106,383**	**1,103,995**	**132,697**	**10,000**	**2,426,020**

Due from Related Parties	
Alliance MHI Properties, Inc.	$ 470,108
Salmon Smolt NZ Limited	24,275
	$ 494,383

Trade and Other Receivables									
Trade Receivables									
Princes Ltd.	730,125	1,345,500							$ 2,075,625
Caterers Choice Ltd.	702,592	541,044							1,243,636
Yayla Agro Gida Sanayi Ve Nakliyat A.S.	517,000								517,000
Ivory & Ledoux Ltd.	298,931								298,931
Shaffer Haggart	219,600	56,160							275,760
Princes Foods BV	212,850								212,850
Kawasho Foods Corporation	203,808								203,808
Lovering Foods Ltd.		199,260							199,260
Contimax, Andrzej Cieslik	120,000								120,000
B&S Foods AB	110,400								110,400
Kola Dooel Izvoz Uvoz	83,350								83,350
Farutex SP Z.O.O	53,933								53,933
G. Willi Food International	52,800								52,800
Sinco, Inc.		51,450							51,450
N.V. Markelbach & Corne	51,360								51,360
Others	17,392	24,417							41,809
US Foods Inc						171,679			171,679
Burris Logistics						155,462			155,462
Whole Foods						84,091			84,091
HE Butt Grocery Company						80,971			80,971
Gourmet Guru						70,148			70,148
Kroger Regional Account						47,046			47,046
Euro USA						46,256			46,256
Equator Inc.						35,641			35,641
Spence's Customers - Various						338,560			338,560
Progressive Enterprises Ltd.				418,014					418,014
Walong Marketing Inc.				218,931					218,931
Foodstuffs Auckland				154,920					154,920
Foodstuffs South Island Ltd				87,913					87,913
Foodstuffs (WLG) Coop Society Ltd.				58,895					58,895
Wholesale Distributors Ltd				29,032					29,032
PFNZ's Customers - Various				85,844					85,844
Akaroa's Customers - Various							293,710		293,710
Sky City Auckland							10,022		10,022
Skyline Gondola							35,966		35,966
Crystal Bay Foods							15,682		15,682
Service Foods Ltd							12,806		12,806
Rare Fare							19,432		19,432
Katikati Seafoods Limited							13,255		13,255
S&R					159,555				159,555
Park N Shop					80,385				80,385
Smart Product Co., Ltd					80,148				80,148
Cold Storage					59,934				59,934
Sin Yuan Li PTE Ltd					31,920				31,920
Vikings					28,719				28,719
BGB's Customers - Various					46,230				46,230
Other Non-trade Receivables									
Various									740,534
	3,374,140	**2,217,831**		**1,053,549**	**486,891**	**1,029,853**	**400,874**	**-**	**$ 9,303,672**

Refundable lease deposits	
Alliance MHI Properties, Inc.	**$ 1,720,579**

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
DECEMBER 31, 2014

Name of Debtor	Beginning Balance	Additions	Collections	Ending Balance		
				Current	Non-Current	Total
PT IAFI Employees	5,450	20,758	(5,450)	20,758		20,758
PT VDZ Employees	5,966	10,310	(5,966)	10,310		10,310
Plant Employees	6,389	8,771	(6,389)	8,771		8,771
Head Office Employees	8,359	3,708	(8,359)	3,708		3,708
Narciso, Herminia	5,163		(2,180)	2,983		2,983
PFNZ Employees	82	2,967	(82)	2,967		2,967
Balbuena, Irene	-	2,098		2,098		2,098
Dizon, Eribeth	38	1,874	(38)	1,874		1,874
Tan, Joan	2,449		(657)	1,792		1,792
De Guzman, Virginia	244	1,751	(244)	1,751		1,751
Balangue, Nelda	626	974	(626)	974		974
BGB Employees	1,995	939	(1,995)	939		939
Datuin, Nestor	739	793	(739)	793		793
Perigrina, Sharon	1,126	629	(1,126)	629		629
Godilano, Larnie	-	467		467		467
Calalo, Cherille	-	268		268		268
Servado, Paulino Jr.	13,077		(13,077)	-		-
Agustin Fazon	12,915		(12,915)	-		-
Njapallaty Valend	9,677		(9,677)	-		-
Pahaganas, Nilo	2,449		(2,449)	-		-
Ordovez, Ludwin	1,257		(1,257)	-		-
Valenzuela, Ethel	489		(489)	-		-
Herrera, Helen	195		(195)	-		-
	$ 78,686	**$ 56,307**	**$ (73,911)**	**$ 61,082**	**$ -**	**$ 61,082**

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
DECEMBER 31, 2014

Name of Debtor	Designation	Balance at beginning of period	Additions	Amounts collected	Recharges	Current	Not Current	Balance at end of period
Parent								
Big Glory Bay Salmon and	Subsidiary	$ 3,422,532	$ 1,976,717	$ (777,042)	$ 280,312	$ 4,902,519	$ -	$ 4,902,519
PT International Alliance Food	Subsidiary	1,356,420	1,641,919		424,010	3,422,349	-	3,422,349
Spence & Co., Ltd.	Subsidiary	25,000			13,161	38,161	-	38,161
Prime Foods NZ Ltd.	Subsidiary	512,016	453,200		70,841	1,036,057	-	1,036,057
Akaroa Salmon NZ Ltd.	Subsidiary	248,405	68,240		(4,161)	312,484	-	312,484
Spence's receivable from Parent Co.	Parent Company	566,667	600,000	(966,667)		200,000	-	200,000
PFNZ's receivable from BGB	Associate	103,616	334,243		246,208	684,067	-	684,067
BGB's receivable from PFNZ	Fellow subsidiaries	1,295,138	4,128,328	(2,308,804)		3,114,662	-	3,114,662
PT IAFI's receivable from Parent	Parent Company	5,236			(5,236)	-	-	-
PT IAFI's receivable from PT VDZ	Subsidiary		1,473,952		1,036,603	2,510,555		2,510,555
		$ 7,535,030	**$ 10,676,599**	**$ (4,052,513)**	**$ 2,061,738**	**$ 16,220,854**	**$ -**	**$ 16,220,854**

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS
DECEMBER 31, 2014

Description	Beginning Balance	Additions at Cost	Deductions/Amortizations		Other Changes - Additions (Deductions)	Ending Balance
			Charged to Cost and Expenses	Charged to Other Accounts		
INTANGIBLE ASSETS						
Fishing license	$ 131,027	$ -	$ (14,164)	$ -	$ 4,763	$ 121,626
Salmon farming consent	63,145	-	(5,608)	-	(2,522)	55,015
Macrocystic consent	24,459	-	-	-	(1,037)	23,422
	$ 218,631	**$ -**	**$ (19,772)**	**$ -**	**$ 1,204**	**$ 200,063**

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2014

Name of Issuer	Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-Term	Total
Rizal Commercial Banking Corporation	Chattel Mortgage	$ 2,500,000	$ 357,142	$ 1,428,574	$ 1,785,716
Philippine Veterans Bank	Chattel Mortgage	2,000,000	285,714	1,000,000	1,285,714
Land Bank of the Philippines	Chattel Mortgage	770,000	192,500	48,125	240,625
BNZ Business First Term Loan	Chattel Mortgage	568,320	38,001	463,778	501,779
Rabo Bank	Chattel Mortgage	1,020,000	258,428	205,295	463,723
HC Studholme	Unsecured	110,859	-	110,859	110,859
Sterling Bank of Asia	Chattel Mortgage	450,308	77,711	32,211	109,922
Baruch Estate	Unsecured	39,035	-	39,035	39,035
Foreign Finance Corporation	Unsecured	92,253	37,006	71,123	108,129
			$ 1,246,502	**$ 3,399,000**	**$ 4,645,502**

Note : The terms, interest rate, collaterals and other relevant information are shown in the Notes to Financial Statements, Note 18.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTY
(LONG-TERM LOANS FROM RELATED COMPANY)
DECEMBER 31, 2014

Name of Related Parties	Beginning Balance	Ending Balance
DUNCAN BATES	$ 143,763	$ 153,604

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2014

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock - P1 par value	1,500,000,000	1,499,712,463	-	2,754,962	4,063,457	1,492,894,044

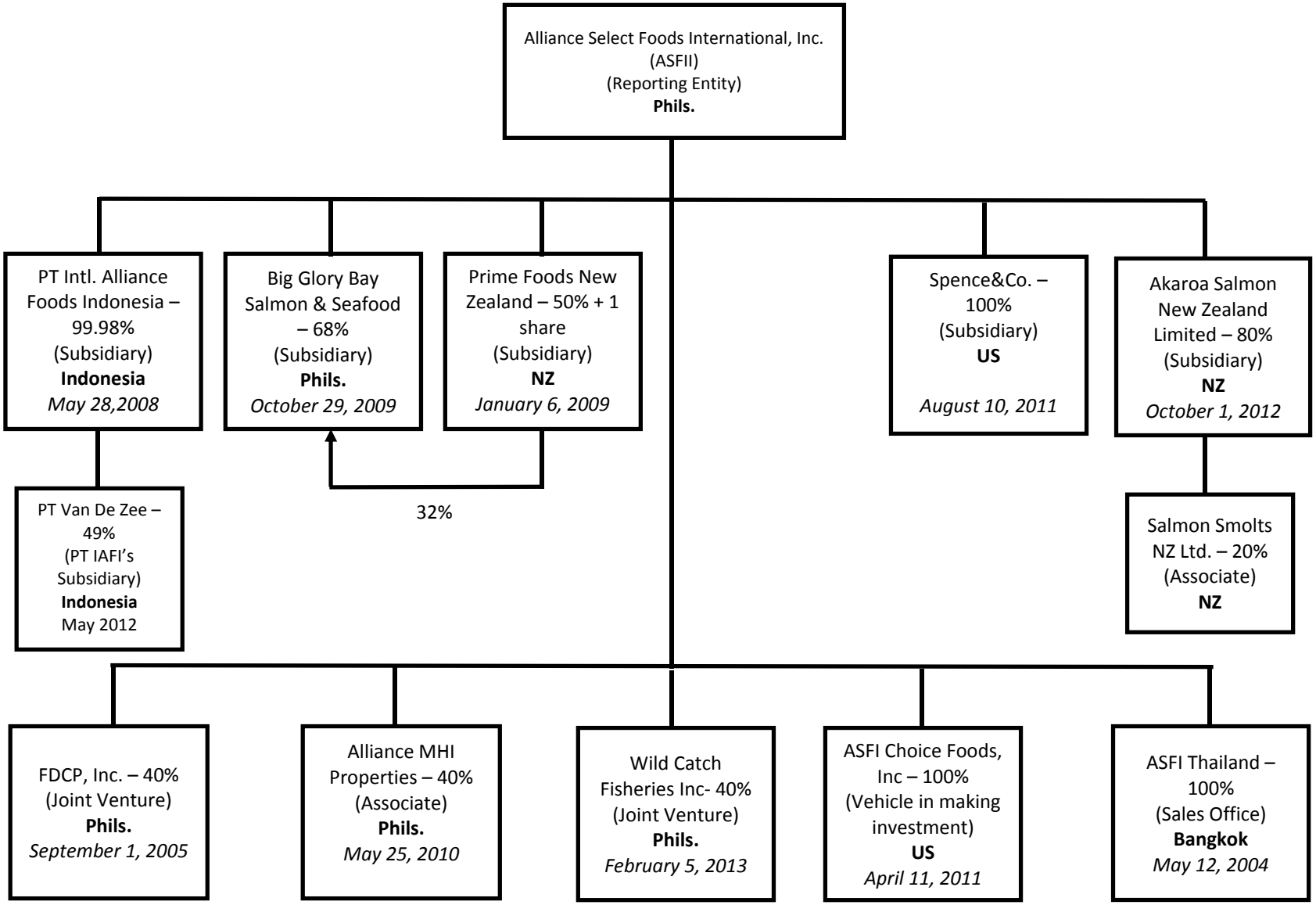
ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES
SCHEDULE FINANCIAL INDICATORS
DECEMBER 31, 2014, 2013 AND 2012

	December 31		
	2014	2013	2012
Current / Liquidity Ratios			
a. Current Ratio	**0.854**	0.952	1.061
b. Quick Ratio	**0.305**	0.488	0.499
Solvency Ratios			
a. Solvency Ratio	**(0.368)**	(0.035)	0.047
b. Debt to Equity Ratio	**1.822**	1.509	1.264
Asset to Equity Ratio	**2.822**	2.509	2.264
Interest Rate Coverage Ratio	**(11.342)**	(0.958)	1.784
Profitability Ratio			
a. Gross Profit Margin	**9.70%**	8.69%	12.84%
b. Operating Margin	**-25.56%**	-2.00%	4.51%
c. Net Profit Margin	**-20.23%**	-3.06%	1.59%
d. Return on Equity	**-64.43%**	-8.87%	4.47%
e. Return on Asset	**-25.24%**	-4.21%	1.19%

Formula:

Current Ratio			
Current Asset/Current Liability	32,772,063	34,562,821	33,305,808
	38,396,434	36,313,835	31,392,602
	0.854	0.952	**1.061**
Quick Ratio			
(Cash + AR) / Current Liability	11,729,692	17,730,497	15,666,125
	38,396,434	36,313,835	31,392,602
	0.305	0.488	**0.499**
Solvency Ratio			
(Profit (Loss) for the year + Depreciation)	(15,648,852)	(1,477,506)	1,798,348
(LT Liability + ST Liability)	42,516,050	41,772,878	38,564,846
	(0.368)	(0.035)	**0.047**
Debt to Equity Ratio			
Debt / Equity	42,516,050	41,772,878	38,564,846
	23,330,665	27,687,343	30,520,591
	1.822	1.509	**1.264**
Asset to Equity Ratio			
Asset / Equity	65,846,715	69,460,221	69,085,436
	23,330,665	27,687,343	30,520,591
	2.822	2.509	**2.264**
Interest Rate Coverage Ratio			
EBIT	(20,770,633)	(1,688,276)	3,716,906
Interest Exp.	1,831,364	1,761,475	2,083,109
	(11.342)	(0.958)	**1.784**
Gross Profit Margin			
Gross Profit / Net Revenue	7,880,093	7,328,247	10,574,904
	81,262,493	84,328,471	82,337,301
	9.70%	8.69%	**12.84%**
Operating Margin			
(Profit (Loss) for the year + Interest + Tax)	(20,770,633)	(1,688,276)	3,716,906
Net Revenue	81,262,493	84,328,471	82,337,301
	-25.56%	-2.00%	**4.51%**
Net Profit Margin			
Profit (Loss) Attributtable to Parent	(16,436,111)	(2,580,913)	1,312,232
Net Revenue	81,262,493	84,328,471	82,337,301
	-20.23%	-3.06%	**1.59%**
Return on Equity			
(Profit (Loss) Attributtable to Parent	(16,436,111)	(2,580,913)	1,312,232
Average Equity	25,509,004	29,103,967	29,331,426
	-64.43%	-8.87%	**4.47%**
Return on Asset			
(Profit (Loss) for the year	(17,076,504)	(2,918,933)	767,429
Average Total Asset	67,653,468	69,272,829	64,293,001
	-25.24%	-4.21%	**1.19%**

CONGLOMERATE MAP
As of December 31, 2014



SEC Number **CS200319138**
File Number

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
AND ITS SUBSIDIARIES

(Company's Full Name)

1205, 1206 & 1405 East Tower PSEC Exchange Rd.
Ortigas Center Pasig City

(Company's Address)

635-5241 to 44

(Telephone Number)

December 31

(Calendar Year Ending)
(month & day)

SEC FORM 17-Q

(Form Type)

(Amendment Designation if applicable)

For the Three Months Ended March 31, 2015

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2015**

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. **1205/1206/1405 East Tower PSEC Exchange Rd. Ortigas Center Pasig City** **1605**
   Address of issuer's principal office Postal Code

8. **635-5241 to 44**
   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, P1.00 Par Value	**1,499,712,463 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 Phil. 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 – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements of Alliance Select Foods International, Inc. (the "Company" or "Parent Company") and its Subsidiaries (collectively referred to as the "Group") as of and for the three months ended March 31, 2015 (with comparative figures as of December 31, 2014 and for the period ended March 31, 2014) and Selected Notes to the Consolidated Financial Statements are hereto attached as Annex "A".

The unaudited financial statements of the Group are presented in US $, the currency of the primary economic environment in which the Group operates.

Item 2. Management's discussion and analysis of financial condition and results

The following discussions should be read in conjunction with the attached unaudited financial statements of the Group as of and for the three months ended March 31, 2015 with comparative figures as of December 31, 2014 and for the period ended March 31, 2014, whichever is relevant.

The table below shows the comparisons of key operating results for the three months period ended March 31, 2015 versus same period in 2014.

	For the Quarter Ended March 31	
In USD'000	**2015**	2014
Revenue - net	**21,351**	21,450
Gross Profit	**2,311**	2,575
Gross Profit Margin	*11%*	*12%*
Selling and Administrative Expenses	**1,646**	1,826
Other Income	**139**	827
Other Expenses	**244**	57
Finance Costs	**450**	446
Profit (Loss) Before Tax	**183**	1,091
Income Tax Expense (Benefit)	**165**	330
Profit (Loss) for the period	**18**	760
Attributable to:		
Equity holders of the parent	**51**	646
Non-controlling interest	**(33)**	114
	$18	$760

Results of operations
Three months Ended March 31, 2015 versus March 31, 2014

- The Group's revenue for the first quarter of 2015 posted at $ 21.3 million, almost the same level as last year. For the Company's Tuna business, sales volume for the quarter improved by 9% but this was offset by lower average selling price due to lower raw materials cost compared to last year. Meanwhile, the Company's Salmon business enhanced overall revenues with its 23% increase in sales volume for the quarter that was accompanied by higher selling prices.

- The consolidated gross profit for the quarter amounted to $ 2.3 million, a gross margin of 11% which was lower by 1% compared to last year because of lower canned tuna prices.

- Selling and administrative expenses during the period went down by 10% against the previous year due to the many cost improvement measures implemented since last year. As a percentage of sales, the selling and administrative expenses dropped from 8.5% to 7.7% in 2014.

- The Group managed to end the quarter with a net income after tax of $ 18 thousand, which was lower than last year. However, note that the after-tax net income of $ 760 thousand last year includes a gain on transfer of vessel amounting to $ 538 thousand which was reversed as of 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.

Financial Condition, Liquidity, and Capital Resources
March 31, 2015 vs. December 31, 2014

The Group's total assets decreased by $2.1 million; from $65.8 million in December 31, 2014 to $63.7 million as of March 31, 2015. This was mainly due to the 22% decrease in inventories, which was the result of improved sales volume and more efficient inventory management for both the Tuna and Salmon businesses. Trade receivable and other receivables rose by 10%.

The Group's total liabilities declined by 6%. Current loans payable went down by 7% while the non-current portion decreased by 11% due to payment of short-term loans and long-term amortization. The Group's total liability to equity ratio improved to 1.71:1 as of March 31, 2015 from 1.82:1 as of end 2014.

Plan of Operation

(a) The Company does not foresee any cash flow or liquidity problem over the next twelve (12) months. As of March 31, 2015 the Group was in compliance with its loan covenant on liability-to-equity ratio. On the other hand, current ratio and interest coverage ratio fell below the specified level imposed by its creditors. But these circumstances did not have any adverse effect on the Group'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 that would have significant impact on the Company's operations and/or financial condition.

As of March 31, 2015, apart from potential buyers' claims, 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.

(b) The Company does not expect any significant changes in the number of employees for the next twelve months.

Material Changes in Financial Statements
(Increase/Decrease of 5% or more versus the same period in 2014)

Income Statements
Three months ended March 31, 2015 versus the same period in 2014.

10% decrease in Gross Profit because of lower selling price of canned tuna.

83% decline in Other Income is because of the gain on sales of assets of $ 538 thousand recognized during the previous year.

324% upsurge in Other Expenses is primarily because of the foreign exchange losses from the depreciation of NZ $.

Balance Sheets
As of March 31, 2015 versus December 31, 2014

5% increase in Cash and Cash Equivalents arose from the higher ending cash balance of Spence & Co. Ltd.

10% growth in the net trade and other receivables because of the higher sales volume for the first quarter.

2% increase in Due from Related Parties resulted from interest charged to BGB and PFNZ.

22% decrease in Inventories was due to the improved sales volume and better inventory management.

2% increase in Biological Assets due to Akaroa's continuous expansion.

8% increase Prepayments & Other Current Assets arising from the advance payment for importation of raw materials from its foreign suppliers.

53% upturn in Investment in Associates was due to net income earned by AMHI during the period.

3% growth in Investment in Joint Venture due to profit realized by FDCP for the three month period.

2% increase in Deferred Tax Assets is because of recognition of income tax benefit form the parent company.

3% decrease in Intangible Assets was due to amortization of the PT VDZ's fishing license and the translation value of the farming and macrocystic consent of Akaroa.

7% increase in Other Non-current Assets due to increase in input VAT.

Trade and Other Payables decreased by 3% due to settlement of liabilities.

7% reduction in Loans Payable was due to payment of short-term loans.

Income Tax Payable increased to $288 thousand from $1 thousand due to income tax provision for Spence and BGB.

10% decrease in Due to related parties was because of the translation of advances of Akaroa to shareholders in NZ dollar to US dollar.

Loans payable – net of current portion went down by 11% due to payment of scheduled loan amortization.

3% decrease in Retirement benefit obligation is due to funding made for the retirement plan.

4% decline in Non-controlling Interest due to net loss share of the minority shareholders during the period.

KEY PERFORMANCE INDICATORS

The Group uses the following key performance indicators in order to assess the Group's financial performance from period to period. Analyses are employed by comparisons and measurements based on the financial data on the periods indicated below:

	March 31, 2015	**December 31, 2014**
Current/Liquidity Ratios		
Current Ratio	0.82	0.85
Quick Ratio	0.35	0.31
Liability to Equity Ratio	1.71	1.82

	For the Quarter Ended March 31	
	2015	2014
Profitability ratios		
Revenue growth rate	-0.46%	8.80%
Gross profit margin	10.82%	12.00%
Net profit margin	0.08%	3.55%
Return on Equity	0.22%	2.48%
Return on Assets	0.08%	0.96%

The following defines each ratio:

- 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 average stockholders' equity. This measures the managements' ability to generate returns on investments. This is computed by dividing net income after tax by the average stockholders' equity. The result is expressed in percentage.

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

PART II--OTHER INFORMATION

All current disclosures were already reported under SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

RAYMOND K.H. SEE
Director, President and Chief Executive Officer

ELMIRA A. NATE
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this MAY 11 2015 at MANILA affiants exhibiting to me their government issued identification cards, as follows:

NAMES	GOV'T.ISSUED ID NO.	DATE OF ISSUE	PLACE OF ISSUE	EXPIRATION
Raymond K.H. See	Passport-EC3695414	March17,2015	DFA, Manila	March 16,2020
Elmira A. Nate	SSS No. 33-2096432-8		Manila,Philippines	

ATTY. RICHARDO L. ANOLIN
[illegible] December 31, 2015
[illegible] NO. 2014-059
[illegible] MANILA PHILIPPINES
[illegible] 05179/02 25 05/MLA
[illegible] 182 01/05/15/MLA
[illegible]
MCLE COMPLIANCE NO IV-0023850 18/16/14
RICHARDO ANOLIN AND ASSOCIATES LAW OFFICE
20/F JICA OF MANILA BLDG.
[illegible] ANTONIO VILLEGAS ST.,
[illegible] MANILA TEL. 525-05-86
EMAIL ADD: attyrichardanolin@yahoo.com
TIN: 116-095-269

Doc. No. 24
Page No. 93
Book No. 69
Series of 2015

PART II--OTHER INFORMATION

All current disclosures were already reported under SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.

GRACE S. DOGILLO
Vice President- Finance, Comptroller

SUBSCRIBED AND SWORN to before me this MAY 11 2015 at MANILA affiants exhibiting to me their government issued identification cards, as follows:

NAMES	GOV'T.ISSUED ID NO.	DATE OF ISSUE	PLACE OF ISSUE	EXPIRATION
Grace S. Dogillo	Passport-EB8007108	April 30, 2013	DFA, Manila	April 29, 2018

ATTY. RICHARD L. ANOLIN
NOTARY PUBLIC until December 31, 2015
COMMISSION NO. 2014-059
FOR CITY OF MANILA PHILIPPINES
IBP LIFETIME NO. 05179/02 25 05/MLA
PTR NO. 3828182 01/05/15/MLA
ROLL NO. 33495
MCLE COMPLIANCE NO IV-0023850 18/16/14
RODULFO ANOLIN AND ASSOCIATES LAW OFFICE
2/F YMCA OF MANILA BLDG.
#350 ANONTNIO VILLEGAS ST.,
ERMITA MANILA TEL. 525-0[illegible]
EMAIL ADD. richardanolin@yahoo.com
TIN: 116-095-269

Doc. No. 497
Page No. 100
Book No. 6V
Series of 2015

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollar)

	Notes	2015	2014
ASSETS			
Current Assets			
Cash	7	$ 2,550,896	$ 2,426,020
Trade and other receivables - net	8	10,213,936	9,303,672
Due from related parties	19	503,448	494,383
Inventories - net	9	14,734,091	18,787,629
Biological asset	10	207,670	203,763
Prepayments and other current assets	11	1,684,799	1,556,596
Total Current Assets		29,894,840	32,772,063
Non-current Assets			
Investment in associates	12	165,179	108,038
Investment in joint ventures	13	578,328	561,207
Property, plant and equipment - net	14	13,612,279	13,227,398
Deferred tax assets	34	7,602,667	7,489,791
Goodwill on business combination	3	9,502,585	9,502,585
Intangible assets - net	15	205,910	200,063
Other non-current assets - net	16	2,125,349	1,985,571
Total Non-current Assets		33,792,298	33,074,653
		$63,687,138	$65,846,716
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	17	$ 8,763,607	$ 9,040,275
Loans payable	18	27,254,023	29,201,242
Income tax payable		288,007	1,316
Due to related parties	19	138,953	153,604
Total Current Liabilities		36,444,591	38,396,437
Non-current Liabilities			
Loans payable - net of current portion	18	3,016,278	3,399,000
Retirement benefit obligation	20	402,021	416,146
Deferred tax liabilities	34	304,731	304,470
Total Non-current Liabilities		3,723,031	4,119,616
		40,167,622	42,516,053
Equity			
Share capital	21	32,238,544	32,238,544
Reserves	23	7,232,961	7,062,172
Retained earnings (Deficit)		(14,994,413)	(15,045,466)
		24,477,092	24,255,250
Treasury shares	21	(5,774)	(5,774)
Equity attributable to equity holders of the parent		24,471,318	24,249,476
Non-controlling interest	22	(951,802)	(918,814)
Total Equity		23,519,516	23,330,662
		$63,687,138	$65,846,715

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollar)

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		$63,687,138	$65,846,715

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollar)

		For the Quarter Ended March 31	
	Notes	2015	2014
Revenue - net	25	**$21,351,287**	21,449,544
Cost of Goods Manufactured and Sold	27	**19,040,653**	18,874,544
Gross Profit		**2,310,635**	2,575,000
		11%	**12%**
Other Income	26	**138,948**	827,245
		2,449,583	3,402,245
Selling and Administrative Expenses	28	**1,646,375**	1,825,580
Other Expenses	29	**243,841**	57,483
Finance Costs	33	**450,177**	446,427
		2,340,393	**2,329,489**
Share in Equity in Net Earnings (Loss) of Associat	12	**57,142**	9,554
Share in Equity in Net Earnings (Loss) of Joint Ve	13	**17,122**	9,021
		74,264	18,575
Profit (Loss) Before Tax		**183,454**	1,091,331
Income Tax Expense (Benefit)		**165,388**	330,906
Profit (Loss) for the Year		**$18,065**	$760,425
Attributable to:			
Equity holders of the parent		**51,053**	646,252
Non-controlling interest	22	**(32,988)**	114,173
		18,065	**$760,425**
Earnings (Loss) Per Share			
Basic and diluted earnigs (loss) per share	35	**$0.00004**	0.000060
Profit (Loss) for the Year		**$18,065**	760,425
Other Comprehensive Income (Loss)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		**170,797**	57,122
Share in other comprehensive loss of a joint venture	13	**-**	
Revaluation increment		**-**	
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement	20		
		170,797	57,122
Total Comprehensive Income (Loss)		**188,862**	817,547
Attributable to:			
Equity holders of the parent		**221,843**	676,489
Non-controlling interest		**(32,980)**	141,098
		$188,863	$817,587

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollar)

	Notes	Share Capital	Share Premium	Revaluation Increment	Share Dividends Payable	Fair value on Investment Revaluation Reserve	Cumulative Translation Adjustment	Retained Earnings	Treasury Shares	Non-controlling Interest	Total
Balance, January 1, 2012		$17,861,369	$2,948,340	$57,668	$3,258,912	$4,877	$139,714	$3,601,756	($5,774)	$275,400	$28,142,262
Additional subscription	23	$4,714,553	873,392	-	(3,258,912)	-	-	-	-	-	2,329,033
Repurchase of shares issued to non-controlling interests	24							(7,563)		(492,437)	(500,000)
Acquisition of new partially-owned subsidiary		-	-	17,624	-	-	-	-	-	69,040	86,664
Noncontrolling interest in the subsidiary's investments	24	-	-	-	-	-	-	-	-	19,141	19,141
Effects on noncontrolling interest due to the loss of control over a subsidiary	24	-	-	-	-	-	-	(860,638)	-	721,686	(138,952)
		22,575,922	3,821,732	75,292	-	4,877	139,714	2,733,555	(5,774)	592,830	29,938,148
Other comprehensive income											
Exchange differences on translating foreign operations		-	-	(3,615)	-	-	23,162	-	-	11,598	31,145
Remeasurement loss on retirement								(213,462)		-	(213,462)
Share in other comprehensive income of a joint venture	13	-	-	-	-	21,793	-	(24,463)	-	-	(2,669)
Profit (Loss) for the year, as restated	24	-	-	-	-	-	-	1,312,232	-	(544,803)	767,429
Total comprehensive income (loss), as restated		-	-	(3,615)	-	21,793	23,162	1,074,307	-	(533,205)	582,442
Balance, December 31, 2012, as restated		22,575,922	3,821,732	71,677	-	26,670	162,876	3,807,862	(5,774)	59,625	30,520,590
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	8,860	-	-	8	8,868
Remeasurement gain (loss) on retirement				-				104,558		(164)	104,394
Share in other comprehensive income of a joint venture	13	-	-	-	-	(26,670)	-	(906)	-	-	(27,576)
Profit (Loss) for the year	24	-	-	-	-	-	-	(2,580,913)	-	(338,020)	(2,918,933)
Total comprehensive income (loss)		-	-	-	-	(26,670)	8,860	(2,477,261)	-	(338,176)	(2,833,247)
Balance, December 31, 2013		$22,575,922	$3,821,732	$71,677	-	$0	$171,736	$1,330,601	($5,774)	($278,551)	$27,687,343
Additional subscription		-	-								-
		22,575,922	3,821,732	71,677	-	0	171,736	1,330,601	(5,774)	(278,551)	27,687,343
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	30,197	-	-	26,924	57,121
Remeasurement gain (loss) on retirement				-				-		-	-
Share in other comprehensive income of a joint venture	13	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	24	-	-	-	-	-	-	646,251	-	114,173	760,424
Total comprehensive income (loss)		-	-	-	-	-	30,197	646,251	-	141,097	817,545
Balance, March 31, 2014		**$22,575,922**	**$3,821,732**	**$71,677**	**-**	**$0**	**$201,933**	**$1,976,852**	**($5,774)**	**($137,454)**	**$28,504,888**
Additional subscription		9,662,622	2,947,111								12,609,733
		32,238,544	6,768,843	71,677	-	0	201,933	1,976,852	(5,774)	(137,454)	41,114,621
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	12,415	-	-	(26,916)	(14,501)
Remeasurement gain (loss) on retirement				-				51,663		121	51,784
Share in other comprehensive income of a joint venture	13	-	-	-	-	7,304	-	8,382	-	-	15,686
Profit (Loss) for the year	24	-	-	-	-	-	-	(17,082,363)	-	(754,565)	(17,836,928)
Total comprehensive income (loss)		-	-	-	-	7,304	12,415	(17,022,318)	-	(781,360)	(17,783,959)
Balance, December 31,, 2014		**$32,238,544**	**$6,768,843**	**$71,677**	**-**	**$7,304**	**$214,348**	**($15,045,466)**	**($5,774)**	**($918,814)**	**$23,330,662**
Additional subscription		-	-								-
		32,238,544	6,768,843	71,677	-	7,304	214,348	(15,045,466)	(5,774)	(918,814)	23,330,662
Other comprehensive income											
Exchange differences on translating foreign operations	24,25	-	-	-	-	-	170,789	-	-	-	170,789
Remeasurement gain (loss) on retirement				-				-		-	-
Share in other comprehensive income of a joint venture	13	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	24	-	-	-	-	-	-	51,053	-	(32,988)	18,065
Total comprehensive income (loss)		-	-	-	-	-	170,789	51,053	-	(32,988)	188,854
Balance, March 31, 2015		**$32,238,544**	**$6,768,843**	**$71,677**	**-**	**$7,304**	**$385,137**	**($14,994,413)**	**($5,774)**	**($951,802)**	**$23,519,517**

See Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts In U.S. Dollar)

		For the Three Months Ended March 31	
	Notes	**2015**	2014
Cash Flows from Operating Activities			
Profit (Loss) before tax		**$183,453**	$1,091,331
Adjustments for:			
Finance costs	33	**450,177**	526,038
Depreciation and amortization	14, 15	**256,532**	427,231
Gain on sale of property, plant and equipment	14, 15, 26		(537,887)
Retirement benefit	20	**19,613**	40,130
Unrealized Foreign exchange gain (loss) - net		**(56,216)**	(230,456)
Loss or provision on inventory obsolescence	9, 28	**-**	
Loss on inventory writedown	28	**-**	
Share in loss (profit) of associates and joint ventures	12, 13	**(74,263)**	(18,575)
Interest income	7, 26	**(2,363)**	(3,223)
Operating cash flows before working capital changes		**776,933**	1,294,589
Decrease (Increase) in:			
Trade and other receivables		**(910,264)**	(1,828,580)
Due from related parties		**(9,065)**	(25,814)
Inventories and biological assets		**4,049,631**	(941,371)
Prepayments and other current assets		**(128,203)**	(371,080)
Other-non current assets		**(139,778)**	(36,304)
Increase in trade and other payables		**(276,668)**	(498,990)
Cash from (used in) operations		**3,362,586**	**(2,407,549)**
Income tax paid		**8,689**	
Interest income received	7	**2,363**	3,223
Contribution to retirement fund		**(33,737)**	
Net cash from (used in) operating activities		**3,339,900**	(2,404,326)
Cash Flows from Investing Activities			
Additions to property, plant and equipment	14	**(715,129)**	(488,933)
Transfer of sihing vessels as investment			883,022
Proceeds from sale of property, plant and equipment and assets held-for-sale	14	**1,440**	
Investment in joint venture		**-**	(847,701)
Acquisition of investment properties		**-**	
Net cash from (used in) investing activities		**(713,690)**	(453,612)
Cash Flows from Financing Activities			
Proceeds from bank loans		**24,486,410**	19,465,143
Payment of bank loans		**(26,760,134)**	(16,048,546)
Finance costs paid		**(450,177)**	(526,038)
Proceeds from (Payment of) due to related parties		**(14,651)**	
Net cash from (used in) financing activities		**(2,738,553)**	2,890,559
Effects of Foreign Exchange Rate Changes		**237,219**	145,310
Net Increase (Decrease) in Cash and Cash Equivalents		**124,876**	177,931
Cash and Cash Equivalents, Beginning		**2,426,020**	1,568,125
Cash and Cash Equivalents, End	7	**$ 2,550,897**	$ 1,746,056

UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015 and DECEMBER 31, 2014 and FOR THE THREE MONTHS ENDED MARCH 31, 2015 and 2014
(In U.S. Dollar)

1. CORPORATE INFORMATION

Alliance Select Foods International, Inc. (the "Parent Company") is a public corporation under Section 17.2 of the Securities Regulation Code (SRC) and was incorporated and registered in the Philippine 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. Its shares are listed in the Philippine Stock Exchange (PSE) since November 8, 2006.

Furthermore, the Parent Company was registered with the Board of Investments (BOI) on August 24, 2004 under the Omnibus Investments Code of 1987, otherwise known as Executive Order No. 226, on a non-pioneer status as new export producer of canned tuna and its by-product, fishmeal. As such, the Parent Company is entitled to certain incentives such as income tax holiday (ITH) for four years plus three bonus years from the date of registration and subject for approval of extension by the BOI; tax credit on raw materials and supplies used for export products; and additional deduction for labor expense, subject to certain requirements under the terms of its BOI registration. The Parent Company has been granted by the BOI three years extension of ITH that ended on August 23, 2011.

On July 1, 2010, the Board of Directors has resolved to change the corporate name from Alliance Tuna International, Inc. to Alliance Select Foods International, Inc. The change in corporate name was then approved by the SEC on July 22, 2010.

On November 25, 2011, SEC has approved the increase in the Parent Company's authorized share capital from P950,000,000 divided into 950,000,000 shares to P1,500,000,000 divided into 1,500,000,000 shares having a par value of P1 per share.

The financial position and results of operations of the Parent Company and its subsidiaries (the "Group") are consolidated in these financial statements.

The Parent Company's principal place of business is located at Suites 1205, 1206 & 1405 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. It has plant facilities located in Barrio Tambler, General Santos City, Philippines.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with 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), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for:

- financial instruments carried at amortized cost;
- land carried at revalued amounts;
- investments in associates and joint ventures accounted for using the equity method;
- inventories carried at the lower of cost or net realizable value;
- biological assets measured at fair value less costs to sell; and
- the retirement benefit obligation recognized as the net total of the present value of defined benefit obligation less the fair value plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, *Share-based Payment,* leasing transactions that are within the scope of PAS 17, *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2, *Inventories* or value in use in PAS 36, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These consolidated financial statements are presented in U.S. Dollar, the currency of the primary economic environment in which the Group operates. All amounts are recorded in the nearest dollar, except when otherwise indicated.

3. BASIS OF CONSOLIDATION AND COMPOSITION OF THE GROUP

Basis of Consolidation and Non-Controlling Interest

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control. When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Composition of the Group

Details of the Parent Company's subsidiaries as at December 31 are as follows:

	Date Acquired/ Incorporated	Ownership Interests		
		2014	2013	2012
ASFI Thailand	May 12, 2004	**100%**	100%	100%
PT International Alliance Food Indonesia (PTIAFI)	May 28, 2008	**99.98%**	99.98%	99.98%
Prime Foods New Zealand Limited (PFNZ)	January 6, 2009	**50.00% + 1 share**	50.00% + 1 share	50.00% + 1 share
Big Glory Bay Salmon and Seafood Company Inc. (BGB)	October 29, 2009	**68%**	50.00% + 1 share	50.00% + 1 share
ASFI Choice Foods, Inc. (ASFIC)	April 11, 2011	**100%**	100%	100.00%
Spence & Company Ltd. (Spence)	August 10, 2011	**100%**	100%	100.00%
Akaroa Salmon (NZ) Ltd. (Akaroa)	October 1, 2012	**80%**	80%	80.00%
Alliance Select Foods Pte. Ltd. (ASF)	January 24, 2013	**100%**	100%	100%

The principal activities and other details of the subsidiaries are as follows:

ASFI Thailand

On March 12, 2004, the Parent Company established ASFI Thailand, a Thailand based wholly-owned subsidiary, the primary activity of which is that of a sales representative office. ASF Thailand's net assets as at December 31, 2014 and 2013 amounted to nil.

PTIAFI

PTIAFI 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, 2001. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in the Decision Letter No. AHU-24298.AH.01.01 dated May 28, 2008.

PTIAFI is primarily engaged in canned fish processing exclusively for international market. The plant is located at JI. Raya Madidir Kelurahan Madidir Unet Ling. II Kecamatan Madidir, Bitung, Indonesia.

This investment in PTIAFI provides the Group with access to the rich Indonesian marine resources.

On May 26, 2010 the Board of Directors authorized the Company to increase its equity investment in PTIAFI from $825,600 to $4,499,000 by converting its outstanding cash advances in the amount of $3,673,400 into equity and applying the same as payment for the additional 3,673,400 shares at a par value of $1.00. The percentage ownership thus increased from 79.92% as at December 31, 2009 to 89.98% as at December 31, 2010. The Company's joint venture partner in the subsidiary, PT Wailan Pratama, also converted part of its advances and increase its shareholdings from 206,400 shares as at December 31, 2009 to 500,001 shares as at December 31, 2010 with a par value of $1.00.

On December 20, 2011, PTIAFI founded and established PT Van de Zee (VDZ) under the current Indonesian law with 80% percentage ownership and is considered a subsidiary of PTIAFI. VDZ is operated in integration with the tuna processing activities of PTIAFI. VDZ's establishment as a foreign investment company has been approved by the Indonesian Investment Coordinating Board or Bedan Koordinasi Penanaman Modal and Ministry of Laws and Human Rights of the Republic of Indonesia.

On February 10, 2012, the Parent Company purchased 500,000 shares of PT Wailan Pratama, a fishing company, at book value for $500,000 which has been approved by the Indonesia Investment Coordinating Board and the Department of Law and Human Rights in accordance to Indonesia law. This event increased Parent's stake in PTIAFI from 89.98% as at December 31, 2010 to 99.98% on February 10, 2012.

In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51% to take more of profits from the country's vast mineral resources. As a result, PTIAFI, being owned by the Company, sold 31% of its ownership in PT VDZ decreasing its share to 49%. Based on Management's assessment, PTIAFI still has control over PT VDZ.

PFNZ

PFNZ is a company domiciled in New Zealand and is 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 is primarily engaged in the business of processing, manufacturing and distributing smoked salmon and other seafoods under the Prime Smoke and Studholme brand for distribution in New Zealand and other countries. The investment in PFNZ is the first venture of the Parent Company in the salmon business. The plant is located in Hororata RD2 Darfield, New Zealand.

In September 2014, PFNZ started operating as a marketing arm of BGB after the cessation of its manufacturing operations.

BGB

BGB is a joint venture between the Parent Company and its New Zealand-based subsidiary PFNZ. It was established primarily to engage in the business of manufacturing goods such as salmon and other processed seafoods. It was registered with the Philippine SEC on October 29, 2009 with registration number CS200916903. Its registered address is located at Suite 1205 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines and its plant facilities is located at Barrio Tambler, General Santos City, Philippines.

The investment in salmon processing allows the Group to be the dominant player in the smoked salmon industry in the region and to continue on a path towards further product and resource diversification.

BGB started its commercial operation on August 1, 2011.

The Company was registered with the BOI and was granted ITH for four years. The ITH registration of the Company expired on June 30, 2014. As a result, the Company has been subjected to normal income tax of 30% for the second half of 2014.

In 2013, the Parent Company and PFNZ converted their respective advances to BGB amounting to $257,000 each into equity ownership of 11,082,610 shares of BGB each with a par value of P1 per share. Ownership percentages of the Parent Company and PFNZ remain the same after the conversion.

In 2014, the Parent Company converted a portion of its advances to BGB amounting to $777,047 into 777,047 shares of BGB, resulting in an increased ownership percentage from 50% + 1 to 68% during the year.

ASFIC

On April 11, 2011, the Parent Company established ASFIC in Massachusetts, USA, to serve as the Parent Company's vehicle in making investments in, or acquisitions of other companies, as well as market and distribute the Group's products in the USA. ASFIC is a wholly-owned subsidiary of the Parent Company. ASFIC does not have any revenue nor expenses as the Parent Company used it solely to acquire investments. ASFIC's net assets as at December 31, 2014 and 2013 amounted to$10,000.

SPENCE

On August 10, 2011, the Parent Company acquired 100% of the issued share capital of Spence, located at No. 76 Campanelli Drive, Brockton MA 02301 USA, for a cash consideration of $9,240,946 resulting in recognition of goodwill amounting to $7,451,946. Spence specializes in the production of smoked salmon and other seafoods. Its processing facilities cover an area of 20,000 square meters with a rated capacity of 6 metric tons per day.

Goodwill arising from acquisition on August 10, 2011 amounted to $7,451,946, computed as follows:

Investment	$9,240,946
Net assets	(1,789,000)
Goodwill	$7,451,946

The investment in salmon processing allows the Group to diversify its product line to take advantage of the changing food consumption patterns around the globe, address the issue of sourcing raw materials and improve overall margins and profitability.

AKAROA

On October 1, 2012, the Parent Company acquired 80% of the issued shares of Akaroa with a fair value of $276,161 at a purchase price of $2,326,800, resulting in a goodwill amounting to $2,050,639, recognized in the consolidated financial statements. Akaroa is a company incorporated and domiciled in New Zealand and is registered under the Companies Act of 1993. Its principal office is located in 9 Pope Street Riccarton, Christchurch New Zealand. Akaroa is engaged in the business of sea cage salmon farming and operates two marine farms in Akaroa Harbor, South Island, New Zealand. It also processes fresh and smoked salmon.

Goodwill arising from acquisition on October 1, 2012 amounted to $2,050,639, computed as follows:

Investment	$2,326,800
Net assets at 80%	(276,161)
Goodwill	$2,050,639

Akaroa also holds 20% stake in Salmon Smolt NZ Ltd., a modern hatchery quarantining high quality and consistent supply of smolts (juvenile salmon) for its farm.

The Group financed this acquisition through a private placement of its authorized unissued shares. Management believes that the acquisition of Akaroa will enable the Group to stabilize its supplies of salmon and eventually strengthen its market share in the salmon industry.

ASF

On January 24, 2013, the Parent Company established Alliance Select Foods Pte. Ltd. (ASF), a Singapore based wholly-owned subsidiary. The initial issued and paid up share capital of the subsidiary is SGD10 (Ten Singapore Dollars) with 10 ordinary shares worth SGD1 per share. ASF has not yet started its commercial operation. The Parent Company intends to increase the paid up capital in the future as it becomes operational. The primary activity of the subsidiary will be that of general wholesaler and trader and an investment holding company. ASF's net assets as at December 31, 2014 and 2013 amounted to nil.

AMHI

AMHI was established primarily to engage as a property holding arm of the Group. It was registered with the Philippine SEC on June 18, 2010 with registration number CS201009131. Its registered address is located at Purok Salayda, Barangay Tambler, General Santos City, Philippines.

Initially, AMHI is a Special Purpose Entity (SPE) and considered as a subsidiary of the Parent Company. As an SPE, AMHI conducts its normal operations by exclusively allowing the members of the Group to make use of its properties under lease agreements.

On December 12, 2012, the Parent Company's officers who held key positions in AMHI resigned from AMHI. Moreover, on December 28, 2012, AMHI sold a substantial portion of its assets to the Parent Company to settle amounts due to the latter.

Effective December 28, 2012, the Parent Company ceased to exercise control over AMHI and had reduced financial interest, but continued to have significant influence over AMHI as disclosed in Note 6.

For consolidation purposes, the result of operations from January 1, 2012 up to December 27, 2012 was included in the consolidated statements of comprehensive income.

The loss of control over AMHI resulted in the reduction of the Group's retained earnings as at December 31, 2012 amounting to $860,638.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2014

The following new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Group effective on January 1, 2014, unless otherwise indicated:

Amendments to PFRS 10, PFRS 12 and PAS 27, *Consolidated Financial statements, Disclosure of Interests in Other Entities: Transition Guidance and Investment Entities and Separate Financial Statements*

The amendments to PFRS 10 introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investing activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- Obtains funds from one or more investors for the purpose of providing them with professional investment Management services.
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- Measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments to PFRS 12 and PAS 27 have been made to introduce new disclosure requirements for investment entities. In general, the amendments require retrospective application, with specific transitional provisions.

The amendments have no significant impact on the Group's consolidated financial statements since the Group is not an investment entity.

Amendments to PAS 32*, Financial Instruments: Presentation*

The amendments provide clarifications on the application of the offsetting rules of financial assets and financial liabilities.

The amendments have no significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to PAS 36, *Impairment of Assets*

The amendments to PAS 36 reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendments have no significant impact on the Group's consolidated financial statements since the Group has determined that the Group's tangible assets other than inventories are recoverable.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2014

The Group will adopt PFRS 9 when this becomes effective:

PFRS 9, *Financial Instruments*

The standard requires all recognized financial assets that are within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash

flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. The standard is to be effective no earlier than the annual periods beginning January 1, 2017, with earlier application permitted.

The Management is still evaluating the impact of PFRS 9 on the Group's financial assets and liabilities as of the reporting period.

New and Revised Accounting Standards Issued by IASB and Approved for Adoption by FRSC which are Effective after the Reporting Period Ended December 31, 2014 but pending for Adoption in the Philippines by BOA

The Group will adopt the following PFRS when these become effective:

Annual Improvements to IFRSs 2010-2012 Cycle

The annual improvements address the following issues:

Amendment to IFRS 2, *Share-based Payment*

The amendment provides new definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

The adoption of this amendment will have no impact on the Group's consolidated financial statements.

Amendment to IFRS 3, *Business Combinations (with consequential amendments to other standards)*

This amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

The adoption of this amendment will have no impact on the Group's consolidated financial statements.

Amendments to IFRS 8, *Operating Segments*

The amendments require an entity to disclose the judgments made by Management in applying the aggregation criteria to operating segments. These also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

Amendment to IFRS 13, *Fair Value Measurement (amendment to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards)*

This amendment states that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 16, *Property, Plant and Equipment*

The amendment requires that when an item of property, plant and equipment is revalued the gross carrying amount be adjusted in a manner that is consistent with the revaluation of the carrying amount.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 24, *Related Party Disclosures*

The amendment states that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 38, *Intangible Assets*

The amendment requires that when an intangible asset is revalued the gross carrying amount be adjusted in a manner that is consistent with the revaluation of the carrying amount.

The above improvements are effective for annual periods beginning on or after July 1, 2014 and shall be applied retrospectively. However, early application of these improvements is permitted under IFRS.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

These annual improvements address the following issues: *Annual Improvements to IFRSs 2011-2013 Cycle*

Amendment to IFRS 1, *First-time Adoption of International Financial Reporting Standards (changes to the Basis for Conclusions only)*

The amendment states that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.

The adoption of this amendment will have no impact on the Group's consolidated financial statements.

Amendment to IFRS *3, Business Combinations*

The amendment clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

The adoption of this amendment will have no impact on the Group's consolidated financial statements.

Amendment to IFRS 1*3, Fair Value Measurement*

The amendment stresses that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39, *Financial Instruments: Recognition and Measurement* or IFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32, *Financial Instruments: Presentation*.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendment to IAS 40*, Investment Property*

The amendment clarifies that in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3, *Business Combinations* and investment property as defined in PAS 40, *Investment Property* requires the separate application of both standards independently of each other.

The above improvements are effective for annual periods beginning on or after July 1, 2014 and shall be applied retrospectively. However, early application of these improvements is permitted under IFRS.

The adoption of this amendment will have no significant impact on the Group's consolidated financial statements.

Amendments to IAS 19*, Employee Benefits*

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in those contributions, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered.

The amendments are applicable to annual periods beginning on or after 1 July 2014.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business such that the acquirer is required to apply all of the principles on business combinations in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognize deferred taxes;
- recognize any goodwill or bargain purchase gain;

- perform impairment tests for the cash generating units to which goodwill has been allocated; and
- disclose information required relevant for business combinations.

The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted under IFRS but corresponding disclosures are required. The amendments apply prospectively.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

IFRS 14, *Regulatory Deferral Accounts*

The standard permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of PFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

The standard is effective for annual reporting periods beginning on or after January 1, 2016. Earlier application is permitted under IFRS.

The adoption of this standard will have no significant impact on the Group's consolidated financial statements.

Amendments to IAS 16, *Properties, Plant and Equipment*

These amendments clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted under IFRS.

The adoption of these amendments will have no significant impact on the Group's consolidated financial statements.

New Accounting Standards Issued by IASB which are Effective After the Reporting Period Ended December 31, 2014 but pending Approval for Adoption in the Philippines

IFRS 15, *Revenue from Contracts with Customers*

The standard specifies how and when a PFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

The standard is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted under IFRS.

The Management is still evaluating the impact of the new accounting standard on the Company's current revenue recognition.

IFRS 9*, Financial Instruments (Hedge Accounting)* and amendments to PFRS 9, PFRS 7 and PAS 39 (2013)

A revised version of PFRS 9 introduces a new chapter to PFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. It permits an entity to apply only the requirements introduced in PFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of PFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss.

It also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalization of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The Management is still evaluating the impact of the above improvements on the Group's consolidated financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

Business Combination

Acquisitions of businesses are accounted for using the equity method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12 and PAS 19, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another PFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PAS 39 or PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interest even if this results in the non-controlling interest having deficit.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intragroup Transactions and Balances

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including inter group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used in line with those used by the Parent Company. All intra-group transactions, balances, income and expenses are eliminated in the consolidation.

Financial Assets

Initial recognition

Financial assets are recognized in the Group's financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified at fair value through profit or loss (FVTPL).

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets FVTPL, held-to-maturity investments, available-for-sale financial assets (AFS) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently, the Group's financial assets consist of loan and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Group's financial assets classified under this category include cash, trade and other receivables, due from related parties, and refundable lease deposit under other non-current assets.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial re-organization; or
- default or delinquency in interest or principal payments; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss with the exception of trade receivables, wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in consolidated profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the carrying amount of the financial asset derecognized and the consideration received or receivable is recognized in consolidated profit or loss.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Inventories

Inventories are measured initially at cost. Costs comprise direct materials, direct labor costs and those overheads incurred in bringing the inventories to their present location and condition. Subsequently, inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distributing the goods.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the consolidated statements of comprehensive income. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to consolidated profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associates is measured initially at cost. Subsequent to initial recognition, investment in associates is carried in the Group's consolidated financial statements using the equity method.

The results of operation and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale. Investments in associates are carried in the consolidated statements of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition is recognized as goodwill. Goodwill is included within the carrying amount of the investments and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition, i.e., discount on acquisition is immediately recognized in consolidated profit or loss in the period of acquisition.

When a group entity transacts with its associates, profits and losses resulting from the transactions with the associates are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group's accounting policy for impairment of assets under PAS 36 is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Group's accounting policy on impairment of tangible asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investments in associates are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in associates and is recognized in profit or loss.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with PAS 39. The difference between the previous carrying amount of the associates attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates on the same basis as would be required if that associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates.

Investments in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting, except when the investment is classified as held-for-sale.

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

The Group's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investments in joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Group's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Under the equity method, investments in a joint venture is carried in the consolidated statements of financial position at cost as adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in a joint venture, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. From the date the Group disposes of its interest or when such external restrictions are placed on a jointly controlled entity that the Group no longer has joint control, the Group shall discontinue the use of equity method.

When the Group transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognized in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

The investment in a joint venture is derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in a joint venture and is recognized in consolidated profit or loss.

Biological Assets

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Group and the fair value or cost of the assets can be measured reliably.

The Group measures its biological assets on initial recognition, and at the end of each reporting period, at fair value less estimated costs to sell. Estimated costs to sell include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties.

The Group, through Akaroa, was permitted by New Zealand Inland Revenue Department (IRD) to use the national average market values issued by IRD as a proxy for fair value of a class of livestock, provided that such values are applied consistent to a class of livestock. The cost of biological assets per IRD approval stated that the cost is same as its acquisition cost. IRD's approval gives Akaroa the permission to use national average market values as proxy to fair values or cost in accordance with PAS 41, *Agriculture* (par. 30).

Harvested agricultural produce are also carried at fair value less estimated costs to sell at harvest point.

The Group's classifies its biological assets as consumable biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets.

Gains or losses arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset are included in the consolidated profit or loss for the period in which they arise.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

At the end of each reporting period, items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

Major spare parts and stand-by equipment qualify as property and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant, and equipment.

Estimated future dismantlement costs of items of property and equipment arising from legal or constructive obligations are recognized as part of property, plant and equipment and are measured at present value at the time the obligation was incurred.

Land held for use in the production or supply of goods or services, or for administrative purposes, is stated in the consolidated statements of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of each reporting period.

The latest revaluation of the above land was made on February 1, 2011 by John J Ryan & Associates Ltd., a registered appraiser in New Zealand. The Management believes that any effect of the changes in the assumptions from this date up to December 31, 2014 is not significant.

Any revaluation increase arising on the revaluation of such land is charged to other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is charged to consolidated profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation surplus relating to a previous revaluation of that asset.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Fishing vessels	40 years
Buildings	25 years
Machinery and equipment	15 years
Office furniture, fixtures and equipment	5 years
Transportation equipment	5 years

Leasehold improvements are depreciated over the improvements' useful life of seven years or when shorter, the terms of the relevant lease.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated profit or loss.

Intangible Assets

Acquired intangible assets

Intangible assets that are acquired by the Group with finite useful lives are initially measured at cost. At the end of each reporting period items of intangible assets acquired are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the intangible asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the consolidated profit or loss as incurred.

Amortization of intangible assets with definite useful lives

Amortization for salmon farming consent and fishing license with finite useful life is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the consolidated profit or loss on a straight-line basis over the estimated useful life of salmon farming consent and fishing license, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of the salmon farming consent and fishing license for the current and comparative periods is 25 years.

Intangible assets with indefinite useful lives

Macrocystic consent with indefinite life are not amortized. However, these assets are reviewed annually to ensure the carrying value does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Group considers its macrocystic consent having an indefinite useful life for the following reasons:

- there have been no established legal or contractual expiration date;
- impracticability of the determination of the intangible assets' economic useful lives; and
- unforeseeable limit to the period over which the fishing license and mycrocystic consent are expected to generate net cash flows for the Group.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

When the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit or group of units on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Goodwill that forms part of the carrying amount of an investment in associates is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in associates is tested for impairment as a single asset when there is objective evidence that the investment in associates may be impaired.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Financial liabilities

Financial liabilities are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Group's financial liabilities, except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Since the Group does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in consolidated profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The costs of acquiring Group's own shares are shown as a deduction from equity attributable to the Group's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Group's equity holders.

Stock dividend distributable

Share dividend payable is recognized at the date of declaration. Its measurement is dependent on the percentage of share dividends issue as compared to the total shares outstanding at date of declaration. If the percentage of declared share dividends is less than 20%, the Parent Company measures it at par value or fair market value at the date of declaration; whichever is higher and any excess of fair value over its par is considered to be share premium. If the percentage of the declared share dividends is 20% or more, the Parent Company measures it on par value.

Repurchase, disposal and reissue of shares capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which include directly attributable cost, net of any tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognized as increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Retained earnings

Retained earnings represent the accumulated income of the Group attributable to the Parent Company after deducting dividends declared by the latter.

Deficit

Deficit represents accumulated losses incurred by the Company. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Non-controlling interest

Non-controlling interest represents the accumulated income after dividends declared attributable to the non-controlling shareholders of the subsidiaries.

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the

Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item Retirement benefit. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business.

Sale of goods

Sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and volume rebates. Sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales return

Sales return is recognized at the time of actual return of goods. It is measured by the amount of the revenue previously recognized in which the return is associated. It is treated as a contra revenue account and represents a direct deduction from amounts receivable for goods provided in the normal course of business.

The Group does not offer to its customers a general right of return. However, the Group accepts returns of damaged and defective products that are shipped directly from the Group or for products that are already expired.

Sales allowance

Sales allowance is recognized if it is probable that discounts will be granted and the amount can be measured reliably. It is measured as a portion of the revenue previously recognized in which the allowance is associated. It is treated as a contra revenue account and represents a direct deduction from amounts receivable for goods provided in the normal course of business.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Other income

Other income is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably. Other income includes all income generated outside the normal course of business.

Expense Recognition

Expenses are recognized in consolidated profit or loss when 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. Expenses are recognized in consolidated profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Expenses in the statement of comprehensive income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes Materials used, Direct labor and Manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Leases

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

Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currency Transactions and Translations

Transactions in currencies other than the functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in the consolidated profit or loss for the year.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the consolidated profit or loss in the period in which they are incurred.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Parent Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Group and the key management personnel of the Group are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax.

Current tax expense

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Parent Company's registered product was granted an ITH starting August 24, 2004 up to August 23, 2011 as disclosed in Note 1. After the ITH, the liability for current tax is calculated using a tax rate of 30% under the normal taxation or 2% of defined gross income under minimum corporate income tax (MCIT), whichever is higher.

The income tax rates of subsidiaries are as follows:

ASFIC	40%
Spence	40%
Akaroa	28%
PFNZ	28%
PTIAFI	25%
BGB	30%

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in associate except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes are recognized as an expense or income in consolidated profit or loss, except when they relate to items that are recognized outside consolidated profit or loss, whether in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized outside consolidated profit or loss.

Earnings per Share

The Group computes its basic earnings per share by dividing consolidated profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares issued and outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Group and the weighted average number of shares outstanding are adjusted for the effects off all dilutive potential ordinary shares.

Events after the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Business Unit Head to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that;
- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- 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 financial statements.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which 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.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements.

Segment reporting

The Group's revenue is classified into sales of canned and processed seafoods and sales of fishmeal. Although the revenue can be identified separately, the Group uses the same assets and resources for its sales of canned and processed seafoods and sales from fishmeal activities. Segregation and/or identification/allocation of those resources for each activity are impracticable since sales from fishmeal activities are minimal and do not exceed the 10% threshold criteria set forth in PFRS 8.

For Management purposes, the Group is currently organized activities based on its products (i.e., sale of canned and processed seafoods; and sale of fishmeal) and considers each product as one segment. The core activity is the canned and processed seafoods which account for more than 98.3% of the Group's consolidated revenues, consolidated profit for the year, and consolidated total assets. Thus, Management believes that the Group's only reportable segment is the Group's activities taken as a whole.

Leases

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Classification of lease as operating lease

Based on Management evaluation, the lease arrangements entered into by Group as a lessor and as a lessee are accounted for as operating leases because the Group has determined that the lessor will not transfer the ownership of the leased assets to the Group upon termination of the lease.

The lease contracts entered into by the Group are classified as operating leases as discussed in Note 30.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the US Dollar. The US Dollar is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the Group in determining the costs and selling price of its inventories.

Determination of control

The Management assessed whether or not it has control over another entity based on whether the Parent Company has the practical ability to direct the relevant activities of an another entity unilaterally. In making their judgment, the Parent Company considered its controlling financial interest and its ability to direct and make decision over an entity's relevant activities. Accordingly, an entity is considered a subsidiary of the Parent Company based on Management consideration of control as at December 31, 2014 and 2013.

Based on the assessment made by the Management, the Parent Company has control over its subsidiaries PT International Alliance Foods Indonesia (PTIAFI), Prime Foods NZ Ltd. (PFNZ), Big Glory Bay Salmon and Seafood, Inc. (BGB), Spence & Company, Ltd. (Spence) and Akaroa Salmon New Zealand Limited (Akaroa) as at March 31, 2015 and December 31, 2014, and special purpose entities ASFI Choice Foods, Inc. (ASFIC) and Alliance Select Foods Pte. Ltd. (ASF) as at March 31, 2015 and December 31, 2014. Accordingly, the financial statements of these entities are included in the consolidated financial statements of the Parent Company. ASF would not affect the Company's financial statements since its net assets amounted to nil as at March 31, 2015 and December 31, 2014.

Determination of joint control

Management exercises its judgment in reassessing whether the Group has joint control over FDCP Inc. (FDCP) and Wild Catch Fisheries, Inc. (WCFI) or mere significant influence by evaluating the substance of relationship that may exist between the Group over FDCP and WCFI. The recognition and measurement of the Group's investments over FDCP and WCFI will depend on the result of the judgment made.

Based on the assessment made by the Management, the Parent Company has classified its joint arrangements as joint ventures because of its rights over the net assets of FDCP, Inc. (FDCP) and Wild Catch Fisheries, Inc. (WCFI) as discussed in Note 13.

Loss of control

Based on the reassessment made by the Management due to the changes in circumstances arising from the restructuring of AMHI disclosed in Note 3, the Parent Company ceased to exercise control over AMHI effective December 28, 2012. As a result of the loss of control, the Group accounts for its 40% ownership in AMHI as an investment in associates from the time the control is lost.

Determination of significant influence

Management exercises its judgment in determining whether the Group has control over another entity by evaluating the substance of relationship that indicates the significant influence of the Group over its associates. The recognition and measurement of the Group's investments over these entities will depend on the result of the judgment made.

Based on the assessment made by the Management, the Group has significant influence over AMHI and Salmon Smolt NZ Limited (SSNZ) as at March 31, 2015 and December 31, 2014.

Biological assets

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.
After exerting its best effort in determining the fair value of the Group's biological assets, Management believes that the fair value of its biological assets cannot be measured reliably since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable. Accordingly, the Group's biological assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

Revaluation of assets

Land

The Group has adopted the fair value approach in determining the carrying value of its land. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis for determining fair value.

The latest revaluation of the above land was made on February 1, 2011 by John J Ryan & Associates Ltd., a registered appraiser in New Zealand. The Management believes that any effect of the changes in the assumption from this date up to December 31, 2014 is not significant.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimating useful lives of assets

The useful lives of the Group's assets with definite lives are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant, and equipment, and intangibles assets are reviewed periodically 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 Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant, and equipment, and intangibles assets would increase the recognized operating expenses and decrease non-current assets.

As at March 31, 2015 and December 31, 2014, the carrying amounts and accumulated depreciation and amortization of the Group's property, plant and equipment, and intangible assets as disclosed in Notes 14, and 15, respectively, are as follows:

	Carrying Amounts	**Accumulated Depreciation and Amortization**
March 31, 2015		
Property, plant and equipment*	**$ 12,090,082**	**$ 5,852,852**
Intangible assets**	**183,329**	**62,314**
	$ 12,273,411	**$ 5,915,166**
December 31, 2014		
Property, plant and equipment*	$11,672,952	$ 5,745,321
Intangible assets**	176,642	67,836
	$11,849,594	$ 5,813,157

** The above amounts for property, plant and equipment do not include carrying amount of land which is not subject to depreciation.*

*** The above amounts for intangible assets do not include carrying amount of intangible assets with indefinite useful lives which is not subject to amortization.*

Asset impairment

The Group performs an impairment review when certain indicators are present.

Determining the recoverable amounts of investment properties, property, plant and equipment, intangible assets, investments in associates and investments in joint ventures which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial position and result of operations.

The preparation of the estimated future cash flows involves significant judgment and

estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

Total carrying amounts of investments in associates, investment in joint ventures, property, plant and equipment and intangible assets as at March 31, 2015 and December 31, 2014 are disclosed in Notes 12, 13, 14, and 15, respectively.

As at March 31, 2015 and December 31, 2014, Management believes that the recoverable amounts of the Group's investments in associates, investment in joint ventures, property, plant and equipment and intangible assets exceed their carrying amounts. Accordingly, no impairment loss was recognized in both years.

Estimating the fair value of refundable lease deposit

In the determination of the fair value of the refundable lease deposits, the Group applies discounted cash flow method using the effective interest rates of similar type of instruments which considers the following factors:

- expected future cash flows;
- time value of money, represented by the rate on risk-free monetary assets that have maturity dates or durations that coincide with the period covered by the cash flows;
- price for bearing the uncertainty inherent in the cash flows (i.e., a risk premium); and
- non-performance risk relating to that liability, including the obligor's own credit risk.

The carrying amounts of refundable lease deposit, as disclosed in Note 19, would be affected by changes in these factors and circumstances.

The fair values of refundable lease deposit as at December 31, 2014 and 2013 calculated using the discounted cash flow method are disclosed in Notes 19 and 36.

Deferred tax assets

The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets 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. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Total deferred tax assets recognized in the consolidated statements of financial position as at March 31, 2015 and December 31, 2014, amounted to $7,602,667 and $7,489,791 respectively, as disclosed in Note 34.

Estimating allowances for doubtful accounts

The Group estimates the allowance for doubtful accounts related to its receivables based on the assessment of specific accounts when the Group has information that certain counterparties are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Group used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

Total trade and other receivables recognized in the consolidated statements of financial position amounted to $10,213,936 and $9,303,672, which is net of the related allowances for doubtful accounts amounting to $1,527,592 and $1,620,966 as at March 31, 2015 and December 31, 2014, respectively, as disclosed in Note 8.

Estimating net realizable value of inventories

The net realizable value of inventories represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The Group determines the estimated selling price based on recent sale transactions of similar goods with adjustments to reflect any changes in economic conditions since the date the transactions occurred. The Group records provision for excess of cost over 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 consolidated profit or loss and consolidated equity.

Total inventories recognized in the consolidated statements of financial position amounted to $14,734,091 and $18,787,629, net of the related allowance for raw materials and finished goods obsolescence of $1,093,585 and $1,259,431 as at March 31, 2015 and December 31, 2014, as disclosed in Note 9.

Revenue recognition

The Group's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result in material adjustments in future periods.

Net revenue recognized in for the three months ended March 31, 2015 and 2014 amounted to $21,351,287 and $21,449,544, respectively, as disclosed in Note 25.

Retirement Benefit and other post-employment benefit

The determination of the retirement obligation cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, and rates of compensation increase. In accordance with PFRS, actual results that differ from the assumptions are recognized as expense and recorded as obligation in the current period. 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 pension and other retirement obligations.

Retirement expense recognized under the statement of comprehensive income amounted to $19,436 and $40,584 for the three months ended March 31, 2015 and 2014 respectively, as disclosed in Note 28 and accrued retirement obligation recognized in the consolidated statements of financial position amounted to $402,021 and $416,146 as at March 31, 2015 and December 31, 2014, respectively, as disclosed in Note 20.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of each reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	2015	2014
Cash in banks	**$2,532,690**	$2,419,092
Cash on hand	**18,206**	6,928
	$2,550,896	$2,426,020

Cash in banks earned an average interest ranging from 0.10% to 0.25% per annum in 2015 and 2014. Cash in banks are unrestricted and immediately available for use in the current operations of the Group.

Interest income earned from cash in banks amounted to$2,363 and $3,220 in 2015 and 2014, respectively, as disclosed in Note 26.

8. TRADE AND OTHER RECEIVABLES - net

The Group's trade and other receivables consist of:

	Note	2015	2014
Trade		**$ 9,283,958**	$ 8,563,137
Others:			
Related parties	19	**1,118,683**	964,406
Claims receivable		**718,621**	738,788
Advances to employees		**74,741**	61,082
Others		**613,775**	597,225
		11,809,778	10,924,638
Less: Allowance for doubtful accounts		**1,595,842**	1,620,966
		$ 10,213,936	$ 9,303,672

In 2014, related parties include receivables from PT Wailan, an affiliate of a subsidiary, and FDCP amounting to $942,107 and $22,300, respectively, as disclosed in Note 19.

In 2013, related parties include sale of fishing vessel to WCFI amounting to $6,375,000 and other charges to subsidiaries. In 2014, however, the Company reclassified the amount relating to the sale of vessels to other non-currents, as disclosed in Note 16.

Claims receivable includes insurance claims and refunds from government agencies.

Others pertain to advances to employees and tax credit certificates applied with the Bureau of Internal Revenue (BIR) for input value-added tax (VAT).

In 2014, the Group has written off claims from the BIR amounting to $54,951 as a result of the denial of the Company's application for refund of input VAT covering 2010 and 2011.

The average credit period taken on sale of goods is 39 days. No interest is charged on the outstanding trade receivables even beyond their credit terms.

Trade and other receivables amounting to $6,828,923 and $5,574,579 as at March 31, 2015 and December 31, 2014, respectively, have been pledged as security for the Group's short-term loans from a foreign bank and local bank with an aggregate outstanding balance of $18,652,949 and $21,496,905 as at March 31, 2015 and December 31, respectively, as disclosed in Note 18.

Included in the Company's trade and other receivables are debtor's accounts which are past due with carrying amounts of $2,283,900 and $2,373,421 as at March 31, 2015 and December 31, , respectively, as disclosed in Note 37.

Movements in the allowance for doubtful accounts follow:

	Note	2015	2014
Balance, January 1		**$ 1,620,966**	$ 1,175,280
Doubtful accounts expense	28	**(24,542)**	446,268
Currency translation adjustment		**(582)**	(582)
		$ 1,595,842	$ 1,620,966

In 2013, the Group provided full allowance for doubtful accounts on its receivable from PT Wailan Pratama and from a certain supplier amounting to $942,107 and $183,520, respectively, as the probability of collection as at December 31, 2013 is doubtful.

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, Management believes that there is no further allowance for doubtful accounts required in excess of those that were already provided as at March 31, 2015 and December 31, 2014.

9. INVENTORIES - net

Details of the Group's inventories are as follows:

	Note	2015	2014
Finished goods	27	**$ 11,760,260**	$ 13,925,033
Less: Allowance for obsolescence		**951,525**	1,010,612
		10,808,735	12,914,421
Raw and packaging materials		**3,549,867**	5,531,854
Less: Allowance for obsolescence		**248,210**	248,819
		3,301,657	5,283,035
Parts and supplies		**451,064**	386,178
Work-in-process		**172,635**	203,995
		$ 14,734,091	$ 18,787,629

The amount of inventories recognized as expense in 2015 and 2014 amounted to $19,040,653 and $18,874,544 respectively, as disclosed in Note 27.

The carrying amount of raw and packaging materials amounted to $3,301,657 and $5,283,035 as at March 31, 2015 and December 31, 2014, respectively. Movements in the allowance for inventory obsolescence are as follows:

	Note	2014	2014
Balance, January 1		**$ 1,259,431**	$67,745
Loss on inventory obsolescence	28	**(59,696)**	1,191,686
Balance, December 31		**$1,199,735**	$1,259,431

Inventories with a carrying amount of $3,542,142 and $3,580,149 as at March 31, 2015 and December 31, 2014, respectively, have been pledged as security for the Group's short-term loans from a foreign bank with a carrying amount of $3,000,000 and $3,625,000 as at March 31, 2015 and December 31, 2014, respectively, as disclosed in Note 18.

10. BIOLOGICAL ASSETS

Biological assets of the Group comprised solely of consumable female smolts. Female smolts are young salmons at the stage when it migrates from fresh water to the sea.

Smolts arrive at the farm annually around October to December. They are cultured during its developmental phase which lasts around on average period of 12-18 months from the date of arrival. At this phase, water temperature is being strictly monitored not to exceed 11˚C. When the water temperature exceeds 11˚C, smolts are taken out from the water and will undergo a grading process, which usually happens around July or August of each year. The survival rate of fish from grading to harvesting is about 85%.

Point of harvest is usually around February of each year and continues over a 12-month period. Daily harvest ranges from 200 - 300 salmons or double the amount depending on the season.

As at March 31, 2015 and December 31, 2014, the carrying amount of the Group's biological assets amounted to $207,670 and $203,763, respectively, which have been valued at its proxy market value of NZ$0.90 per smolt or approximately US$0.70 and US$0.73 per smolt using the average foreign exchange rate in 2015 and 2014, respectively, less cost to sell.

Though PAS 41 requires the biological assets to be valued at fair value less cost to sell, Akaroa met the following criteria for differential reporting concessions under NZ Financial Reporting Act 1993:

a. Akaroa is not publicly accountable; and

b. Akaroa is 'not large' as defined by the Institute of Chartered Accountants of New Zealand.

Akaroa is allowed to value the smolts at average market values of 0.90 NZD as issued by the New Zealand Inland Revenue Department (IRD). The average market value issued by the IRD is considered to be the proxy for fair value of the smolts.

The fair value less estimated point-of-sale costs is impracticable to determine due to the following factors that affect the determination of the growth of the biological assets:

a. inclement weather, such as in case of raging storms that can cause havoc to the farm and lead to significant fish loss;

b. the quality of smolts which is a crucial factor in the achievement of the desired weight of fish; and

c. the risk of salmon disease outbreak that cannot be discounted.

The Group's biological assets are measured at fair value less estimated costs to sell.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below.

	2015	2014
Prepaid taxes and licenses	**$400,663**	$384,183
Input value-added tax (VAT)	**274,277**	260,657
Deposits	**175,166**	255,912
Prepaid importation	**452,464**	251,336
Prepaid rent	**101,860**	118,249
Prepaid insurance	**30,290**	55,258
Others	**250,079**	231,001
	$ 1,684,799	$ 1,556,596

Deposits represent advance payments for raw materials and rental of office spaces. As at December 31, 2013, deposits include advances to WCFI amounting to $386,008, with the provision under a Joint Venture Agreement in which these will be liquidated against fish purchases. These advances were reclassified to other non-current assets in 2014, as disclosed in Note 16.

Prepaid importation pertains to the Group's advance payments for costs relating to the importation of raw materials from its foreign suppliers based on an agreed price and quantity.

Others pertain to prepayments for insurance, subscriptions, membership fees and travel advances.

12. INVESTMENTS IN ASSOCIATES

Details and movements of the Group's investments in associates are as follows:

	2015			2014		
	AMHI	**SSNZ**	**Total**	AMHI	SSNZ	Total
Acquisition cost	**$ 8,613**	**$27,319**	**$ 35,932**	$ 8,613	$27,319	$35,932
Accumulated Equity in Profit						
Balance, beginning of year	**33,421**	**38,685**	**72,106**	260,194	40,712	300,906
Equity in profit (loss) for the year	**57,141**	**--**	**57,141**	(226,773)	(2,027)	(228,800)
Balance, End of Year	**90,562**	**38,685**	**129,247**	33,421	38,685	63,905
	$99,175	**$66,004**	**$165,179**	$42,043	$66,004	$108,038

AMHI

As disclosed in Note 3, AMHI was previously classified as a subsidiary of the Parent Company. However, effective December 28, 2012, the Parent Company ceased to exercise control over AMHI due to changes in circumstances, and consequently made AMHI its associate.

The Group has 40% interest over AMHI as at December 31, 2014 and 2013.

SSNZ

The Group has 16% interest over SSNZ through Akaroa. SSNZ is engaged in the farming of salmon in South Island of New Zealand and is incorporated in 2008.

The Group's Management believes that there are no indications of impairment on its investments in associates.

13. INVESTMENTS IN JOINT VENTURES

Details and movements of the Group's investments in joint ventures are as follows:

	2015			2014		
	FDCP	**WCFI**	**Total**	FDCP	WCFI	Total
Acquisition Cost	**$240,964**	**$39,279**	**$280,243**	$240,964	$39,279	$280,243
Accumulated Equity in Profit (Loss)						
Balance, beginning	**392,690**	**(39,279)**	**353,411**	319,165	(39,279)	279,886
Equity in profit (loss) for the year	**17,122**	**-**	**17,122**	73,525	-	73,525
	409,812	**(39,279)**	**370,533**	392,690	(39,279)	353,411

Share in Other Comprehensive Income from						
Accumulated equity in fair value gain on available-for-sale investments						
Balance, beginning	**7,304**	**-**	**7,304**	-	-	-
Equity share for the year				7,304		7,304
	7,304	**-**	**7,304**	7,304	-	7,304
Remeasurement loss on retirement						
Balance, beginning	**(79,752)**	**-**	**(79,752)**	(88,133)	-	(88,133)
Equity share for the year		**-**		8,381	-	8,381
	(79,752)	**-**	**(79,752)**	(79,752)	-	(79,752)
	(72,448)	**-**	**(72,448)**	(72,448)	-	(72,448)
	$578,328	**-**	**$578,328**	$561,206	-	$561,206

FDCP

FDCP is engaged in the manufacturing and wholesale of tin cans. The Group's ownership interest in FDCP is 40% as at December 31, 2014 and 2013.

WCFI

On January 31, 2013, the Parent Company, CHL Fishing Industry, Inc. (CFII) and CHL Construction & Development Enterprises, Inc. (CCDEI), entered into a joint arrangement agreement to establish WCFI, an entity primarily engaged in commercial fishing within and without the Philippine waters and in the High Seas.

The Parent Company recognized its share in losses in 2013 only to the extent of its investment in WCFI amounting to $39,279. The Parent Company's unrecognized share in losses as at ended December 31, 2014 and 2013 amounted to $869,918 and $62,692, respectively.

14. PROPERTY, PLANT AND EQUIPMENT - net

Movements in the carrying amounts of the Group's property, plant and equipment are as follows:

	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture Fixtures and Equipment	Fishing Vessels	Construction in Progress	Total
Cost									
Balance, January 01, 2014	1,594,166	5,131,864	7,525,546	810,452	330,331	47,777	9,864,094	308,732	25,612,962
Additions		18,594	741,143	177,117	36,984	11,968	18,841	542,868	1,547,515
Reclassification								(2,235)	(2,235)
Disposals			(128,288)	(127,806)		(2,598)			(258,692)
Translation adjustment	(39,852)	(20,229)	(68,002)	(4,689)	(1,884)				(134,656)
Balance, December 31, 2014	1,554,314	5,130,229	8,070,399	855,074	365,431	57,147	9,882,935	849,365	26,764,894
Additions		32,002	375,938	27,894	3,141	5,683	905	269,565	715,129
Reclassification									
Disposals				(105,855)	(1,440)				(107,295)
Translation adjustment	(32,250)	(16,632)	(57,696)	(7,300)	(1,546)				(115,423)
Balance, March 31, 2015	1,522,064	5,145,599	8,388,642	769,814	365,587	62,830	9,883,840	1,118,930	27,257,306
Accumulated Depreciation and Amortization									
Balance, January 31, 2013	-	1,041,681	1,804,058	358,611	240,062	22,021	75,114	-	3,216,742
Depreciation and Amortization	-		722,115	87,291	35,365	13,052	256,773	-	1,440,765
Reclassification	-		(937)		(54)		(90)	-	(1,081)
Disposals	-		(34,590)	(40,453)	(38,531)	(2,546)	(47,437)	-	(163,557)
Translation adjustment	(132)		(4,408)	(451)	(335)	2	-	-	(6,688)
Balance, January 01, 2014	(132)	1,041,681	2,486,238	404,998	236,507	32,529	284,360	-	4,486,181
Depreciation and Amortization		252,728	807,573	96,510	36,287	7,357	227,197		1,427,652
Reclassification									
Disposals			(88,549)	(139,342)	(2,708)				(230,599)
Translation adjustment		(13,269)	(39,484)	(2,849)	(1,322)				(56,924)
Adjustment in indo gaap & ifrs			118,879						118,879
Balance, December 31, 2014	(132)	1,281,140	3,284,657	359,317	268,764	39,886	511,557		5,745,189
Depreciation and Amortization		65,551	221,980	27,307	6,869	5,015	54,536		381,258
Reclassification									
Disposals				(105,855)					(105,855)
Translation adjustment		(11,629)	(33,529)	(2,634)	(1,202)				(48,993)
Adjustment in indo gaap & ifrs			(118,879)						(118,879)
Balance, March 31, 2015	(132)	1,335,063	3,354,229	278,135	274,431	44,901	566,093	-	5,852,720
Allowance for impairment									
December 31, 2014							7,792,307		7,792,307
Carrying Amounts									
March 31, 2015	1,522,196	3,810,536	5,034,413	491,679	91,156	17,929	1,525,440	1,118,930	13,612,279
Carrying Amounts									
December 31, 2014	1,554,446	3,849,089	4,785,742	495,757	96,667	17,261	1,579,071	849,365	13,227,398

The Group has pledged certain property, plant and equipment having a total carrying amount of $3,708,231 and $3,782,744 as at March 31, 2015 and December 31, 2014, respectively, to secure short-term loans granted to the Group as disclosed in Note 18, summarized as follows:

	2015	2014
Building and leasehold improvements	**$1,551,414**	$1,571,276
Machinery and equipment	**1,288,459**	1,341,293
Land	**854,100**	854,100
Office furniture, fixtures and equipment	**7,539**	8,237
Plant furniture, fixtures and equipment	**6,549**	7,598
Transportation equipment	**170**	240
	$3,708,231	$3,782,744

In addition to the above, certain property, plant and equipment of the Group have been used as securities for the long-term loans obtained from various banks and financial institutions to finance the acquisition of machinery and equipment, as disclosed in Note 18. As at March 31, 2015 and December 31, 2014, the carrying amounts of the property, plant and equipment used as securities are as follows:

	2015	2014
Machinery and equipment	**$1,670,717**	$1,670,717
Land	**866,938**	899,188
Building and leasehold improvements	**790,902**	790,902
Transportation equipment	**147,245**	147,245
	$3,508,052	$3,508,052

On December 29, 2011, the Parent Company received a fishing vessel with a fair market value of $377,350 from BSJ as a partial settlement of its obligation (via "dacion en pago") to the Parent Company of the same amount.

On September 7, 2012 the Parent Company acquired the fishing vessels from BSJ, Parent Company's supplier, by virtue of "dacion en pago" as a full settlement of BSJ's obligation.

On July 16, 2013, one fishing vessel with a carrying amount of $2,482,563 was sold to WCFI for a selling price of $2,530,000, resulting in a gain of $47,437.

Gains on disposals of the property and equipment amounted to $47,437, nil, and $47,437 in 2014, 2013 and 2012, respectively, as disclosed in Note 26.

A parcel of land located in New Zealand owned by the Group, through PFNZ, was revalued on the basis of market value. The fair values as of December 31, 2014 and 2013 amounting to $1,328,808 and $1,594,298, respectively, as disclosed in Note 25, were determined based on the valuations carried out at February 1, 2011 by John J Ryan & Associates. The fair value hierarchy of this property is considered under Level 3 as it was derived from valuation techniques that include inputs for the asset that are not based on observable market data. The valuation was arrived at by reference to market evidence of transaction prices for similar properties located near the underlying parcel of land.

Had the land of the Group been carried at cost, its carrying amount as at March 31, 2015 and December 31, 2014 would be $1,522,196 and $1,554,446, respectively. The revaluation surplus is disclosed in Note 23.

Management believes that there is no indication that an impairment loss has occurred on its property, plant and equipment.

The total carrying value of property, plant and equipment held by the Group as at March 31, 2015 and December 31, 2014 amounted to $13,612,279 and $13,227,398, respectively.

15. OTHER INTANGIBLE ASSETS - net

Intangible assets pertain to mycrocystic consent, salmon farming consent and fishing license. The carrying amounts of the Group's intangible assets follow:

	Note	Mycrocystic Consent	Salmon Farming Consent	Fishing License	Total
Cost		$24,588	$70,627	$173,851	$269,066
Accumulated Amortization					
January 1, 2014		129	7,482	42,824	50,435
Amortization	28		5,608	14,164	19,772
Translation adjustment		1,038	2,521	(4,763)	(1,204)
December 31, 2014		1,167	15,611	52,225	69,003
Amortization	28		2,875	(9,564)	(6,689)
Translation adjustment		840		-	
March 31, 2015		2,007	18,486	42,661	62,314
Carrying Amount, March 31, 2015		**22,581**	**52,140**	**131,190**	**$205,910**
Carrying Amount, December 31, 2014		**$23,421**	**$55,015**	**$121,626**	**$200,063**

Macrocystic consent is a resource consent granted by the New Zealand government to the Group in relation to its salmon farming activities.

Salmon farming consent is a marine farming license to grow, among other fish, salmon in the ocean. The Group has obtained two salmon farming consents. The consents allow the Group to have fish farms in two places in Akaroa harbor. The first consent was given on May 2, 1991 for salmon farming in Lucas Bay covering almost 1.8 hectares. The second consent was given on November 27, 2000 for salmon farming in Titoki Bay where the Group can culture green and blue mussels, rock lobster, snapper, paua and other salmon species. The licenses allow the Group to utilize a total area of approximately 2.9 hectares.

Fishing license is granted by Indonesian government to the Group to do fishing activities within the Indonesian sea region.

Management believes that there is no indication that an impairment loss has occurred on its intangible assets with definite useful lives. The Group has determined, based on annual impairment testing, that the carrying amounts of intangible assets with indefinite useful life are not in excess of their net recoverable amounts.

16. OTHER NON-CURRENT ASSETS

Details of the other non-current assets are shown below:

	Notes	2015	2014
Related party	8, 19	**$ 6,375,000**	$ 6,375,000
Refundable lease deposit	19	**1,744,064**	1,720,579
Advances to supplier	19	**1,320,963**	1,722,767
Input VAT		**221,587**	170,155
Others		**1,713**	1,778
		9,663,327	9,990,279
Less: Allowance for impairment	19	**7,537,978**	8,004,708
		$2,125,349	$1,9685,571

In 2014, the Parent Company reclassified its receivables from WCFI relating to the sale of vessels amounting to $6,375,000 to non-current as a result of the sinking of one of the vessels of WCFI in September 2014 as disclosed in Note 13. Further, due to WCFI's failure to pay the consideration for the said vessels within the agreed period as disclosed in Note 40, the Parent Company provided allowance for impairment for these receivables amounting to $6,281,941.

As a result of the agreement to cancel the Deed of Assignment of Vessel and Contracts of Sale with WCFI, as disclosed in Note 40, the Parent Company also reclassified the advances to WCFI amounting to $1,722,767 as at December 31, 2014 to non-current. The Parent Company provided an allowance for impairment on these advances in full.

Refundable lease deposit pertains to lease deposit made to AMHI as at March 31, 2015 and December 31, 2014, as disclosed in Note 19.

17. TRADE AND OTHER PAYABLES

The details of the outstanding trade and other payables are as follows:

	2015	2014
Trade	**$ 6,025,486**	$ 5,780,138
Accrued expenses	**1,513,220**	1,911,942
Customer's claims	**525,334**	830,065
Taxes payables	**509,518**	407,214
Customers' deposits	**67,077**	58,929
Others	**122,971**	51,984
	$ 8,763,607	$ 9,040,272

The average credit period on purchases of certain goods from suppliers is 15 to 45 days. No interest is charged on the outstanding payables even beyond their credit terms.

Trade payables as at March 31, 2015 and December 31, 2014 include payable to FDCP, a related party, amounting to $675,694 and $415,329, respectively as disclosed in Note 19.

Details of accrued expenses are as follows:

	Note	2015	2014
Salaries, wages, and other employee benefits		**$ 512,577**	$ 488,212
Rent	**30**		340,270
Interest		**42,326**	198,598
Employee benefits		**64,163**	172,658
Freight		**29,441**	153,018
Business Development Expense			144,000

Professionals Fees	**10,482**	120,146
Utilities	**489,386**	-
Due to government agencies	**41,696**	56,918
Others	**323,149**	238,122
	$1,513,220	$1,911,942

Others consist of accrual of utilities, security services, commission and directors' per diem.

18. LOANS PAYABLE

The details of the total outstanding loans of the Group are as follows:

Short-term Loans

Terms and conditions of outstanding short-term loans and borrowings are as follows:

Creditor	Original Currency	Nominal Interest Rate %	Years of Maturity	**2015**	2014
Local bank	USD	4.25 to 4.5%	2015	**$7,056,638**	$6,873,509
Local bank	USD	3.70%	2015	**4,570,199**	6,373,747
Foreign bank	USD	6.50%	2015	**3,000,000**	3,625,000
Investment bank	USD	4.25% to 4.5%	2015	**2,700,000**	2,700,000
Local bank	USD	5.50%	2015	**2,526,112**	2,241,298
Local bank	USD	4.80%	2015	**1,500,000**	1,257,400
Private lender	USD	6.00%	2015	**296,667**	296,667
Foreign bank	USD	10%	2015	**68,225**	31,983
Investment bank	PHP	4.60%	2015	**4,308,420**	3,429,186
Local bank	PHP	5.26%	2015	**-**	1,125,950
				26,026,262	27,954,740
Add: Current portion of long-term loans				**1,227,761**	1,246,502
				$27,254,023	$29,201,242

Loans from local banks aggregating to $15,652,949 and $17,871,905 as at March 31, 2015 and December 31, 2014, respectively, are revolving facilities in the form of export packing credit, export bills purchase, receivable financing, and import letters of credit and trust receipts. These are secured by the receivables and inventories.

Loans from a foreign bank, with an outstanding balance of $3,000,000 and $3,625,000 as at March 31, 2015 and December 31, 2014, respectively, are secured by the Group's assets with a carrying amount of $8,548,931 and $9,580,724, respectively, with breakdown as follows:

	Notes	**2015**	2014
Trade and other receivables	8	**$ 1,298,558**	$ 2,217,831
Inventories	9	**3,542,142**	3,580,149
Property, plant and equipment	14	**3,708,231**	3,782,744
		$ 8,548,931	$ 9,580,724

In 2013, the Group received a total loan of $640,000 from a non-financial institution to finance the acquisition and upgrade of the fishing vessels. This facility is secured with the fishing vessels financed by the loan and corporate guarantee from PTIAFI.

All other loans from an investment bank and a foreign bank are clean short term facilities through the issuance of promissory notes to finance the Comapany's working capital requirements. The term ranges from 30 to 180 days payable upon maturity. The amount includes the current portion of long-term debt.

Long-term Loans

Creditor	Original Currency	Nominal Interest Rate %	Years of Maturity	**2015**	2014
Local bank	USD	6-Mos Libor + 3.75%	2016	**$1,607,145**	$1,785,716
Local bank	USD	90Day PDSTF + 5%	2016	**1,214,286**	1,285,714
Foreign bank	USD	7.22%	2016	**383,062**	463,722
Foreign bank	NZD	10.2%-11.1%	2024	**473,944**	501,779
Local bank	USD	4.31%	2016	**192,500**	240,625
Local bank	USD	9.18%	2015	**138,355**	109,922
HC Studholme	NZD	7.50%		**106,883**	110,859
Foreign Finance Corporation	NZD	9.90%	2016	**90,229**	108,130
Individual	NZD	Non-interest bearing	2016	**37,635**	39,035
				4,244,039	4,645,502
Less: Current portion of long-term loans				**1,227,761**	1,246,502
				$3,016,278	$3,399,000

The long-term loans with an outstanding balance of $2,821,431 as at March 31, 2015 and $3,071,430 as at December 31, 2014, are secured by a guarantee up to 90% of the principal amount by Philippine Export Import Credit Agency (PHILEXIM) and assignment of Spence shares of stocks. The proceeds of the loan were utilized to partially finance the acquisition of 100% stake in Spence.

The outstanding mortgage loan of $32,211 and $84,365 , net of current portion of $77,711 and $76,582 , as at December 31, 2014 and 2013, respectively, pertains to loans availed by the Group from a certain local bank to finance the acquisition of the Group's transportation equipment, as disclosed in Note 14. Transportation equipment under mortgage has a carrying amount of $139,896 and $163,362 as at December 31, 2014 and 2013, respectively. Interest rate is 9.18% per annum, payable on a monthly basis and maturing from April 2016 to September 2017.

The Group entered into a five-year loan facility with a local bank in the principal amount of $770,000 drawn on February 9, 2011 to partially finance the construction of the salmon processing plant and acquisition of plant machinery and equipment. This is secured by a chattel on the Group's machinery and equipment and building and leasehold improvements with a carrying value of $1,573,900. Moreover, the Parent Company executed a guarantee agreement in favor of Land Bank of the Philippines as part of the security for the credit facilities obtained by BGB.

On April 23, 2012, the Group entered into a Facility Agreement with a foreign bank. This facility has a maximum amount of $300,000. The outstanding loans drawn from this facility are due within three years with eight months grace period from the date of agreement.

On September 5, 2013, the Group entered a loan facility from PT Rabobank International Indonesia to finance the capital expenditure requirement for the purchase of fishing vessels and fishing gears. The loan has maximum amount of $720,000 or 80% of the purchase price of the fishing vessels and gear (whichever is the lower) and subject to annual interest equal to the lender's cost of funding plus 3.75%. The outstanding amount drawn from this facility is due within 3 years with 6 months grace period. This facility is secured with the Group's vessels.

The Group obtained loans from various banks and financial institutions to finance the acquisition of machinery and equipment. An existing long-term loan is secured by a mortgage on land, with certificate of title nos. 217835 and 217836 as disclosed in Note 14. In addition, some of these loans are secured by the Group's machinery and equipment and transportation equipment as disclosed in Note 14.

Total finance costs arising from loans amounted to $388,932 and $392,694 in 2015 and 2014, respectively, as disclosed in Note 33.

Loan Covenants

The guarantee agreement with PHILEXIM, and credit line agreement with a local bank requires the Group to give prior notice with respect to disposition of all or a materially significant portion of its property or assets, material changes in its ownership structure and Management, acquisition of stocks, encumbrance of any of its assets, incurrence of any major capital expenditures and extending loan to others except in the ordinary course of business for as long as the Group is within the prescribed financial ratios. However, in case the Group goes beyond the stipulated financial ratios, requests, to do any of the actions enumerated above shall require the prior approval of PHILEXIM and a local bank, which shall be acted upon within a reasonable time. As at December 31, 2014 and 2013, the Group was in compliance 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 PHILEXIM and a local bank. These circumstances did not have any adverse effect on the Group's borrowing capacity and overall operation.

19. RELATED PARTY TRANSACTIONS

The summary of the Group's transactions and outstanding balances with related parties as at and for the year period ended March 31, 2015 is as follows:

		Outstanding Balances				
Nature of Transactions	**Amounts**	**Receivable**	**Payable**	**Terms**	**Condition**	**Notes**
Associates						
Advances Granted						
AMHI	**$ -**	**$ 437,827**	**$ -**	5.6% interest; Payable on demand, cash settlement	Unsecured, no impairment	21.a
Recharges						
AMHI	**9,936**	**42,217**	**-**	n.a.	n.a.	
SSNZ	**-**	**23,404**	**-**	0% to 5.6% Interest; Payable on demand	Unsecured, no impairment	
Refundable Lease Deposit						
AMHI	**-**	**1,720,579**	**-**	Payable after 5 years	Unsecured, no impairment	21.b
Lease						
AMHI	**179,357**	**-**	**-**	3-5 years		21.b
Joint Ventures						
Sale of Assets						
WCFI	**-**	**93,059**	**-**	n.a.	n.a.	21.e
Sublease						
WCFI	**114**	**-**	**-**	n.a.	n.a.	
Advances as Fish Deposit						
WCFI	**-**	**-**	**-**	n.a.	n.a.	21.d
Various Charges						
FDCP	**-**	**-**	**-**	n.a.	n.a.	
Purchases						
FDCP	**1,062,150**	**-**	**675,694**	n.a.	n.a.	
Shareholder of Subsidiaries with Significant Influence						
Advances Obtained						
Duncan Bates	**-**	**-**	**138,953**	0% interest; Payable on demand	Unsecured, no impairment	21.g
Retirement Fund						
Contribution	**-**	**-**	**-**	n.a.	n.a.	
Other Receivable		**$ -**	**$ -**			
Other non-current assets		**$ 93,059**				
Due from Related Parties		**$ 503,448**	**$ -**			
Due to Related Parties		**$ -**	**$138,953**			
Refundable Lease Deposit		**$1,720,579**	**$ -**			
Trade and other payables			**$ 675,694**			

The summary of the Company's transactions and outstanding balances with related parties as at and for the year ended December 31, 2014 are as follows:

Nature of Transactions	Amounts	Outstanding Balances		Terms	Condition	Notes
		Receivable	Payable			
Associates						
Advances Granted						
AMHI	$ -	$ 437,827	$ -	5.6% interest; Payable on demand, cash settlement	Unsecured, no impairment	21.a
Recharges						
AMHI	32,281	32,281	-	n.a.	n.a.	
SSNZ	-	24,275	-	0% to 5.6% Interest; Payable on demand	Unsecured, no impairment	
Refundable Lease Deposit						
AMHI	-	1,720,579	-	Payable after 5 years	Unsecured, no impairment	21.b
Lease						
AMHI	693,703	-	-	3-5 years		21.b
Joint Ventures						
Sale of Assets						
WCFI	-	4,257,148	-	n.a.	n.a.	21.e
Sublease						
WCFI	455	-	-	n.a.	n.a.	
Advances as Fish Deposit						
WCFI	899,088	1,256,039	-	n.a.	n.a.	21.d
Various Charges						
FDCP	57,700	22,300	-	n.a.	n.a.	
Purchases						
FDCP	4,279,857	-	415,329	n.a.	n.a.	
Subsidiary of Venturer						
Advances Granted						
MCC	-	-	-		Unsecured, no impairment	
Advances Obtained						
MCC	173,089	-	-	10% per annum on the 1st P50M and 8% on excess; Payable after one year	Unsecured, no impairment	
Lease						
MCC	41,738	-	-		-	21.f
Affiliate of a subsidiary						
PT Waila	942,107	942,107	-	n.a	n.a	
Shareholder of Subsidiaries with Significant Influence						
Advances Obtained						
Duncan Bates	9,841	-	153,604	0% interest; Payable on demand	Unsecured, no impairment	21.g
Retirement Fund						
Contribution	311,275	-	-	n.a.	n.a.	
Other Receivable			$ 964,407	$ -		
Other non-current assets	$ 5,513,187					
Due from Related Parties		$ 494,383	$ -			
Due to Related Parties		$ -	$153,604			
Refundable Lease Deposit	$1,7 0,57	$ -				
Trade and other payables			$ 415,329			

Significant Contract Agreements

a. The Group extended cash advances to AMHI which the latter used as down payment to purchase from MCC the plant facilities located at General Santos City.

b. The Group entered into a contract with MCC for the operating lease of the latter's land, plant, machinery and equipment in Barrio Tambler, General Santos City (Gensan Plant). The lease term started from March 1, 2004 and expired on December 23, 2010.

   Upon expiration of the lease contract between the Group and MCC, the latter leased the Gensan Plant for one month or until January 23, 2011 to AMHI which in turn sub-leased the Gensan Plant to the Group.

   The lease contract between MCC and AMHI was extended to a much longer term effective January 24, 2011 to December 23, 2013; thus, enabling AMHI to sublease the Gensan Plant to the Group for the same period.

   Following the acquisition of MCC's property by AMHI, the contract of lease between MCC and AMHI was likewise terminated on May 16, 2011. On the same date, ASFII directly leased the property from AMHI for a term of 3 years until May 15, 2014.

   A Memorandum of Understanding with Deed of Assignment (MOU-DA) was executed between the Group and AMHI on December 28, 2012. Under the MOU-DA, the parties intend to enter into a long-term lease contract in order to secure long-term possession of the land. The contemplated long-term lease will require the Parent Company to pay AMHI a security deposit in an amount equivalent to 36 months of the first year's monthly rental or equivalent to $2,029,579. In order to pay the security deposits contemplated by the proposed long-term lease agreement, the Group assigned, endorsed and transferred its refundable lease deposits from MCC to AMHI with a revalued amount of $2,020,456 on December 31, 2012, and the Group shall pay AMHI an additional amount of $9,123 to complete the amount of the required security deposit.

   The Group's refundable lease deposit receivable from AMHI was discounted at 4.2169% over five years resulting in a present value amounting to $1,650,879 as disclosed in Note 16. The difference between its fair value and present value amounting to $378,700 is recognized as finance cost as disclosed in Note 33. In 2014 and 2013, the related interest accretion of the discounted lease deposit resulted in interest income amounting to $67,317 and $67,559, respectively, was included as part of other income as disclosed in Note 26. As of December 31, 2014 and 2013, the present value of the refundable lease deposit amounted to $1,720,579 and $1,624,953, as disclosed in Note 16.

   On January 25, 2013, a long term contract was executed between the Group and AMHI, superseding the lease contract made on May 16, 2011. The new term shall be for a period of five (5) years commencing on January 1, 2013 and expiring on December 31, 2017, unless sooner terminated by any party for cause. The lease shall be renewable every five (5) years, upon such terms and conditions mutually agreeable to the parties. Based on the contract, the rental fee shall be P2,403,065 with US dollar equivalent of $58,540, based on foreign exchange rate of January 1, 2013, subject to an annual escalation rate of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. The lease is classified as operating lease as disclosed in Note 30.

c. On December 28, 2012, a Deed of Absolute Sale was executed between the ASFII and AMHI whereby the Company acquired some of AMHI's property, plant and equipment with an aggregate purchase price of $2,080,218.

d. The Parent Company extended advances to WCFI which were used to finance WCFI's pre-operating expenses and working capital requirements. In addition, the Parent Company paid WCFI deposits for the purchase of tuna catch. The terms and application of these deposits against purchase price shall be subject to Joint Venture agreement between the parties. The outstanding balance as at December 31, 2013 is presented as

deposits under Prepayments and Other current assets.

e. In 2013, the Parent Company sold three (3) fishing vessels with total carrying amount of $6,303,503 to WCFI for total selling price of $6,375,000, resulting in a gain of $71,497 as disclosed in Note 26.

f. The Group leases from MCC an office condominium unit where its head office is located for a period of two years from January 1, 2010 to December 31, 2011, renewable by mutual agreement of both parties. The lease contract was renewed on December 29, 2011 with the term of two years commencing from January 1, 2012 until December 31, 2013, with a monthly rental fee of $3,485. The lease is classified as operating lease. The lease contract was not renewed subsequent to December 31, 2013.

g. Duncan D. Bates extended a non-interest bearing cash advance to Akaroa as part of the Share Purchase Agreement for its working capital requirements. As at December 31, 2014 and 2013, the balance of the Group due to Duncan D. Bates amounted to $153,604 and $143,763, respectively.

h. In 2013, the Group provided full allowance for doubtful accounts on its receivable from PT Wailan Pratama amounting to $942,106 as the probability of collection as at December 31, 2013 is doubtful as disclosed in Note 8.

Intra-group Amounts and Balances

Upon consolidation, significant intra-group amounts and balances are eliminated to reflect the Group's consolidated financial position and performance as a single entity.

Intra-group receivables as at March 31, 2015 and December 31, 2014that are eliminated upon consolidation are as follows:

	2015	2014
Parent Company's receivable from:		
BGB	**$4,959,822**	$4,902,519
PTIAFI	**3,567,554**	3,422,349
PFNZ	**1,056,747**	1,036,057
Akaroa	**316,138**	312,484
Spence	**25,000**	38,161
	9,925,261	9,711,570
BGB's receivable from PFNZ	**3,131,614**	3,114,662
Spence's receivable from Parent Company	**300,000**	200,000
PFNZ's receivable from BGB	**803,708**	684,067
PTIAFI's receivable from PT Van Dee Zee	**2,775,969**	2,510,555
	$16,936,552	$16,220,854

Intra-group payables as at March 31, 2015 and December 31, 2014 eliminated upon consolidation are as follows:

	2015	2014
Payable to Parent Company:		
BGB	**4,959,822**	4,902,519
PTIAFI	**3,578,000**	3,422,349
PFNZ	**1,021,292**	1,036,357
Akaroa	**301,276**	312,484
Spence	**25,000**	38,161
	9,885,390	9,711,570
PFNZ's payable to BGB	**3,131,614**	3,114,662
Parent Company's payable to Spence	**300,000**	200,000
BGB's payable to PFNZ	**807,154**	684,067
Parent Company's payable to PTIAFI	**-**	-
PT Van Dee Zee's payable to PTIAFI	**2,775,969**	2,510,555
	$16,900,127	$16,220,854

Other intra-group income and expense balances for the years ended March 31, 2015 and December 31, that are eliminated upon consolidation are as follows:

	2015	2014
Sales	**$784,053**	$1,019,170
Commission income		92,244
Management fee	**75,000**	75,000
Interest expense	**1,026**	4,332
Rental income	**912**	

As a result of the above intra-group accounts eliminations, the Group recognized net currency translation adjustments of $36,425 and $6,640 in 2015 and 2014, respectively.

20. RETIREMENT BENEFIT

The Group values its defined benefit obligation using Projected Unit Credit Method by the service of an independent actuary and accrues retirement benefit expense for its qualified employees based on the minimum retirement benefit provided under Republic Act No. 7641 equivalent to one-half month salary per year of service, a fraction of at least six months being considered as one whole year. One-half month salary is defined as 15 days plus 1/12 of the 13th month pay and the cash equivalent of not more than five days of service incentive leaves. The benefit shall be payable to employees who retire from service who are at least sixty years old and with at least five years of continuous service.

The Parent Company executed a Trust Agreement with Land Bank of the Philippines on January 13, 2011, establishing the Parent Company's Retirement Plan. As of December 31, 2014 and 2013, only the Parent Company's retirement obligation is funded.

The plan typically exposes the Parent Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in cash and cash equivalents and debt instruments. Due to the long-term nature

of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in fixed income securities.

Interest risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to the Group's employees.

The most recent actuarial valuation was carried out at December 31, 2014 by independent actuaries.

21. SHARE CAPITAL

	Shares	**2015**	Shares	2014
Authorized:				
Ordinary shares of P1 par value each	**1,500,000,000**	**P1,500,000,000**	**1,500,000,000**	**P1,500,000,000**
Issued, fully paid and outstanding				
Beginning	**1,069,426,237**	**$22,575,922**	**1,069,426,237**	**$22,575,922**
Additional issuance	**430,286,226**	**9,662,622**	**430,286,226**	**9,662,622**
Total issued and fully paid	**1,500,000,000**	**32,238,544**	**1,500,000,000**	**32,238,544**
Treasury shares	**(287,537)**	**(5,774)**	**(287,537)**	**(5,774)**
	1,499,712,463	**$32,232,770**	**1,499,712,463**	**$32,232,770**

The Parent Company has one class of ordinary shares which have a par value of P1, carry one vote per share but do not carry a right to fixed income.

The history of shares issuances from the initial public offering (IPO) of the Parent Company is as follows:

Transaction	Subscriber	Registration/ Issue Date	Number of Shares Issued
Listing of common shares	Various	November 8, 2006	401,099,610
IPO	Various	November 8, 2006	134,000,000
Stock dividend	Various	December 17, 2007	64,177,449
Stock rights offer (SRO)	Various	July 25,2011	272,267,965
Stock dividend	Various	January 25, 2012	137,500,000
Sale of shares	Various	December 14, 2012	60,668,750
Private placement	Strongoak, Inc.	May 5, 2014	430,286,226
			1,500,000,000

On October 23, 2006, the Parent Company launched an Initial Public Offering (IPO) of 134,000,000 common shares at an offer price of P1.35. The offered shares represented 25.04% of the Parent Company's issued and outstanding capital stock. The Parent Company

raised net proceeds of $3,304,556 from the IPO. On November 8, 2006, the Parent Company's shares of stocks totaling 535,099,610 shares were listed with the Philippine Stock Exchange (PSE).

On June 26, 2007, the Parent Company declared 12% stock dividends corresponding to 64,177,449 shares with a value of $3,000,070 to all shareholders of record as of November 20, 2007, where stocks were subsequently issued on December 17, 2007.

On July 25, 2011, the Parent Company issued an additional 272,267,965 shares arising from its stock rights offer, which entitled each eligible investor to one rights share for every two and two-tenths (2.2) existing ordinary shares held as at June 13, 2011 record date.

In its meeting on August 1, 2011, the Board of Directors approved the increase in the Parent Company's authorized share capital from P950,000,000 divided into 950,000,000 shares to P1,500,000,000 divided into 1,500,000,000 shares with a par value of P1 per share. The same resolution was approved by the shareholders in their meeting on August 1, 2011. The increase in share capital was approved by the SEC on November 25, 2011.

On January 25, 2012, the Parent Company issued the 15.78% stock dividend declared on August 1, 2011, as discussed in Note 24.

On October 1, 2012, the Parent Company received additional subscription from certain shareholders for private placement purposes amounting to US$2,329,033. The transaction resulted in a share premium amounting to $873,392. The fund raised from the said private placement was used to finance the Parent Company's acquisition of 80% stake in Akaroa. On November 28, 2012, the PSE approved the application of the Parent Company to list additional 60,668,750 ordinary shares (the "Private Placement Shares"), with a par value of P1.00 per share, to cover its private placement transactions with various subscribers. The Private Placement Shares were issued to the subscribers at a subscription price of P1.60 per share with an aggregate transaction value of P97,070,000.

On May 5, 2014, the Parent Company's Board of Directors approved the issuance of 430,286,226 shares to Strongoak, Inc. in a private placement for a 28.7% share of the Parent Company's total outstanding shares. The subscription price was P1.31 per share at a 3.3% premium on the 30-day weighted average price for the period. The issuance of shares resulted in an increase in share capital and share premium amounting to $9,662,622 and $2,947,111, respectively.

The total number of shareholders as at March 31, 2015 and December 31, 2014 is 239 and 239, respectively.

22. NON-CONTROLLING INTEREST

	2015	2014
Balance, beginning	**($918,814)**	($278,551)
Share in loss for the period	**(32,988)**	(640,392)
Remeasurement (gain) or loss		121
Translation adjustment		8
Balance, ending	**($951,802)**	($918,814)

23. RESERVES

This account consists of:

	Notes	2015	2014
Share premium	21, 24	**$6,768,843**	$6,768,843
Cumulative currency translation adjustments		**385,137**	214,350
Revaluation increment	14	**71,677**	71,677
Fair value on investment revaluation reserve	13	**7,304**	7,304
		$7,232,961	$7,062,174

The revaluation increment amounting to $71,677 arose from the share of the Group in the excess of revalued amounts over its cost. There has been no revaluation made since the latest revaluation as disclosed in Note 14.

As at March 31, 2015 and December 31, 2014, land has been carried at its revalued amounts of $872,965 and $916,089, respectively, as discussed in Note 14.

Fair value on investment revaluation reserve arises from the accumulated share in other comprehensive income of a joint venture, FDCP. The share in other comprehensive income of a joint venture arises from the accumulated fair value gain on the joint venture's available-for-sale investments and remeasurement gains or losses on retirement obligation.

Translation reserve comprises all foreign currency differences arising from the translation of the separate financial statements of the Group's foreign subsidiaries whose functional currencies differ from the Group's functional currency.

24. DIVIDENDS DECLARED

On August 1, 2011, the Parent Company declared a 15.78% share dividends corresponding to 137,500,000 shares with a par value of $3,258,912 to all shareholders of record as at January 25, 2012. On the date of dividend declaration, these share dividends are recorded at fair market value of $4,008,462 and the excess of $749,550 is recorded as part of share premium. These shares of stock were issued on January 25, 2012.

25. REVENUE - net

An analysis of the Group's net revenue is as follows:

	2015	2014
Sales of goods	**$21,361,267**	$21,786,743
Less: Sales discounts	**9,980**	326,400
Sales returns		10,799
	$21,351,287	$21,449,544

26. OTHER INCOME

An analysis of the Group's other income is as follows:

	Notes	2015	2014
Foreign exchange gain		**$128,449**	$ 281,494
Interest income from accretion of lease deposit			
Interest income from cash in banks	8	**2,363**	3,220
Gain on sale of share of stocks			-
Gains on sale of property, plant and equipment and asset held-for-sale	14, 19		
Gain on transfer of fishing vessel as Investment			$537,887
Rental income			
Reversal of allowance for doubtful accounts			
Miscellaneous		**8,136**	4,644
		$138,948	$827,245

27. COST OF GOODS MANUFACTURED AND SOLD

	Notes	2015	2014
Materials used		**$12,360,807**	$15,604,120
Direct labor	32	**1,715,882**	1,685,334
Manufacturing overhead:			
Fuel		**285,418**	451,808
Fishmeal		**336,021**	392,380
Depreciation and amortization	14	**292,931**	253,366
Rental	19, 30	**263,736**	245,542
Indirect labor	32	**211,422**	204,108
Light and water		**182,961**	176,809
Consumables		**125,462**	133,811
Repairs and maintenance		**117,714**	113,438
Warehousing		**427,542**	192,500
Laboratory		**57,717**	77,523
Freight and handling		**101,782**	78,995
Outside services		**99,439**	31,484
Insurance		**44,303**	48,509
Taxes and Licenses		**13,834**	23,702
Security fees		**5,867**	18,767
Representation and entertainment		**11,119**	16,722
Travel and communication		**27,976**	30,362
Professional fees		**7,974**	7,084
Amortization of prepayments		**29,040**	23,918
Others		**58,760**	107,140
Total manufacturing costs		**16,777,707**	19,917,422
Finished goods, beginning	9	**13,925,033**	10,764,205
Total cost of goods manufactured		**30,702,740**	30,681,627
Finished goods, ending	9	**11,662,087**	11,807,083
Cost of goods manufactured and sold		**$ 19,040,653**	$18,874,544

Other manufacturing overhead includes cooperative labor services, office supplies and corporate social responsibility expenses.

Inventory write-downs and obsolescence previously reported under cost of goods sold were reclassified to selling and administrative expenses, as disclosed in Note 39.

28. SELLING AND ADMINISTRATIVE EXPENSES

	Notes	2015	2014
Freight		**$82,573**	
Salaries, wages and other short-term benefits	32	**461,799**	588,535
Doubtful accounts expense	8, 16	**(24,379)**	
Inventory write down	39	**24,608**	
Inventory obsolescence	9, 39	**(535)**	
Outside services		**187,069**	78,457
Transportation and travel		**121,085**	85,754
Advertising and marketing		**33,816**	87,730
Freight and handling		**57,846**	202,855
Depreciation and amortization	14, 15	**85,365**	92,898
Business development		**49,103**	88,373
Taxes and licenses		**89,833**	67,974
Representation and entertainment		**34,210**	55,969
Insurance		**47,006**	50,839
Utilities and communication		**33,108**	32,964
Rental	19, 30	**46,869**	46,134
Repairs and maintenance		**18,075**	25,563
Retirement benefit	20, 32	**19,436**	40,584
Materials and supplies		**37,553**	45,114
Commission		**5,254**	16,723
Fuel and oil		**10,132**	15,517
Fringe benefit tax	32	**36,131**	5,219
Management fees			
Other personnel expenses		**16,087**	8,706
Membership dues		**15,798**	8,338
Condominium dues		**4,882**	6,609
Sales Discount (Promotions)		**56,003**	
Others		**97,648**	174,725
		$1,646,375	$1,825,580

Others include buyer's claim, documentary stamps, postage and export documentation expenses.

29. OTHER EXPENSES

	2015	2014
Bank charges	**$ 37,693**	$54,067
Foreign exchange loss	**206,148**	-
Others		3,416
	$ 243,841	$57,483

30. OPERATING LEASE AGREEMENTS

The Group as Lessee

The Group entered into a number of lease agreements classified as operating leases summarized as follows:

a. On January 25, 2013, a long term contract was executed between the Group and AMHI. The term shall be for a period of five (5) years commencing on January 1, 2013 and expiring on December 31, 2017, unless sooner terminated by any party for cause. The lease shall be renewable every five (5) years, upon such terms and conditions mutually agreeable to the parties. Based on the contract, the rental fee shall be P2,403,065 with US dollar equivalent of $58,540, based on foreign exchange rate of January 1, 2013, subject to an annual escalation rate of 5% or the national inflation rate as published by the National Statistics Office, whichever is higher. Pursuant to the lease contract, the Group required to pay AMHI a total security deposit equivalent to 36 months of the first year's monthly rental as disclosed in Note 19.

b. The Group leases from MCC an office condominium unit where its head office is located for a period of two years from January 1, 2010 to December 31, 2011, renewable by mutual agreement of both parties. The lease contract was renewed on December 29, 2011 with the term of two years commencing from January 1, 2012 until December 31, 2013, with a monthly rental fee of $3,485. The lease is classified as operating lease. The lease contract was not renewed subsequent to December 31, 2013.

c. On April 1, 2009 and July 1, 2010, the Group leases from Luthi Machinery Company, Inc. the two Solid Pack canning machines, serial No. SPD8-93 and SP156-95 for a period of five (5) years with an annual minimum rental of $36,000 and $58,000, respectively. Lessee agrees to pay an overage rental of $0.137 and $0.131, respectively, per case packed of filled by Lessee during each year when production from the machine during each year of the Lease term exceeds 275,000 and 300,000 cases, respectively. The lease term is renewable by mutual agreement of both parties.

d. The Group leases from Gael Land the manufacturing, warehouse and office space, in United States, for a period of nine (9) years from January 1, 2012 to May 31, 2020, renewable by mutual agreement of both parties. In consideration of the use of the leased premises, the Group pays a monthly rental of $17,900. The long-term lease will require the Group to pay the Lessor a refundable security deposit in an amount equivalent to two months rental or equivalent to $35,800.

e. In August 2012, the Group leases from Baruch Estate the manufacturing and office space, in New Zealand, for a period of five (5) years from August 2012 to July 2017, renewable by mutual agreement of both parties. Lessee agrees to pay a monthly rental of $4,705.

Total rental expense charged in profit and loss in relation to these lease agreements amounted to $310,605, and $291,676 in 2015 and 2014, respectively, as disclosed in Notes 27 and 28.

Total rental deposits recognized in the consolidated statements of financial position, as part of other non-current assets, amounted to $1,744,064 and $1,720,579 as at March 31, 2015 and December 31, 2014, respectively, as disclosed in Notes 16 and 19. Outstanding prepaid rentals presented in the consolidated statements of financial position, as part of prepayments and other current assets, amounted to$101,860and $118,249 as at March 31, 2015 and December 31, 2014, respectively, as disclosed in Note 11.

31. CORPORATE SOCIAL RESPONSIBILITY

For the past seven (7) years the Company has been giving back to the community by means of a Feeding Program conducted in Banisil High School located at General Santos City which aims to sustainably feed underweight students in an attempt to combat frequent absences and poor academic performance. For school year 2013-2014 which ended last March 21, 2014, 88% or 122 of the 139 underweight students attained their normal nutritional status.

Last August 8, 2014, the Company participated in the launching of the feeding program for 126 Grade 7 students of the same school. Part of the goal is to educate families about health and nutrition, so that they could sustain the progress children have made during the school year feeding program.

32. FINANCE COSTS

The composition of finance costs based on its source is as follows:

	Notes	**2015**	2014
Short-term loans	18	**$ 351,541**	$325,075
Long-term loans	18	**37,391**	67,619
Advances from a related party	19	**61,245**	53,733
Discounting of lease deposit	19	**-**	-
		$450,177	$446,427

33. INCOME TAXES

Income tax expense (benefit)

	2015	2014
Current tax expense	**$165,388**	$ 330,906
	$165,388	$ 330,906

Deferred tax assets

Deferred tax assets as at March 31, 2105 and December 31, 2014 amounted to $7,602,667 and $7,489791, respectively, arising from net operating loss carry-over (NOLCO), minimum corporate income tax (MCIT), allowance for doubtful accounts, excess of retirement expense over contribution and accrued expenses.

Deferred tax liabilities

Deferred tax liabilities as at March 31, 2015 and December 31, 2014 amounted to $304,731 and $304,470 arising from unrealized foreign exchange gain and excess of accelerated depreciation used for income tax purposes over the depreciation used for financial reporting purposes.

34. EARNINGS (LOSS) PER SHARE

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

	Earnings (Loss)	
	2015	2014
Profit (Loss) for the year	**$51,053**	$642,252
Weighted average number of shares Outstanding	**1,353,533,033**	1,069,426,237
Earnings (Loss) per share	**$ 0.00004**	$ 0.0006

The Group has no dilutive potential shares in 2015 and 2014; hence, basic earnings per share are equal to the diluted earnings per share.

35. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group's activities are exposed to a variety of financial risks: market risk relating to foreign exchange risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk Management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

There has been no change on the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign exchange risk

Foreign exchange risk relates to the possibility that an investment's value changing due to changes in currency exchange rate. The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in foreign currencies. Foreign exchange risk arises from future commercial transactions when recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The Group seeks to mitigate its transactional currency exposures by maintaining its costs at consistent levels, regardless of any upward or downward movements in the foreign currency exchange rates.

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 20.

The Group has no established policy on managing interest rate risk. Management believes that any variation in the interest will not have a material impact on the net profit of the Group.

Bank and mortgage loans amounting to $30,270,301 and $33,175,879 as at March 31, 2015 and December 31, 2014, respectively, agreed at interest rates ranging from approximately 4% to 11% for bank loans and 9.2% per annum for mortgage loans; expose the Group to fair value interest rate risk.

An estimate of 50 basis points increase or decrease is used in reporting interest rate changes and represents Management's assessment of the reasonably possible change in interest rates.

The effects of a 50 basis points change in interest rate on net profit for the period ended March 31, 2015 and December 31, 2014 is an increase or a decrease of $164,440 and $155,756, respectively.

This is mainly attributable to the Group's exposure to interest rates on its borrowings.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to cash, trade and other receivables, due from related parties, and refundable lease deposit.

The Group has adopted a policy of extending sufficient credit terms to customers such as, letters of credit and documents against payment as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade. The Group uses publicly available financial information and its own trading records to rate its major customers.

Based on the prior years' experiences of the Group and based on the assessment of the current economic environment and creditworthiness of its debtors, Management believes receivables are neither impaired nor uncollectible, as disclosed in Note 8.

The carrying amounts of financial assets recorded in the consolidated financial statements, represent the Group's maximum exposure to credit risk without taking account the value of any collateral obtained:

	2015	2014
Cash	**$ 2,542,700**	$ 2,419,092
Trade and other receivables	**10,213,936**	9,303,672
Due from related parties	**523,908**	494,383
Refundable lease deposit	**1,744,064**	1,720,579
	$ 15,024,608	$ 13,937,726

Aging of accounts that are past due but not impaired follows:

	2015	2014
1 to 30 days past due	**$2,013,703**	$2,042,389
31 to 60 days past due	**246,215**	279,917
Over 60 days	**23,984**	51,115
	$2,283,902	$2,373,421

Liquidity risk

Liquidity risk refers to the possibility that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity 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 Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves in cash in bank, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the profits of the shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans, and advances received from related parties as offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The debt to equity ratio of the Group at each reporting period is within the acceptable range as follows:

	2015	2014
Debt	**$39,683,972**	$39,683,972
Less: Cash	**2,550,906**	2,426,020
Net debt	**37,133,066**	37,257,952
Equity	**24,266,905**	24,129,759
Debt to equity ratio	**1.53:1**	1.54:1

Debt is composed of loans payable, and due to related parties as discussed in Notes 18 and 19, respectively, while equity includes share capital and reserves and retained earnings of the Group, less treasury shares.

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