ALLIANCE SELECT FOODS INTERNATIONAL, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Alliance Select Foods International, Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Group's financial reporting process.

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

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

ANTONIO C. PACIS
Chairman of the Board

RAYMOND K.H. SEE
President and Chief Executive Officer

JENNIFER C. PORSUELO
Group Comptroller

Signed this 5th day of April 2019.

SUBCRIBED AND SWORN to before me this 5th day of April 2019 at Pasig City, affiants exhibited to me their government issued identification cards, as follows:

Name	Competent evidence of Identity	Date of Issue	Valid until
Antonio C. Pacis	Passport No. EC5839503	October 30, 2015	October 29, 2020
Raymond K.H. See	Passport No. EC3695414	March 17, 2015	March 16, 2020
Jennifer C. Porsuelo	PRC No. 0109384	September 25, 2018	October 18, 2021

Doc. No. 251;
Page No. 52;
Book No. I;
Series of 2019.

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

ATTY. GINO MARCO P. BAUTISTA
Notary Public for Pasig, San Juan, and Pateros
Commission No. 135 (2018-2019)
Until December 31, 2019
3104 A, West Tower, Phil. Stock Exchange Centre,
Exchange Road, Ortigas Center, Pasig City
PTR No. 5281587/1-14-2019/Pasig City
IBP No. 069385/1-15-2019/Quezon City
Roll of AttorneysNo. 58507
MCLE Compliance No. V-0020739;4-20-2016

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Alliance Select Foods International, Inc. (a subsidiary of Strongoak Inc.) and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2018, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018, 2017 and 2016, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

Valuation of Goodwill
Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to annually test the amount of its recorded goodwill for impairment. This annual impairment test was significant to our audit because the assessment process is complex and highly judgmental and is based on assumptions that are affected by future market or economic conditions. The Group's goodwill of $9.50 million represents 12% of the total consolidated assets as at December 31, 2018. Our audit procedures included, among others, review of management's impairment analysis and cash flow projections and evaluation of the assumptions used by the Group. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill in accordance with PAS 36. The Group's disclosures are included in Notes 2, 3 and 4 to the consolidated financial statements.

Valuation of Inventories
Inventories are initially measured at cost and subsequently valued at the lower of cost and net realizable value (NRV). Determination of the NRV of inventories involves significant judgment and is affected by volatility of the price in the market. Total inventories of the Group of $13.95 million represent 18% of the total consolidated assets as at December 31, 2018. Our audit procedures included an assessment of the Group's measurement of the inventories' NRV and identification of damaged and obsolete items. We also focused on the adequacy of the Group's disclosures in accordance with PAS 2, *Inventories*. The Group's disclosures are included in Notes 2, 3 and 7 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Emmanuel V. Clarino.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1021-AR-2 Group A
Valid until March 27, 2020
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 7334331
Issued January 3, 2019, Makati City

April 5, 2019
Makati City, Metro Manila

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2018	2017
ASSETS			
Current Assets			
Cash and cash equivalents	5	**$7,012,332**	$4,427,478
Trade and other receivables	6	**11,848,595**	9,414,233
Inventories	7	**13,945,762**	14,154,871
Other current assets	8	**8,154,691**	5,612,224
Total Current Assets		**40,961,380**	33,608,806
Noncurrent Assets			
Property, plant and equipment	9	**15,486,050**	16,104,369
Goodwill	4	**9,502,585**	9,502,585
Deferred tax assets	24	**9,433,423**	9,721,323
Other noncurrent assets	10	**1,655,214**	1,581,487
Total Noncurrent Assets		**36,077,272**	36,909,764
		$77,038,652	$70,518,570
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**$9,119,103**	$9,745,224
Loans payable	12	**30,917,296**	24,285,900
Due to related parties	13	**91,530**	2,142,510
Income tax payable		**186,662**	184,688
Total Current Liabilities		**40,314,591**	36,358,322
Noncurrent Liabilities			
Loans payable - net of current portion	12	**46,989**	79,355
Net retirement benefit obligation	14	**223,134**	234,627
Deferred tax liabilities	24	**142,544**	135,957
Refundable lease deposit	22	**20,655**	21,811
Total Noncurrent Liabilities		**433,322**	471,750
Total Liabilities		**40,747,913**	36,830,072
Equity			
Capital stock	15	**26,823,389**	53,646,778
Additional paid-in capital		**1,486,546**	6,662,001
Other comprehensive income		**960,207**	933,149
Retained earnings (deficit)		**9,291,312**	(25,231,797)
		38,561,454	36,010,131
Treasury shares	15	**(5,774)**	(5,774)
Equity attributable to equity holders of the Parent Company		**38,555,680**	36,004,357
Non-controlling interests		**(2,264,941)**	(2,315,859)
Total Equity		**36,290,739**	33,688,498
		$77,038,652	$70,518,570

See accompanying Notes to Consolidated Financial Statements.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2018**	2017	2016
NET REVENUE	16	**$97,133,736**	$72,191,578	$59,914,477
COST OF GOODS SOLD	17	**(84,793,734)**	(62,742,916)	(56,446,802)
GROSS PROFIT		**12,340,002**	9,448,662	3,467,675
SELLING AND ADMINISTRATIVE EXPENSES	18	**(7,341,396)**	(8,117,124)	(7,957,915)
INTEREST EXPENSE	12, 13	**(1,504,254)**	(787,547)	(868,517)
EQUITY IN NET INCOME OF AN ASSOCIATE	10	**3,461**	26,081	19,771
OTHER INCOME (CHARGES) - Net	19	**(4,007)**	(7,554)	561,115
INCOME (LOSS) BEFORE INCOME TAX		**3,493,806**	562,518	(4,777,871)
INCOME TAX EXPENSE (BENEFIT)	24	**890,657**	(1,000,534)	1,120,898
NET INCOME (LOSS)		**2,603,149**	1,563,052	(5,898,769)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		**(5,028)**	(15,850)	(105,034)
Item that will not be reclassified subsequently to profit or loss				
Remeasurement gain on retirement benefits, net of tax	14	**32,086**	–	103,542
		27,058	(15,850)	(1,492)
TOTAL COMPREHENSIVE INCOME (LOSS)		**$2,630,207**	$1,547,202	($5,900,261)
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**$2,524,265**	$1,437,271	($5,968,529)
Non-controlling interests		**78,884**	125,781	69,760
		$2,603,149	$1,563,052	($5,898,769)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**$2,579,289**	$1,392,332	($5,918,511)
Non-controlling interests		**50,918**	154,870	18,250
		$2,630,207	$1,547,202	($5,900,261)
INCOME (LOSS) PER SHARE				
Basic and diluted income (loss) per share	21	**$0.0010**	$0.0006	($0.0024)

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31 2018	2017	2016
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock	15			
Balance at beginning of year		**$53,646,778**	$53,646,778	$53,646,778
Effect of restructuring		**(26,823,389)**	–	–
Balance at end of year		**26,823,389**	53,646,778	53,646,778
Additional Paid-in Capital (APIC)				
Balance at beginning of year		**6,662,001**	6,662,001	6,662,001
Effect of equity restructuring	15	**26,823,389**	–	–
Application of APIC to deficit	15	**(31,998,844)**	–	–
Balance at end of year		**1,486,546**	6,662,001	6,662,001
Other Comprehensive Income				
Cumulative Remeasurement Gains (Losses) on Retirement Benefit Obligation	14			
Balance at beginning of year		**55,190**	55,190	(48,352)
Remeasurement gain on retirement		**32,086**	–	103,542
Balance at end of year		**87,276**	55,190	55,190
Revaluation Reserves				
Balance at beginning and end of year		**275**	275	275
Cumulative Translation Adjustment				
Balance at beginning of year		**877,684**	893,534	998,568
Exchange differences on foreign currency translation		**(5,028)**	(15,850)	(105,034)
Balance at end of year		**872,656**	877,684	893,534
Total balance at end of year of other comprehensive income		**960,207**	933,149	948,999
Retained Earnings (Deficit)				
Balance at beginning of year		**(25,231,797)**	(26,669,068)	(20,700,539)
Application of APIC to deficit	15	**31,998,844**	–	–
Net income (loss)		**2,524,265**	1,437,271	(5,968,529)
Balance at end of year		**9,291,312**	(25,231,797)	(26,669,068)
Treasury Shares	15	**(5,774)**	(5,774)	(5,774)
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**(2,315,859)**	(2,470,729)	(2,488,979)
Total comprehensive income attributable to non-controlling interests		**50,918**	154,870	18,250
Balance at end of year		**(2,264,941)**	(2,315,859)	(2,470,729)
		$36,290,739	$33,688,498	$32,112,207

See accompanying Notes to Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**$3,493,806**	$562,518	($4,777,871)
Adjustments for:				
Interest expense	12, 13	**1,504,254**	787,547	868,517
Depreciation and amortization	9	**1,074,993**	1,150,597	1,147,554
Reversal of allowance for impairment losses	7	**(804,482)**	(1,416,172)	(2,844,381)
Unrealized foreign exchange loss (gain) - net		**(348,675)**	(46,264)	88,482
Provision for impairment losses on:	18			
Inventories		**209,488**	230,780	794,010
Trade and other receivables		**80,000**	69,574	79,049
Property, plant and equipment	9	**–**	1,090,400	–
Other noncurrent assets		**–**	–	314,320
Interest income	5, 10	**(65,426)**	(70,965)	(159,133)
Retirement benefits expense	14	**52,595**	50,302	92,315
Equity in net income of an associate	10	**(3,461)**	(26,081)	(19,771)
Gain on disposal/retirement of property, plant and equipment	9	**(1,338)**	(58,618)	(12,078)
Operating income (loss) before working capital changes		**5,191,754**	2,323,618	(4,428,987)
Decrease (increase) in:				
Trade and other receivables		**(2,514,362)**	(2,758,899)	(1,402,586)
Inventories		**804,103**	(5,015,714)	819,062
Other current assets		**(2,542,467)**	(4,143,844)	(371,614)
Other noncurrent assets		**(75,100)**	(25,425)	47,443
Increase (decrease) in trade and other payables		**(358,824)**	3,329,733	185,218
Net cash generated from (used for) operations		**505,104**	(6,290,531)	(5,151,464)
Income tax paid		**(349,013)**	(507,877)	(699,153)
Interest received		**65,426**	70,965	90,613
Contribution to retirement fund		**–**	–	(42,403)
Retirement benefits paid from operations		**–**	–	(38,833)
Net cash flows from operating activities		**221,517**	(6,727,443)	(5,841,240)

(Forward)

	Note	2018	2017	2016
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	9	**($421,342)**	($1,334,114)	($702,914)
Proceeds from sale of property, plant and equipment		**24,387**	88,116	14,762
Net cash flows from investing activities		**(396,955)**	(1,245,998)	(688,152)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	28	**48,426,236**	29,164,744	35,590,025
Payments of:	28			
Loans payable		**(41,805,631)**	(25,684,118)	(38,351,307)
Due to related parties		**(2,050,980)**	–	–
Interest		**(1,771,551)**	(442,314)	(868,517)
Due to related parties		**–**	2,006,398	–
Net cash flows from financing activities		**2,798,074**	5,044,710	(3,629,799)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(37,782)**	(40,134)	(39,445)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,584,854**	(2,968,865)	(10,198,636)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,427,478	7,396,343	17,594,979
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**$7,012,332**	$4,427,478	$7,396,343

	Note	2018	2017	2016
COMPONENTS OF CASH AND CASH EQUIVALENTS	5			
Cash on hand		**$6,706**	$4,029	$4,621
Cash in banks		**7,000,668**	4,415,573	3,710,241
Cash equivalents		**4,958**	7,876	3,681,481
		$7,012,332	$4,427,478	$7,396,343

See accompanying Notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

General Information

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

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

In 2018, SEC approved ASFII's equity restructuring resulting to the elimination of ASFII's capital deficit of $32.00 million. As at December 31, 2018, the Group's retained earnings amounted to $9.29 million.

In August 2018, the Parent Company notified the SEC for the change in its registered office address and principal place of business to Suite 3104A, West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Avenue, Pasig City. The Parent Company has a plant located in General Santos City, Philippines.

Subsidiaries

The consolidated financial statements include the accounts of ASFII and the following subsidiaries (collectively referred herein as the "Group") as at December 31, 2018 and 2017:

Name of Subsidiary	% of Ownership	Nature of Business	Principal Place of Business
Spence & Company Ltd. (Spence)	100	Salmon and other seafoods processing	United States of America (USA)
Big Glory Bay Salmon and Seafood Company, Inc. (BGB)	100	Salmon and other seafoods processing	Philippines
ASFI Thailand	100	Sales office	Thailand
PT International Alliance Food Indonesia (PTIAFI)	99.98	Canned fish processing	Indonesia
Alliance MHI Properties, Inc. (AMHI)	98.89	Leasing	Philippines
Akaroa Salmon (NZ) Ltd. (Akaroa)	80	Salmon farming and processing	New Zealand
PT Van De Zee (PT VDZ)	49	Fishing	Indonesia

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

ASFI Thailand. ASFI Thailand was established as a sales representative office. , the Parent Company announced the consolidation of sales and marketing operations in the Philippines after closing ASFI Thailand in February 2019.

PTIAFI and PT VDZ. PTIAFI was established under the Indonesian Foreign Capital Investment Law and is primarily engaged in canned fish processing exclusively for international market. The plant is located in Bitung Indonesia.

PTIAFI owns 49% of PT VDZ, a fishing company.

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

Approval of Consolidated Financial Statements
The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 5, 2019.

2. Summary of Significant Accounting and Reporting Policies

The significant accounting policies used in the preparation of the consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance
The consolidated financial statements have been prepared on a going concern basis and in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and adopted by the SEC.

The consolidated financial statements comprise the consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes thereto. Income and expenses, excluding the components of other comprehensive income, are recognized in the statements of comprehensive income. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognized in the consolidated statements of changes in equity.

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

The consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

New and Amended Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended standards and interpretations which the Group adopted effective January 1, 2018:

- PFRS 9, *Financial Instruments*

  PFRS 9 replaced PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9), bringing together all aspects of the accounting for financial instruments: classification and measurement of financial assets and financial liabilities, impairment, hedge accounting, recognition and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on the classification by reference to the business model within which these are held and the contractual cash flow characteristics.

  For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

  For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" (ECL) model based on the concept of providing for expected losses at the inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

  For hedge accounting, PFRS 9 introduces a substantial overhaul allowing consolidated financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Based on the Group's analysis of its business model and the contractual cash flow characteristics of its financial assets and liabilities as at January 1, 2018, the Group has concluded that all of its financial assets and liabilities shall continue to be measured using the same basis under PAS 39 but shall be classified under PFRS 9.

The following table shows the original classification categories under PAS 39 and the new classification categories under PFRS 9 for each class of the Group's financial assets as at January 1, 2018:

	Classification under PAS 39	Classification under PFRS 9	Carrying Amount under PAS 39 and PFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost	$4,427,478
Trade and other receivables	Loans and receivables	Financial assets at amortized cost	9,414,233
Other noncurrent receivables	Loans and receivables	Financial assets at amortized cost	994,004

The Group assessed that the adoption of PFRS 9, specifically on determining ECL using simplified and general approach, has no material impact on the carrying amounts of the Group's financial assets carried at amortized cost. There is no material impact on the basic and diluted earnings per share as a result of the Group's adoption of PFRS 9. Consequently, no restatements were necessary.

The Group has adopted the retrospective approach in accordance with the transition provisions of PFRS 9, but has elected not to restate comparative information.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

  All of the Group's contracts with customers generally undertake to provide single performance obligation, at a fixed price, which is mainly the delivery of goods. Thus, the allocation of transaction price to the single performance obligation is not applicable. The Group recognizes revenue as the goods are transferred to the customer at the point of delivery. Accordingly, the adoption of PFRS 15 has no impact on the timing of recognizing the Group's revenue.

- Amendments to PFRS 15, *Revenue from Contract with Customers - Clarifications to PFRS 15*

  The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation provides guidance clarifying that the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency is the one at the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

The adoption of PFRS 15, amendments to PFRS 15 and Philippine Interpretation IFRIC 22 did not have a material impact on the consolidated financial statements.

New and Amended PFRS Issued But Not Yet Effective
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2019:

- PFRS 16, *Leases*

  PFRS 16 replaces PAS 17 *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives*, and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  Management has assessed that the adoption of PFRS 16 will not have a significant effect on the amounts reported in the Group's financial statements because the underlying assets under lease have low value and no purchase options or the lease is temporary. Additional disclosures will be included in the notes to financial statements, as applicable.

- Amendments to PAS 28, *Investments in Associates*, on long-term interests in associates and joint ventures

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarify that, in applying PFRS 9, an entity does not take into account any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS.

Deferred effectivity -

- Amendment to PFRS 10, *Consolidated Financial Statements* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*

  The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

Basis of Consolidation

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

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

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

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

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

Business Combination and Goodwill

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

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

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

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

Goodwill, which arose from the acquisitions of Spence ($7.45 million) in 2011 and Akaroa ($2.05 million) in 2012, is initially measured at the acquisition date as the sum of the fair value of consideration transferred; the recognized amount of any non-controlling interest in the acquiree; and, if the business combination is achieved in stages, the fair value of existing equity interest in the acquiree less the fair value of net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the bargain purchase gain is recognized directly in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the entity's cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Where goodwill has been allocated to a cash-generating unit or group of cash generating units and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation in determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Financial Assets and Liabilities

Recognition and Measurement

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

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

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

Classification

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

As at December 31, 2018 and 2017, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

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

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2018 and 2017, the Group's cash and cash equivalents, trade and other receivables, and other noncurrent receivables are classified under this category (see Notes 5, 6 and 10).

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

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2018 and 2017, the Group's trade and other payables (excluding customers' deposits and statutory payable), loans payable, due to related parties and refundable lease deposit are classified under this category (see Notes 11, 12, 13 and 22).

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

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

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

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

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

For financial assets at amortized cost (excluding restructured receivable from PFNZ), the Group has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For restructured receivable from PFNZ, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The information about the ECL on the Group's trade and other receivables is disclosed in Note 6.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

Finished Goods and Work in Process. Costs of inventories are calculated using weighted average method. Costs comprise direct materials and when applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. NRV represents the estimated selling price less estimated costs of completion and costs necessary to make the sale.

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

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV, is recognized as part of other income or charges in the consolidated statement of comprehensive income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period when the related revenue is recognized and the related allowance for impairment is reversed.

<u>Other Assets</u>
Other assets include advances to suppliers, value-added tax (VAT), prepayments, creditable withholding taxes (CWTs), investments in associate and joint ventures, biological assets, intangible assets and idle assets. Other assets that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

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

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

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. These are apportioned over the period covered by the payment and recognized in profit or loss when incurred.

CWTs. CWTs represent the amount withheld by the Group's customers in relation to its income. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source.

Investments in an Associate and Joint Ventures. An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% percent of the voting power of another entity.

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

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

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

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

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

Biological Assets. The Group measures its biological assets on initial recognition and at the end of each reporting period at its fair value less costs to sell. Biological assets of the Group comprised solely of consumable female smolts. They are cultured during the developmental phase which lasts for an average period of 14-16 months.

Harvested agricultural produce are also carried at fair value less estimated costs to sell at harvest point.

Gains or losses arising on initial recognition of biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale of biological asset are included in the consolidated statement of comprehensive income for the period when they arise.

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

Intangible Assets

Acquired Intangible Assets. Intangible assets that are acquired by the Group with finite useful lives are initially measured at cost. At the end of each reporting period, items of intangible assets acquired are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes purchased price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the intangible asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in the consolidated profit or loss as incurred.

Amortization of Intangible Assets with Definite Useful Lives. Amortization for salmon farming consent and fishing license with finite useful life is calculated over the cost of the asset less its residual value.

Amortization is recognized in the consolidated statement of comprehensive income on a straight-line basis over the useful life of salmon farming consent and fishing license, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of the salmon farming consent and fishing license for the current and comparative periods is 25 years.

Intangible Asset with Indefinite Useful Life. Intangible asset with indefinite life is not amortized. However, these assets are reviewed annually to ensure the carrying value does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Group considers its macrocystic consent having an indefinite useful life for the following reasons:

- there have been no established legal or contractual expiration date;
- impracticability of the determination of the intangible assets' economic useful lives; and
- are expected to generate net cash flows for the Group.

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.

Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

Construction-in-progress (CIP) represents properties under construction and is stated at cost, including cost of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and ready for operational use.

<u>Impairment of Nonfinancial Assets</u>

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

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

Goodwill ond Other Intangible Assets with Indefinite Useful Lives. The Group assesses goodwill and other intangible assets with indefinite useful lives. for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill and other intangible assets with indefinite useful lives by assessing the recoverable amount of the cash-generating units, to which the goodwill and other intangible assets with indefinite useful lives relates.

Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to these intangible assets cannot be reversed in future periods.

Customers' Deposits

Customers' deposits consist of amounts received by the Group from its customers as advance payments for the sale of goods. These are recorded at face amount in the consolidated statement of financial position and recognized as revenue in profit or loss when the goods for which the advances were made are delivered to the customers.

Equity

Capital Stock and Additional Paid-In Capital. Capital stock is measured at par value for all shares issued. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related additional paid-in capital (APIC) or retained earnings. Proceeds or fair value of consideration received in excess of par value are recognized as APIC.

Other Comprehensive Income (Loss). Other comprehensive income (loss) pertains to remeasurement gain (loss) on retirement benefits obligation, revaluation reserves and cumulative translation adjustments.

Retained Earnings (Deficit). Retained earnings (deficit) represent the cumulative balance of the Group's results of operations. Retained earnings (deficit) may also include effect of changes in accounting policy as may be required by the standard's transitional provision.

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

Revenue Recognition

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

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

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

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

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

Revenue from Other Sources. Revenue from other sources is recognized as follows:

- *Rental Income.* Revenue is recognized on a straight-line basis over the term of the lease.

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

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

<u>Cost and Expense Recognition</u>

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

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

Selling and Administrative Expenses. Selling expenses constitute costs incurred to sell and market the goods and services. Administrative expenses constitute cost of administering the business. Both are expensed as incurred.

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

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

<u>Leases</u>

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. This requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Group as Lessor. Leases where the Group retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease receipts are recognized as an income in profit or loss on a straight-line basis over the lease term.

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

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

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

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

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

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

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

<u>Income Taxes</u>

Current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

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

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

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

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

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

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

<u>Foreign Currency-denominated Transactions and Translation</u>

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

Investments in associates and subsidiaries whose functional currency is other than U.S. Dollar are translated to U.S. Dollar using the closing exchange rate prevailing at the reporting date. The Group's share in the results of operations of the foreign investee is translated using the exchange rate at the dates of the transactions or, where practicable, the rate that approximates the exchange rates at the dates of the transactions, such as the average rate for the period. Any resulting exchange difference is recognized as a separate component of equity.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in U.S. Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates at the dates of the transactions are used. Exchange differences, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

Related Party Relationships and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Provisions

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

Contingencies

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

Events after the Reporting Date

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

Income (Loss) per Share

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

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

Operating Segments

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

3. Significant Accounting Judgment, Estimates and Assumptions

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

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

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

Determining Functional Currency. Based on management's assessment, the functional currency of the entities in the Group has been determined to be the U.S. Dollar, except for certain subsidiaries whose functional currency is the New Zealand Dollar and Philippine Peso. The U.S. Dollar is the currency that mainly influences the operations of most of the entities within the Group.

Determining Control Over Subsidiaries. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Management has determined that by virtue of its majority ownership of voting rights or by the power to cast the majority of votes through its representatives in the BOD of its subsidiaries as at December 31, 2018 and 2017, the Parent Company has the ability to exercise control over these investees.

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

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

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

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

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the consolidated financial statements.

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

<u>Trade and other receivables (excluding restructured receivable from PFNZ).</u> The Group applies the simplified approach in measuring ECL on trade and other receivables which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

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

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

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

The information about the ECL on the Group's trade and other receivables is disclosed in Note 26.

The carrying amounts of the Group's cash and cash equivalents, trade and other receivables and other noncurrent receivables aggregated $19.75 million and $14.84 million as at December 31, 2018 and 2017, respectively (see Notes 5, 6 and 10).

The Group recognized provision for ECL on trade and other receivables amounting to $80,000 and $69,574 in 2018 and 2017, respectively (see Note 6). The carrying amounts of these financial assets are as follows:

Asset Type	Note	2018	2017
Cash and cash equivalents	5	**$7,012,332**	$4,427,478
Trade and other receivables	6	**11,848,595**	9,414,233
Noncurrent portion of trade and other receivables	10	**887,270**	994,004

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

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

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

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

Classifying Leases - Group as a Lessee. The Group has an operating lease agreement for its office and manufacturing space. The Group has determined that the risks and rewards of ownership related to the leased property are retained by the lessor. Accordingly, the agreement is accounted for as an operating lease.

Rent expense arising from operating lease amounted to $0.44 million, $0.50 million and $0.75 million in 2018, 2017 and 2016, respectively (see Note 22).

Classifying Leases - Group as Lessor. The Group has entered into lease agreement on its parcel of land. The Group has determined that it retains all the significant risks and rewards of ownership of the property. Accordingly, these leases are accounted for as operating leases.

Rent income amounted to $63,535 and $59,607 in 2017 and 2016, respectively (see Note 22).

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

Inventories carried at lower of cost and NRV amounted to $13.95 million and $14.15 million as at December 31, 2018 and 2017, respectively. Allowance for impairment losses amounted to $0.76 million and $1.35 million as at December 31, 2018 and 2017 (see Note 7).

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

There were no changes in the estimated useful lives of the Group's property, plant and equipment and other intangible assets as at December 31, 2018 and 2017.

Property, plant and equipment (except land), net of accumulated depreciation, amortization and impairment losses amounted to $6.02 million and $6.66 million as at December 31, 2018 and 2017, respectively (see Note 9). Other intangible assets, net of accumulated amortization and impairment losses, amounted to $49,026 and $56,938 as at December 31, 2018 and 2017, respectively (see Note 10).

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

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

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

Goodwill and macrocystic consent are tested for impairment annually and more frequently, when circumstances indicate that the carrying amount may be impaired.

Management has assessed that the amount of allowance for impairment of the Group's nonfinancial assets were sufficient except for property, plant and equipment and idle assets wherein provision for impairment losses amounting to $1.09 million and $314,320 was recognized in 2017 and 2016, respectively (see Notes 9 and 10).

The carrying amounts of nonfinancial assets are as follows:

Asset Type	Note	2018	2017
Goodwill	4	**$9,502,585**	$9,502,585
Other current assets	8	**8,154,691**	5,612,224
Property, plant and equipment	9	**15,486,050**	16,104,369
Other noncurrent assets*	10	**767,944**	587,483

**Excluding noncurrent receivables*

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

Retirement benefit costs amounted to $52,595, $50,302 and $92,315 in 2018, 2017 and 2016, respectively. Net retirement benefit obligation amounted to $0.22 million and $0.23 million as at December 31, 2018 and 2017, respectively. The cumulative remeasurement gain on retirement benefit liability recognized in equity amounted to $87,276 and $55,190 as at December 31, 2018 and 2017 (see Note 14).

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

The Group did not recognize deferred tax assets amounting to $1.16 million and $2.35 million as at December 31, 2018 and 2017 since the Group believes that it is not probable that sufficient taxable profit will be available to allow all or part of the MCIT and NOLCO to be utilized within the period allowed by the tax regulations.

The Group has recognized deferred tax assets amounting to $9.43 million and $9.72 million as at December 31, 2018 and 2017, respectively (see Note 24).

4. Goodwill

Goodwill resulted from the acquisition by the Parent Company of the following subsidiaries:

Spence. The Parent Company acquired 100% ownership of Spence in 2011. The acquisition of Spence's salmon processing facilities in USA allows the Group to diversify its product line.

Akaroa. The Parent Company acquired 80% ownership of Akaroa in 2012. The acquisition enables the Group to stabilize its supply of salmon.

The acquisition of Spence and Akaroa resulted in a goodwill aggregating $9.50 million.

The results of operations (net income) of these two subsidiaries aggregated $239,141 and $922,472 in 2018 and 2017, respectively.

Based on the Group's annual impairment test using a discounted cash flow model covering a five-year period, the Group has assessed that goodwill is not impaired as at December 31, 2018 and 2017. The principal assumptions made in determining the recoverable amount (value in use) are discount rate of 7.66% and growth rate of 5.00% in 2018 and 2017.

Management determined the five-year projected cash flows based on past performance, existing contracts and expectations on market development such as average price, revenue growth range and expected costs to generate such revenue. The discount and growth rates used were based on the Group's pre-tax weighted average cost of capital (WACC) using capital asset pricing model and pre-tax cash flow long-term growth rate taking into consideration the sector performance and general market and economic conditions.

5. Cash and Cash Equivalents

This account consists of:

	2018	2017
Cash on hand	**$6,706**	$4,029
Cash in banks	**7,000,668**	4,415,573
Cash equivalents	**4,958**	7,876
	$7,012,332	$4,427,478

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to cash placements with a bank for varying periods of up to three months depending on the immediate cash requirements of the Group.

Interest income from cash in banks and cash equivalents amounted to $24,160, $19,079 and $90,613 in 2018, 2017 and 2016, respectively (see Note 19).

6. Trade and Other Receivables

This account consists of:

	Note	2018	2017
Trade:			
Third parties		$11,962,935	$9,086,490
Related parties	13	245,236	276,382
Claims receivables		1,027,177	1,027,177
Advances to officers and employees		3,610	30,771
Others	10	656,587	1,005,363
		13,895,545	11,426,183
Less allowance for impairment losses		2,046,950	2,011,950
		$11,848,595	$9,414,233

Trade receivables are generated from the sale of inventories and are generally collectible within 30 to 60 days.

Claims receivables include claims for refunds from government agencies and claims from insurance, suppliers and other parties. These were fully provided with allowance for impairment losses as at December 31, 2018 and 2017.

Advances to officers and employees are subject to salary deduction within 30 days.

Movements in the allowance for impairment losses are as follows:

	Note	2018	2017
Balance at beginning of year		$2,011,950	$1,999,471
Reversal		(45,000)	–
Provisions	18	80,000	69,574
Currency translation adjustment		–	(57,095)
Balance at end of year		$2,046,950	$2,011,950

7. Inventories

This account consists of:

	Note	2018	2017
At cost:			
Finished goods	17	$5,955,771	$3,269,506
Raw materials		6,493,043	9,356,847
Work-in-process		240,694	237,261
Parts and supplies		325,299	294,821
		$13,014,807	$13,158,435
At NRV:			
Finished goods		$476,839	$936,980
Raw and packaging materials		454,116	59,456
		930,955	996,436
		$13,945,762	$14,154,871

The costs of inventories measured at NRV are as follows:

	Note	2018	2017
Finished goods	17	**$1,094,044**	$2,144,028
Raw and packaging materials		**596,059**	206,550
		$1,690,103	$2,350,578

Movements in the allowance for impairment losses on inventories are as follows:

	Note	2018	2017
Balance at beginning of year		**$1,354,142**	$2,539,534
Reversal		**(804,482)**	(1,416,172)
Provision	18	**209,488**	230,780
Balance at end of year		**$759,148**	$1,354,142

Inventories charged to cost of goods sold amounted to $68.67 million, $49.39 million and $43.35 million in 2018, 2017 and 2016, respectively (see Note 17).

Reversal of allowance for impairment of inventories mainly pertains to inventories condemned and subsequently sold, which were provided with allowance.

8. Other Current Assets

This account consists of:

	2018	2017
Advances to suppliers	**$7,068,066**	$4,868,762
Input VAT	**611,827**	591,157
Prepayments:		
Taxes	**292,528**	68,011
Insurance	**51,928**	25,428
Rent	**44,351**	24,852
Others	**85,991**	34,014
	$8,154,691	$5,612,224

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

Others pertain to prepaid dues and subscriptions and other fees.

9. Property, Plant and Equipment

Movements in this account are as follows:

	December 31, 2018							
	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and Equipment	Construction-In-Progress	Total
Cost								
Balances at beginning of year	$9,448,346	$4,658,162	$9,128,586	$496,538	$449,169	$136,848	$869,281	$25,186,930
Additions	–	36,279	59,485	5,965	40,733	206,360	72,520	421,342
Disposals/retirement	–	(474)	(42,038)	–	(1,895)	(5,019)	–	(49,426)
Reclassification	–	–	135,108	–	–	–	(135,108)	–
Translation adjustment	18,910	14,719	16,455	68	87	2,547	–	52,786
Balances at end of year	9,467,256	4,708,686	9,297,596	502,571	488,094	340,736	806,693	25,611,632
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	1,608,028	5,034,788	291,526	320,399	129,356	–	7,384,097
Depreciation and amortization	–	309,918	492,946	51,662	14,397	201,236	–	1,070,159
Disposals/retirement	–	(447)	(19,283)	–	(1,895)	(4,752)	–	(26,377)
Translation adjustment	–	(575)	(243)	(12)	69	–	–	(761)
Balances at end of year	–	1,916,924	5,508,208	343,176	332,970	325,840	–	8,427,118
Allowance for Impairment								
Balances at beginning and end of year	–	1,418,389	274,942	–	5,133	–	–	1,698,464
Carrying Amount	$9,467,256	$1,373,373	$3,514,446	$159,395	$149,991	$14,896	$806,693	$15,486,050

	December 31, 2017							
	Land	Building and Leasehold Improvements	Machinery and Equipment	Transportation Equipment	Office Furniture, Fixtures and Equipment	Plant Furniture, Fixtures and Equipment	Construction-in-Progress	Total
Cost								
Balances at beginning of year	$9,435,075	$4,796,678	$8,747,782	$488,711	$446,288	$136,660	$–	$24,051,194
Additions	–	12,718	416,017	32,720	3,094	284	869,281	1,334,114
Disposals/retirement	–	(156,373)	(42,038)	(24,133)	(297)	(96)	–	(222,937)
Translation adjustment	13,271	5,139	6,825	(760)	84	–	–	24,559
Balances at end of year	9,448,346	4,658,162	9,128,586	496,538	449,169	136,848	869,281	25,186,930
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	1,520,270	4,283,607	248,870	254,128	128,932	–	6,435,807
Depreciation and amortization	–	242,563	773,549	62,470	66,532	520	–	1,145,634
Disposals/retirement	–	(153,902)	(19,283)	(19,863)	(295)	(96)	–	(193,439)
Translation adjustment	–	(903)	(3,085)	49	34	–	–	(3,905)
Balances at end of year	–	1,608,028	5,034,788	291,526	320,399	129,356	–	7,384,097
Allowance for Impairment								
Balances at beginning of year	–	506,658	101,406	–	–	–	–	608,064
Provision for impairment	–	911,731	173,536	–	5,133	–	–	1,090,400
Balances at end of year	–	1,418,389	274,942	–	5,133	–	–	1,698,464
Carrying Amount	$9,448,346	$1,631,745	$3,818,856	$205,012	$123,637	$7,492	$869,281	$16,104,369

The Group's transportation equipment with net carrying value of $90,154 and $105,026 as at December 31, 2018 and 2017, respectively (see Note 12) are used as collateral to secure chattel mortgage.

In 2017, the Group provided for an impairment loss of $1.09 million (PTIAFI's plant and machinery) because of the discontinuance of the Group's fishing operations. Allowance for impairment loss amounted to $1.70 million as at December 31, 2018 and 2017.

The depreciation and amortization charged to operations are as follows:

	Note	2018	2017	2016
Property, plant and equipment		**$1,070,159**	$1,145,634	$1,142,690
Other intangible assets	10	**4,834**	4,963	4,864
		$1,074,993	$1,150,597	$1,147,554
Charged to:				
Cost of goods sold	17	**$928,685**	$1,029,724	$1,059,050
Selling and administrative expenses	18	**146,308**	120,873	88,504
		$1,074,993	$1,150,597	$1,147,554

The Group recognized gain on disposal/retirement of property, plant and equipment of $1,338, $58,618 and $12,078 in 2018, 2017 and 2016, respectively (see Note 19).

The cost of fully depreciated property, plant and equipment still used in Group's operations amounted to $0.73 million and $0.28 million as at December 31, 2018 and 2017, respectively. Fully depreciated property and equipment of AMHI costing $0.16 million were retired on December 31, 2017.

10. Other Noncurrent Assets

This account consists of:

	2018	2017
Receivable from WCFI	**$2,182,863**	$2,182,863
Receivable from PFNZ - net of current portion	**887,270**	994,004
Investments in joint ventures	**553,480**	553,480
Biological assets	**528,158**	356,700
Idle assets	**314,320**	314,320
Investment in an associate	**121,794**	118,333
Other intangible assets	**163,305**	171,217
Others	**68,966**	55,512
	4,820,156	4,746,429
Less allowance for impairment losses	**3,164,942**	3,164,942
	$1,655,214	$1,581,487

Receivable from WCFI

Receivable from WCFI includes receivable from the sale of a fishing vessel and advances for fish deposit. These were fully provided with allowance for impairment losses because of losses sustained by WCFI. WCFI has ceased operations since 2014.

Receivable from PFNZ

Details of the receivable from PFNZ are as follows:

	Note	**2018**	2017	2016
Outstanding balance		**$1,063,666**	$1,134,962	$1,245,519
Less current portion	6	**176,396**	140,958	177,500
Noncurrent portion		**$887,270**	$994,004	$1,068,019

Cash receipts amounted to $71,296, $110,557 and $112,856 in 2018, 2017 and 2016, respectively.

PFNZ was a former subsidiary of ASFII before the latter sold its 50% plus one ownership interest in PFNZ in 2015. In the same year, BGB entered into a debt restructuring agreement with PFNZ, which provides among others:

a. Payment of the receivable in monthly installments commencing in January 2016 up to September 2029; and

b. Securing the restructured receivable with PFNZ's tangible and intellectual properties.

Interest income amounted to $41,266, $51,886 and $68,520 in 2018, 2017 and 2016, respectively (see Note 19).

Investments in Joint Ventures

Details of investments in joint ventures as at December 31, 2018 and 2017 are as follows:

	Amount
At cost:	
FDCP	$240,964
WCFI	39,279
Accumulated equity in net earnings	360,189
Share in other comprehensive income	(86,952)
	553,480
Allowance for impairment loss	(553,480)
	$–

FDCP. FDCP is engaged in manufacturing and wholesale of tin cans. FDCP ceased manufacturing operations in September 2015. The Group has 39% ownership interest in FDCP.

WCFI. WCFI is an entity primarily engaged in commercial fishing within and outside Philippine waters and in the high seas. The Group has 40% ownership interest in WFCI. WCFI ceased operation on December 31, 2014.

Idle Assets

Idle assets pertain to fishing vessels that are no longer used in the Group's operations. The fishing vessel was stated at its recoverable amount which is based on scrap value. Details of the carrying amount of the fishing vessel are as follows:

	Amount
Cost	$14,412,664
Less:	
Accumulated depreciation	484,192
Allowance for impairment losses	13,614,152
	$314,320

As at December 31, 2018 and 2017, the carrying value of fishing vessel amounting to $314,320 was fully provided with allowance for impairment losses (see Note 18).

Investment in an Associate

The Group has an effective 20% ownership interest in SSNZ. SSNZ is engaged in the farming of salmon in South Island of New Zealand and was incorporated in 2008.

Details of the investment are as follows:

	2018	2017
Acquisition cost	**$27,319**	$27,319
Accumulated equity in profits:		
Balance at beginning of year	**91,014**	64,933
Equity in net income	**3,461**	26,081
Balance at end of year	**94,475**	91,014
	$121,794	$118,333

The summarized financial information of SSNZ as at and for the year ended December 31, 2018 and 2017 is as follows:

	2018	2017
Total assets	**$349,234**	$419,063
Total liabilities	**69,606**	42,694
Equity	**279,628**	376,369
Net income	**36,526**	130,406

Other Intangible Assets

Other intangible assets pertain to macrocystic and salmon farming consents in New Zealand and a fishing license. Movements in this account are as follows:

	Note	2018	2017
Cost		**$269,066**	$269,066
Accumulated Amortization			
Balance at beginning of year		**97,849**	94,371
Amortization	9	**4,834**	4,963
Translation adjustment		**3,078**	(1,485)
Balance at end of year		**105,761**	97,849
		163,305	171,217
Less allowance for impairment loss		**(114,279)**	(114,279)
		$49,026	$56,938

The carrying amount of intangible asset with indefinite useful life, which pertains to macrocystic consent, amounted to $20,127 and $21,302 at December 31, 2018 and 2017, respectively.

The total carrying amount of intangible assets with definite useful lives, which pertain to salmon farming consent and fishing license, amounted to $28,899 and $35,636 as at December 31, 2018 and 2017, respectively.

Others

Others include lease deposits and biological assets of the Group, which comprised solely of consumable female smolts. The biological assets amounted to $0.53 million and $0.36 million as at December 31, 2018 and 2017, respectively.

11. Trade and Other Payables

This account consists of:

	Note	2018	2017
Trade payables:			
Third parties		**$6,289,286**	$6,837,599
Related parties	13	**534,259**	372,998
Accrued expenses:			
Professional fees		**494,710**	241,787
Salaries, wages and other benefits		**373,057**	758,492
Interest		**168,531**	435,828
Freight		**49,139**	16,544
Others		**778,958**	647,619
Customers' deposits		**266,689**	72,299
Statutory payable		**125,063**	278,488
Others		**39,411**	83,570
		$9,119,103	$9,745,224

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

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

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

Statutory payable includes amounts payable to government agencies such as SSS, PhilHealth and Pag-IBIG and are normally settled in the following month.

12. Loans Payable

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

Short-term Loans

	Currency	Nominal interest rate	2018	2017
Local banks	USD	3.25% - 5.80%	**$26,539,033**	$18,487,091
Investment banks	PHP	5.00% - 8.00%	**2,149,106**	3,064,290
	USD	4.50% - 6.50%	**2,200,000**	2,700,000
			30,888,139	24,251,381
Add current portion of long-term loans			**29,157**	34,519
			$30,917,296	$24,285,900

Loans from local banks represent availments of revolving facilities, export packing credit, export bills purchase, import letters of credit and trust receipts, with term ranging from 3 to 6 months.

Loan Security. Short term loans from local banks are secured by the Group's trade receivables and inventories as follows:

	2018	2017
Trade receivables	**$5,218,576**	$6,023,684
Inventories	**11,763,776**	8,251,539
	$16,982,352	$14,275,223

Loans from investment banks are unsecured promissory notes used to finance the Group's working capital requirements, with a renewable 90-day term.

Long-term Loans

	2018	2017
Local banks	**$37,604**	$50,569
Foreign financing corporation	**38,542**	63,305
	76,146	113,874
Less current portion	**29,157**	34,519
	$46,989	$79,355

Loans from local banks, which are denominated in Peso, bear annual interest rates ranging from 9.24% to 9.59%. Loans from foreign financing corporation, which are denominated in New Zealand Dollars, bear an annual interest of 7.15%.

Loan Security. The long-term loans are secured by transportation equipment with carrying amount of $90,154 and $105,026, respectively (see Note 9).

Schedule of Principal Payments. Principal payments to be paid within the next financial year and within two to five years amounted to $29,157 and $46,989, respectively.

Interest Expense

Interest expense from loans payable amounted to $1.4 million, $751,487 and $860,496 in 2018, 2017 and 2016, respectively.

13. Related Party Transactions

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

		Amount of Transaction		Outstanding Balance	
Related Party	Note	2018	2017	2018	2017
Trade and other receivables	6				
Joint Venture		**($30,600)**	($5,043)	**$234,665**	$265,265
Associate		**(546)**	(4,705)	**10,571**	11,117
				$245,236	$276,382

(Forward)

Related Party	Note	Amount of Transaction 2018	Amount of Transaction 2017	Outstanding Balance 2018	Outstanding Balance 2017
Other noncurrent assets	10				
Joint Venture		$–	$–	**$2,182,863**	$2,182,863
Allowance for impairment		–	–	**(2,182,863)**	(2,182,863)
				$–	$–
Trade and other payables	11				
Immediate Parent		**($20,216)**	$110,154	**$89,938**	$110,154
Joint Venture		**181,477**	–	**444,321**	262,844
Associate		**320,078**	247,646	**–**	–
				$534,259	$372,998
Due to related parties					
Immediate Parent		**($2,002,804)**	$2,002,804	**$–**	$2,002,804
Subsidiary's Stockholder		**(48,176)**	3,594	**91,530**	139,706
				$91,530	$2,142,510

Nature and Terms of Payment

Trade and Other Receivables. Receivable from an associate pertains to receivable from tin cans returned. Receivable from joint venture pertains to working capital advances that are due on demand. These are settled in cash.

Trade and Other Payables. Payable to Immediate Parent pertains to various operating expenses. Payable to FDCP pertains to unpaid tin can requirements. The outstanding balances are unsecured, noninterest-bearing and have no repayment terms. These are settled in cash.

Akaroa, another subsidiary, purchases smolts from SSNZ. These are settled upon billing.

Due to Related Parties. Payable to Immediate Parent in 2017 pertains to cash advances for working capital requirements and bear 6.5% annual interest payable within four months from drawdown date. This was paid in full in 2018. Due to a subsidiary's stockholder, which bears 7.15% annual interest, pertains to working capital advances and are payable on demand.

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

Intercompany transactions eliminated in consolidation pertain to due to/from related parties and rental. Total due to/from related parties eliminated as at December 31, 2018 and 2017 amounted to $16.87 million and $21.60 million, respectively. Total rental receivable and payable eliminated as at December 31, 2018 and 2017 amounted to $18,309 and $81,587, respectively.

Total interest expense aggregated $86,733, $36,060 and $8,021 in 2018, 2017 and 2016, respectively.

The remuneration of the key management personnel of the Group is composed of short-term and post-employment benefits. Short-term employee benefits amounted to $492,042, $398,487 and $504,165 in 2018, 2017 and 2016, respectively. Post-employment benefits amounted to $35,356, $35,934 and $39,581 in 2018, 2017 and 2016, respectively.

14. Retirement Benefit Obligation

The Group values its defined benefit obligation using the Projected Unit Credit Method. The benefit shall be payable to retirees who are at least sixty years old and with at least five years of credited service to the Group.

The Group has executed a Trust Agreement with a reputable local bank to establish the Group's retirement plan. The last actuarial valuation report obtained was in 2018.

The retirement benefit costs recorded under "Selling and administrative expenses" account in the consolidated statements of comprehensive income are as follows:

	2018	2017	2016
Current service cost	**$43,326**	$42,325	$74,564
Net interest expense	**9,269**	7,977	17,751
	$52,595	$50,302	$92,315

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:

	2018	2017
Present value of defined benefit obligation	**$262,808**	$276,817
Fair value of plan assets	**(39,674)**	(42,190)
	$223,134	$234,627

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

	2018	2017
Balance at beginning of year	**$276,817**	$226,550
Current service cost	**43,326**	42,325
Interest cost	**11,735**	8,705
Remeasurement gains:		
Changes in financial assumptions	**(47,442)**	–
Experience adjustments	**(10,897)**	–
Unrealized foreign exchange gain - translation adjustment	**(10,731)**	(763)
	$262,808	$276,817

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

	2018	2017
Balance at beginning of year	**$42,190**	$41,636
Remeasurement loss	**(2,534)**	–
Interest income	**2,106**	728
Translation adjustment	**(2,088)**	(174)
	$39,674	$42,190

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

	2018	2017
Cash and cash equivalents	$150	$352
Other assets	56	–
Debt instruments	39,524	41,889
Fees payables	(4)	(5)
Withholding taxes payable	(52)	(46)
	$39,674	$42,190

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

	2018	2017
Discount rate	7.43%	5.25%
Expected rate of salary increases	6.00%	4.00%

The sensitivity analyses on the defined benefit obligations as at December 31, 2018 and 2017 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.

	2018		2017	
	Change in Assumption	Increase (Decrease) on Retirement Benefit Obligation	Change in Assumption	Increase (Decrease) on Retirement Benefit Obligation
Expected salary growth rate	1.00%	$16,062	1.00%	$26,325
Discount rate	1.00%	(13,431)	1.00%	(26,228)
Improvement in employee turnover	10.00%	1,934	10.00%	2,984

The average duration of the benefit obligation on December 31, 2018 and 2017 is 19 and 18 years, respectively.

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

	2018	2017	2016
Balance at beginning of year	$55,190	$55,190	($48,352)
Remeasurement gain	32,086	–	103,542
Balance at end of year	$87,276	$55,190	$55,190

Deferred tax asset related to the cumulative remeasurement gain or loss amounted to $26,183 and $45,162 as at December 31, 2018 and 2017, respectively.

15. Equity

Capital Stock

Details of the Parent Company's capital stock as at December 31, 2018 and 2017 are as follows:

	2018		2017	
	Shares	**Amount**	Shares	Amount
Authorized				
Ordinary shares at ₱0.50 and ₱1.00 par value a share in 2018 and 2017, respectively				
Balance at beginning of year	**3,000,000,000**	**₱3,000,000,000**	3,000,000,000	₱3,000,000,000
Effect of equity restructuring	**–**	**(1,500,000,000)**	–	–
	3,000,000,000	**₱1,500,000,000**	3,000,000,000	₱3,000,000,000
Issued and Outstanding				
Balance at beginning of year	**2,500,000,000**	**$53,646,778**	2,500,000,000	$53,646,778
Effect of equity restructuring	**–**	**(26,823,389)**	–	–
	2,500,000,000	**26,823,389**	2,500,000,000	53,646,778
Treasury shares	**(287,537)**	**(5,774)**	(287,537)	(5,774)
Balance at end of year	**2,499,712,463**	**$26,817,615**	2,499,712,463	$53,641,004

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

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

On July 20, 2017 and September 7, 2017, the BOD and stockholders, respectively, approved the Parent Company's equity restructuring to eliminate deficit by decreasing the authorized capital stock through reduction of par value of its common stock from ₱1 a share to approximately ₱0.50 a share, without returning any portion of the capital to the stockholders; creating additional paid-in capital from the decrease in par value; and, applying the newly created additional paid-in capital to wipe out the Parent Company's deficit as at May 31, 2017.

On March 23, 2018, the SEC approved the Parent Company's application for the equity restructuring. Accordingly, the resulting APIC of $26.82 million from the restructuring and APIC of $6.66 million as at December 31, 2016, were used to fully wipe out the Parent Company's deficit amounting to $32.00 million as at December 31, 2017.

The total number of shareholders of the Parent Company as at December 31, 2018 and 2017 is 237 and 236, respectively.

The Group's non-controlling interests represent 0.02%, 20% and 1.11% ownership of non-controlling interest shareholders of PTIAFI & PTVDZ, Akaroa and AMHI, respectively. Non-controlling interests amounted to $2.26 million and $2.32 million as at December 31, 2018 and 2017, respectively.

The summarized financial information of PTIAFI and PTVDZ, Akaroa and AMHI as at and for the years ended December 31, 2018, 2017 and 2016 follows:

	2018		
	PTIAFI & PTVDZ	**AKAROA**	**AMHI**
Total assets	**$2,325,413**	**$2,779,457**	**$2,925,779**
Total liabilities	**12,536,900**	**977,042**	**2,310,774**
Equity (capital deficiency)	**(10,211,487)**	**1,802,415**	**615,005**
Net income (loss)	**(298,537)**	**447,956**	**11,562**

	2017		
	PTIAFI & PTVDZ	AKAROA	AMHI
Total assets	$2,908,222	$2,679,662	$3,054,192
Total liabilities	9,333,592	1,235,864	2,400,951
Equity (capital deficiency)	(6,425,370)	1,443,798	653,241
Net income (loss)	(1,260,693)	703,204	(211,964)

	2016		
	PTIAFI & PTVDZ	AKAROA	AMHI
Total assets	$4,257,722	$1,791,814	$3,603,358
Total liabilities	12,910,681	1,068,337	2,446,946
Equity (capital deficiency)	(8,652,959)	723,477	1,156,412
Net income (loss)	(2,765,007)	212,713	380,744

16. Net Revenue

Revenue is disaggregated to the following major product lines:

	2018	2017	2016
Net sales of:			
Canned tuna	**$80,625,785**	$40,351,993	$32,329,900
Smoked salmon	**8,359,267**	28,798,802	24,977,446
Others	**8,148,699**	3,260,973	2,550,388
	97,133,751	72,411,768	59,857,734
Sales returns	**(15)**	(283,725)	(2,864)
	97,133,736	72,128,043	59,854,870
Rent	**–**	63,535	59,607
	$97,133,736	$72,191,578	$59,914,477

Others pertain mainly to sale of wholefish and by-products.

Revenue generated by the foreign subsidiaries comprise of 27%, 39% and 45% of the total revenue of the Group in 2018, 2017 and 2016, respectively.

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

17. Cost of Goods Sold

This account consists of:

	Note	2018	2017	2016
Raw materials used		**$70,306,206**	$49,313,797	$42,423,566
Direct labor	20	**8,197,621**	6,657,414	6,046,490
Manufacturing overhead:				
Warehousing		**1,921,466**	954,299	1,173,976
Fuel, light and water		**1,303,706**	1,460,274	1,095,315
Labor	20	**967,342**	646,116	776,139
Depreciation and amortization	9	**928,685**	1,029,724	1,059,050
Rent	22	**359,147**	440,557	678,911
Others		**2,445,842**	2,166,402	2,265,556
Total manufacturing costs		**86,430,015**	62,668,583	55,519,003
Finished goods, beginning	7	**5,413,534**	5,487,867	6,415,666
Total cost of goods manufactured		**91,843,549**	68,156,450	61,934,669
Finished goods, ending	7	**(7,049,815)**	(5,413,534)	(5,487,867)
		$84,793,734	$62,742,916	$56,446,802

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

18. Selling and Administrative Expenses

This account consists of:

	Note	2018	2017	2016
Salaries, wages and other benefits	20	**$2,750,012**	$2,614,078	$2,772,949
Freight and handling		**954,708**	893,265	845,804
Outside services		**850,285**	880,684	746,535
Advertising, marketing and commission		**694,634**	517,707	586,495
Taxes and licenses		**461,812**	682,079	305,302
Transportation and travel		**327,933**	320,853	428,402
Provisions for impairment losses on:				
Inventories	7	**209,488**	230,780	794,010
Trade and other receivables	6	**80,000**	69,574	79,049
Property, plant and equipment	9	**–**	1,090,400	–
Other noncurrent assets	10	**–**	–	314,320
Insurance		**193,097**	145,711	193,691
Depreciation and amortization	9	**146,308**	120,873	88,504
Materials and supplies		**115,620**	95,718	88,043
Utilities and communication		**90,505**	101,313	115,683
Rent	22	**79,524**	61,136	66,186
Others		**387,470**	292,953	532,942
		$7,341,396	$8,117,124	$7,957,915

19. Other Income (Charges) - Net

This account consists of:

	Note	2018	2017	2016
Foreign exchange gain		**$320,202**	$13,198	$202,330
Bank charges		**(235,567)**	(154,146)	(116,353)
Interest income		**65,426**	70,965	159,133
Gain on disposal/retirement of property, plant and equipment	9	**1,338**	58,618	12,078
Others		**(155,406)**	3,811	303,927
		($4,007)	($7,554)	$561,115

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

20. Employee Benefits

This account consists of:

	Note	2018	2017	2016
Short-term employee benefits		**$11,862,380**	$9,867,306	$9,503,263
Post-employment benefits	14	**52,595**	50,302	92,315
		$11,914,975	$9,917,608	$9,595,578
Charged to:				
Cost of goods sold	17	**$9,164,963**	$7,303,530	$6,822,629
Selling and administrative expenses	18	**2,750,012**	2,614,078	2,772,949
		$11,914,975	$9,917,608	$9,595,578

21. Income (Loss) Per Share

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

	2018	2017	2016
Net income (loss) attributable to Parent Company	**$2,524,265**	$1,437,271	($5,968,529)
Weighted average number of ordinary shares outstanding	**2,499,712,463**	2,499,712,463	2,499,712,463
	$0.0010	$0.0006	($0.0024)

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

As at December 31, 2018, 2017 and 2016, the Parent Company has no dilutive potential share.

22. Significant Agreements

Supply Agreement

The Parent Company entered into an exclusive supply agreement with a customer to provide specified products for duration of five years starting 2018, renewable upon mutual agreement by both parties. No transactions occurred in 2018.

Operating Lease Agreements

A number of operating lease agreements were entered into by the Group.

The Group as Lessee:

Head Office. The Parent Company leased its head office space from a third party lessor with a monthly rental of $3,688 for a period of three years, from August 16, 2015 to August 15, 2018.

On August 13, 2018, the Parent Company changed its office address. ASFII entered into a new lease agreement for its head office space with a new third party lessor on July 18, 2018 with a monthly rental of $4,017 for a period of five years, effective until July 31, 2023 and renewable upon mutual agreement of the parties.

Foreign Subsidiaries' Offices. Akaroa entered into a lease agreement with a third party for premises located at 6 Pope Street, with an annual rental payment of $46,213 for 15 years beginning June 1, 2012 until May 30, 2027. The agreement has four renewable dates being December 1, 2014, June 1, 2017, June 1, 2022 and December 1, 2024.

Spence leases its office and manufacturing space from a former shareholder under an operating lease that expires on May 31, 2020. Spence also leases certain vehicles under operating leases until August 2021.

Rent expense charged to cost of goods sold amounted to $359,147, $440,557 and $678,911 in 2018, 2017 and 2016, respectively (see Note 17). Rent expense charged to selling and administrative expenses amounted to $79,524, $61,136 and $66,186 in 2018, 2017 and 2016, respectively (see Note 18).

Future minimum lease payments under the lease agreements are as follows:

	2018	2017
Not later than one year	**$370,938**	$173,054
Later than one year but not later than five years	**658,169**	359,984
More than five years	**–**	165,723
	$1,029,107	$698,761

The Group as Lessor:

Operating lease agreement between AMHI and FDCP. AMHI has a lease agreement with FDCP covering a parcel of land. The lease agreement expired in 2017. As at December 31, 2017, the total rent receivable from FDCP amounting to $14,610 was offset against the security deposit. Refundable lease deposit amounted to $20,655 and $21,811 as at December 31, 2018 and 2017, respectively. Rent income amounted to $63,535 and $59,607 in 2017 and 2016, respectively.

23. Corporate Social Responsibility (CSR)

The Parent Company has implemented a corporate social responsibility program to focus on the local workers' community welfare, as well as to promote a clean and healthy environment together with energy conservation.

24. Income Taxes

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

	2018	2017	2016
Current	**$350,987**	$600,994	$702,842
Deferred	**539,670**	(1,601,528)	418,056
	$890,657	($1,000,534)	$1,120,898

Deferred Tax

The components of the Group's deferred tax assets and deferred tax liabilities as at December 31, 2018 and 2017 are as follows:

	2018	2017
Deferred tax assets:		
Allowance for impairment losses on:		
Trade and other receivables and other noncurrent assets	**$7,164,870**	$7,157,270
Inventories	**91,819**	268,920
Property, plant and equipment	**30,422**	30,422
NOLCO	**1,463,693**	2,014,248
Accrued expenses	**352,242**	90,541
MCIT	**258,198**	94,961
Retirement benefit obligation	**65,006**	60,780
Unrealized foreign exchange loss	**7,173**	4,181
	$9,433,423	$9,721,323
Deferred tax liabilities:		
Accelerated depreciation	**$94,000**	$135,957
Unrealized foreign exchange gain	**30,132**	–
Remeasurement gain on retirement benefit obligation	**12,919**	–
Accrued rent	**5,493**	–
	$142,544	$135,957

Details of other deductible temporary differences for which no deferred tax assets were recognized as at December 31, 2018 and 2017 are as follows:

	2018	2017
NOLCO	**$526,278**	$1,176,469
Allowance on impairment on:		
Property, plant and equipment	**479,117**	479,117
Inventories	**135,925**	137,323
Trade and other receivables and other noncurrent assets	**–**	480,276
MCIT	**13,751**	65,239
Retirement benefit obligation	**1,934**	9,608
	$1,157,005	$2,348,032

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

Inception Year	Amount	Applied	Derecognized/ Expired	Balance	Expiry Year
2018	$485,396	$–	$–	$485,396	2021
2017	303,379	–	–	303,379	2020
2016	5,844,461	–	–	5,844,461	2019
2015	4,491,524	3,206,194	1,285,330	–	2018
	$11,124,760	$3,206,194	$1,285,330	$6,633,236	

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

Inception Year	Amount	Expired	Balance	Expiry Year
2018	$166,110	$–	$166,110	2021
2017	100,687	–	100,687	2020
2016	5,152	–	5,152	2019
2015	41,081	41,081	–	2018
	$313,030	$41,081	$271,949	

The Group has assessed that with the continuing positive results of its operations because of initiatives adapted (see Note 1), it will generate enough taxable income against which the deferred tax assets of $9.43 million and $9.72 million as at December 31, 2018 and 2017, respectively, can be utilized.

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

	2018	2017	2016
Income tax expense (benefit) computed at statutory tax rate	**$1,048,142**	$168,755	($1,433,361)
Changes in unrecognized DTA	**(1,097,035)**	(421,446)	812,200
Expired:			
NOLCO	**385,599**	609,481	807,684
MCIT	**55,448**	83,767	52,786
Tax effects of:			
Expenses exempt from taxation	**6,232**	78,866	70,282
Income exempt from taxation	**(1,622)**	(5,724)	(81,524)
Interest expense	**591**	2,100	18,152
Effect of tax rate differences	**493,302**	484,735	874,679
	$890,657	$1,000,534	$1,120,898

The Parent Company and BGB were subjected to MCIT of $172,109, $100,743 and $4,009 in 2018, 2017 and 2016, respectively.

25. Fair Value of Financial Assets and Liabilities

The table below presents the carrying amounts and fair value of the Group's financial assets and financial liabilities as at December 31, 2018 and 2017.

	2018			
		Fair value measurement using		
	Carrying Amount	**Fair Value**	**Quoted prices in active markets (Level 1)**	**Significant unobservable inputs (Level 3)**
Financial Assets				
At amortized cost:				
Cash and cash equivalents	$7,012,332	$7,012,332	$7,012,332	$–
Trade and other receivables	11,848,595	11,848,595	11,848,595	–
Receivable from PFNZ*	887,270	887,270	–	887,270
	$19,748,197	$19,748,197	$18,860,927	$887,270
Financial Liabilities				
At amortized cost:				
Trade and other payables**	$8,727,351	$8,727,351	$8,727,351	$–
Loans payable	30,964,285	30,964,285	–	30,964,285
Due to related parties	91,530	91,530	91,530	–
Refundable lease deposit	20,655	20,655	–	20,655
	$39,803,821	$39,803,821	$8,818,881	$30,984,940

**Under other noncurrent assets*
***Excluding statutory payable and customers' deposits*

	2017			
	Fair value measurement using			
	Carrying Amount	Fair Value	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 3)
Financial Assets				
At amortized cost				
Cash and cash equivalents	$4,427,478	$4,427,478	$4,427,478	$–
Trade and other receivables	9,414,233	9,414,233	9,414,233	–
Receivable from PFNZ*	994,004	1,284,758	–	1,284,758
	$14,835,715	$15,126,469	$13,841,711	$1,284,758
Financial Liabilities				
At amortized cost:				
Trade and other payables**	$9,394,437	$9,394,437	$9,394,437	$–
Loans payable	24,365,255	24,370,614	–	24,370,614
Due to related parties	2,142,510	2,142,510	2,142,510	–
Refundable lease deposit	21,811	21,811	–	21,811
	$35,924,013	$35,929,372	$11,536,947	$24,392,425

**Under other noncurrent assets*
***Excluding statutory payable and customers' deposits*

The difference between the carrying amount of trade and other payables disclosed in the consolidated statements of financial position and the amount disclosed in this note pertains to statutory payables and customers' deposits that are not considered as financial liabilities.

Due to the short-term maturities of cash and cash equivalents, trade and other receivables, trade and other payables, due to related parties and refundable lease deposit, their carrying amounts approximate their fair values.

The fair value of the receivable from PFNZ and loans payable is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. There were no significant unobservable inputs identified and no relationship was established between the unobservable inputs and the fair value of the loans payable and refundable lease deposit. These financial instruments are classified under Level 3 of the fair value hierarchy groups of the consolidated financial statements. The fair value of the refundable lease deposit is based on the amount that the Group could be required to repay immediately.

The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable. There were no transfers to other levels in 2018 and 2017.

26. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise mainly of cash and cash equivalents, trade and other receivables, receivable from PFNZ, trade and other payables (excluding statutory payable and customers' deposit), loans payable, due to related parties and refundable lease deposit. The main purpose of these financial instruments is to finance the Group's operations.

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

Credit Risk

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

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

	2018	2017
Cash in banks and cash equivalents	**$7,005,626**	$4,423,449
Trade and other receivables	**13,895,545**	11,426,183
Receivable from PFNZ*	**887,270**	994,004
	$21,788,441	$16,843,636

**Under other noncurrent assets*

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

As at December 31, 2018 and 2017, the amount of cash and cash equivalents are neither past due nor impaired and were classified as *"High Grade"*, while trade and other receivables and receivable from PFNZ under noncurrent assets were classified as *"Standard Grade"*. The credit quality of the financial assets is managed by the Group using the internal credit quality ratings as follows:

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

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

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

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

For receivable from PFNZ, impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on the capacity and willingness of the debtor to pay. Default is defined as the failure of the client to pay or to provide alternative payment or any security mutually agreed by the parties within an agreed period.

Receivable from PFNZ is secured with PFNZ's tangible and intellectual properties.

As at December 31, 2018 and 2017, the aging analysis of the Group's financial assets is as follows:

	2018					
		Past Due Accounts but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$7,000,668	$–	$–	$–	$–	$7,000,668
Cash equivalents	4,958	–	–	–	–	4,958
Trade and other receivables	7,978,428	2,277,696	888,407	704,064	2,046,950	13,895,545
Receivable from PFNZ*	887,270	–	–	–	–	887,270
	$15,871,324	$2,277,696	$888,407	$704,064	$2,046,950	$21,788,441

**Under other noncurrent assets*

	2017					
		Past Due Accounts but not Impaired				
	Neither Past Due nor Impaired	1 - 30 Days Past Due	31 - 60 Days Past Due	Over 60 Days	Impaired Financial Assets	Total
Cash in banks	$4,415,573	$–	$–	$–	$–	$4,415,573
Cash equivalents	7,876	–	–	–	–	7,876
Trade and other receivables	4,345,089	4,180,826	262,465	625,853	2,011,950	11,426,183
Receivable from PFNZ*	994,004	–	–	–	–	994,004
	$9,762,542	$4,180,826	$262,465	$625,853	$2,011,950	$16,843,636

**Under noncurrent assets*

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but has not yet been identified. For these receivables the estimated impairment losses were recognized in a separate provision for impairment loss. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganization
- default or late payments (more than 30 days overdue)

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Market Risk

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

The sensitivity analyses in the following sections relate to the position as at December 31, 2018 and 2017.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant items in the statement of comprehensive income is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2018 and 2017.

- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at December 31, 2018 for the effects of the assumed changes of the underlying risk.

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

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

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

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

	2018		2017	
	Philippine Peso	**US Dollar Equivalent**	Philippine Peso	US Dollar Equivalent
Cash and cash equivalents	**₱522,172**	**$9,904**	₱26,898,255	$538,699
Trade and other receivables	**965,329**	**18,309**	47,995,375	961,217
Trade and other payables	**16,587,507**	**314,610**	290,490,623	5,817,738
Loans payable	**–**	**–**	160,001,176	3,204,389

	2018		2017	
	New Zealand Dollar	**US Dollar Equivalent**	New Zealand Dollar	US Dollar Equivalent
Cash and cash equivalents	**$461,113**	**$309,361**	$825,035	$583,841
Trade and other receivables	**769,230**	**516,076**	940,849	668,063
Trade and other payables	**727,485**	**488,070**	661,571	469,758
Loans payable	**57,448**	**38,542**	89,155	63,306
Due to a related party	**482,579**	**323,762**	196,751	139,706

Management's Assessment of the Reasonableness of Possible Change in Foreign Exchange Rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items adjusted and translated at period end for a 6% change in 2018 and 2017, respectively, in foreign currency rates.

Foreign Currency Sensitivity Analysis. The sensitivity analysis includes all of the Group's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in net profit when the U.S. Dollar strengthens by 6% against the relevant currency. For a 6% weakening of the U.S. Dollar against the relevant currency, there would be an equal and opposite impact on the net profit and the balances on the following table would be negative.

The following table details the Group's sensitivity to the U.S. Dollar against the relevant foreign currency.

	Effect on Income for the Year	
	2018	2017
Cash and cash equivalents	**$19,156**	$67,352
Trade and other receivables	**30,302**	83,039
Due from related parties	**1,762**	14,718
Trade and other payables	**(48,161)**	(377,250)
Loans payable	**(2,313)**	(196,062)
Due to a related party	**(19,426)**	(8,382)
	($18,680)	($416,585)

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

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

Management believes that any variation in the interest will not have a material impact on the net profit of the Group. Bank and mortgage loans amounting to $30.92 million and $24.29 million as at December 31, 2018 and 2017, respectively, agreed at interest rates ranging from approximately 3.25% to 5.40% for bank loans and 7.15% to 9.59% per annum for long-term loans; expose the Group to fair value interest rate risk.

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

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

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

a. To ensure that adequate funding is available at all times;

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

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

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

	2018			
	Weighted Average Effective Interest Rate	**Within One Year**	**More than One Year**	**Total**
Trade and other payables*	–	**$8,727,351**	**$–**	**$8,727,351**
Loans payable	**4.50% - 9.59%**	**30,917,296**	**46,989**	**30,964,285**
Due to related parties	**6.50% - 7.15%**	**91,530**	**–**	**91,530**
Future interest	**4.50% - 9.59%**	**2,919**	**2,266**	**5,185**
Refundable lease deposit	–	–	**20,655**	**20,655**
		$39,739,096	**$69,910**	**$39,809,006**

**Excluding statutory payable and customers' deposits*

	2017			
	Weighted Average Effective Interest Rate	Within One Year	More than One Year	Total
Trade and other payables*	–	$9,394,437	$–	$9,394,437
Loans payable	4.50% - 9.59%	24,285,900	79,355	24,365,255
Due to related parties	6.50% - 7.15%	2,142,510	–	2,142,510
Future interest	4.50% - 9.59%	29,603	11,111	40,714
Refundable lease deposit	–	–	21,811	21,811
		$35,852,450	$112,277	$35,964,727

**Excluding statutory payable and customers' deposit*

Capital Management

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

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

The Group monitors capital using debt to equity ratio, which is total debt divided by total equity. The debt-to-equity ratio as at December 31, 2018 and 2017, follows:

	2018	2017
Debt	**$40,747,913**	$36,830,072
Equity	**36,290,739**	33,688,498
Debt-to-Equity Ratio	**$1.12:1**	$1.09:1

The Group is not subject to any externally imposed capital requirements.

Debt is composed of trade and other payables, loans payable, due to related parties, income tax payable, net retirement benefit obligation, deferred tax liabilities and refundable lease deposits as discussed in Notes 11, 12, 13, 14, 22 and 24 respectively, while equity includes share capital, reserves of the Group and non-controlling interests, 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. The public ownership is about 32% as at December 31, 2018 and 2017, 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.

27. Operating Segment Information

The primary segment reporting format is presented based on the business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The Group is organized into three major operating business segments (tuna, salmon and rental) in 2018, and 2017 which is consistent with how the Group's management internally monitors and analyzes financial information.

Financial information about reportable segments follows:

	December 31, 2018			
	Tuna	Salmon	Rental	Total
Segment revenue	$69,184,544	$28,006,825	$155,484	$97,346,853
Inter-segment revenue	–	(57,633)	(155,484)	(213,117)
Net revenue	$69,184,544	$27,949,192	$–	$97,133,736
Segment results				
Income before income tax	$3,396,857	$73,376	$23,573	$3,493,806
Provision for income tax	807,621	71,025	12,011	890,657
Net income	$2,589,236	$2,351	$11,562	$2,603,149
Total assets	$53,058,387	$15,533,972	$8,446,293	$77,038,652
Total liabilities	$39,397,909	$1,009,246	$340,758	$40,747,913
Net cash flows from:				
Operating activities	($3,210,399)	$3,529,923	($98,007)	$221,517
Investing activities	1,047,349	(1,444,304)	–	(396,955)
Financing activities	1,858,800	833,365	105,909	2,798,074
Other information:				
Depreciation and amortization	$544,088	$530,905	$–	$1,074,993
Other noncash income - net	(92,568)	110,008	–	17,440

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

	December 31, 2017			
	Tuna	Salmon	Rental	Total
Segment revenue	$43,416,969	$28,787,881	$144,925	$72,349,775
Inter-segment revenue	–	(77,341)	(80,856)	(158,197)
Net revenue	$43,416,969	$28,710,540	$64,069	$72,191,578
Segment results				
Income (loss) before income tax	($884,747)	$1,607,920	($160,655)	$562,518
Provision for income tax	(1,640,864)	623,705	16,625	(1,000,534)
Net income (loss)	$756,117	$984,215	($177,280)	$1,563,052
Total assets	$41,183,305	$21,036,287	$8,298,978	$70,518,570
Total liabilities	$33,623,685	$2,963,647	$242,740	$36,830,072
Net cash flows from:				
Operating activities	($10,008,715)	$3,281,839	($567)	($6,727,443)
Investing activities	(804,533)	(441,465)	–	(1,245,998)
Financing activities	8,720,522	(3,675,812)	–	5,044,710
Other information:				
Depreciation and amortization	$663,544	$487,053	$–	$1,150,597
Other noncash income - net	1,294,249	15,842	–	1,310,091

Geographical information about reportable segments follows:

	December 31, 2018				
	Philippines	**Indonesia**	**USA**	**New Zealand**	**Total**
Segment sales	**$70,932,988**	**$1,031,511**	**$19,649,212**	**$5,733,142**	**$97,346,853**
Inter-segment revenue	**(137,199)**	**–**	**–**	**(75,918)**	**(213,117)**
Total net sales	**$70,795,789**	**$1,031,511**	**$19,649,212**	**$5,657,224**	**$97,133,736**
Segment noncurrent assets*	**$27,879,729**	**$1,078,436**	**$525,852**	**$1,731,406**	**$31,215,423**
Inter-segment noncurrent assets	**(14,119,634)**	**(49,000)**	**–**	**94,475**	**(14,074,159)**
Total noncurrent assets	**$13,760,095**	**$1,029,436**	**$525,852**	**$1,825,881**	**$17,141,264**

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

	December 31, 2017				
	Philippines	Indonesia	USA	New Zealand	Total
Segment sales	$44,088,592	$2,096,774	$20,272,332	$5,892,077	$72,349,775
Inter-segment revenue	(80,856)	–	–	(77,341)	(158,197)
Total net sales	$44,007,736	$2,096,774	$20,272,332	$5,814,736	$72,191,578
Segment noncurrent assets*	$10,539,224	$2,406,639	$546,006	$1,370,131	14,862,000
Inter-segment noncurrent assets	3,823,242	(1,090,400)	–	91,014	2,823,856
Total noncurrent assets	14,362,466	$1,316,239	$546,006	$1,461,145	17,685,856

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

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

28. Reconciliation of Liabilities Arising From Financing Activities

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

		Financing Cash Flows				
	2017	Availments	Expense	Payments	Foreign exchange gain	2018
Loans payable	**$24,365,255**	**$48,426,236**	**$–**	**($41,805,631)**	**($21,575)**	**$30,964,285**
Due to related parties	**2,142,510**	**–**	**–**	**(2,050,980)**	**–**	**91,530**
Interest payable	**435,828**	**–**	**1,504,254**	**(1,771,551)**	**–**	**168,531**
	$26,943,593	**$48,426,236**	**$1,504,254**	**($45,628,162)**	**($21,575)**	**$31,224,346**

		Financing Cash Flows			
	2016	Availments	Expense	Payments	2017
Loans payable	$20,884,629	$29,164,744	–	($25,684,118)	$24,365,255
Due to related parties	136,112	2,006,398	–	–	2,142,510
Interest payable	90,595	–	787,547	(442,314)	435,828
	$21,111,336	$31,171,142	$787,547	($26,126,432)	$26,943,593

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

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

We have audited the accompanying consolidated financial statements of Alliance Select Foods International, Inc. (a subsidiary of Strongoak Inc.) and Subsidiaries as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, on which we have rendered our report dated April 5, 2019.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that Alliance Select Foods International, Inc. has two hundred twenty-two (222) and two hundred twenty-three (223) stockholders owning one hundred (100) or more shares each as at December 31, 2018 and 2017, respectively.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1021-AR-2 Group A
Valid until March 27, 2020
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 7334331
Issued January 3, 2019, Makati City

April 5, 2019
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
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Citibank Tower
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Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS' ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alliance Select Foods International, Inc. (a subsidiary of Strongoak Inc.) and Subsidiaries (the "Group") as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, and have issued our report thereon dated April 5, 2019.

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

- Adoption of Effective Accounting Standards and Interpretations as at December 31, 2018
- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2018
- Schedule of Financial Soundness Indicators as at December 31, 2018 and 2017
- Supplementary Schedules as Required by Part II of Securities Regulation Code Rule 68, as Amended as at December 31, 2018
- Conglomerate Map as at December 31, 2018

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

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1021-AR-2 Group A
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BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 7334331
Issued January 3, 2019, Makati City

April 5, 2019
Makati City, Metro Manila

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

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2018

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRS Practice Statement Management Commentary			✓
PFRS Practice Statement 2: Making Materiality Judgments	✓		

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	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			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			
PFRS 3 (Revised)	Business Combinations	✓		

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to 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	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
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	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instuments: Recognition and Measurement			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture	✓		
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
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			✓
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 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	PAS 19 - 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			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
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-32	Intangible Assets - Web Site Costs			✓

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2018

Deficit at beginning of year as shown in the separate financial statements	($31,500,695)
Less deferred tax assets at the beginning of year	(9,450,239)
Total deficit, as adjusted at beginning of year	(40,950,934)
Net income during the year closed to retained earnings	3,018,984
Less:	
Movement in deferred tax assets	657,723
Treasury shares	(5,774)
Total retained earnings available for dividend declaration at end of year	($37,280,001)

Reconciliation:	
Deficit at end of year as shown in the separate financial statements	$3,517,133
Less:	
Effect of restructuring	(31,998,844)
Deferred tax assets as at end of year	(8,792,516)
Treasury shares	(5,774)
Total retained earnings available for dividend declaration at end of year	($37,280,001)

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

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II of SRC RULE 68 AS AMENDED
DECEMBER 31, 2018

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ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2018

Below is a schedule showing financial soundness indicators of the Group as at and for the years ended 2018, 2017 and 2016.

	2018	2017	2016
CURRENT/LIQUIDITY RATIO			
Current assets	**$40,961,380**	$33,608,806	$23,543,396
Current liabilities	**$40,314,591**	$36,358,322	$27,128,124
Current Ratio	**1.02**	0.92	0.87
SOLVENCY RATIO			
Net income (loss) before depreciation and amortization	**$3,678,142**	$2,713,649	($4,749,099)
Total liabilities	**$40,747,913**	36,830,072	27,749,080
Solvency Ratio	**0.09**	0.07	(0.17)
DEBT-TO-EQUITY RATIO			
Total liabilities	**$40,747,913**	$36,830,072	$27,749,080
Total equity	**$36,290,739**	$33,688,498	$32,112,207
Debt-to-Equity Ratio	**1.12**	1.09	0.86
ASSET-TO-EQUITY RATIO			
Total assets	**$77,038,652**	$70,518,570	$59,861,287
Total equity	**$36,290,739**	$33,688,498	$32,112,207
Asset-to-Equity Ratio	**2.12**	2.09	1.86
INTEREST-COVERAGE RATIO			
Earnings before interest and taxes	**$4,998,060**	$1,350,065	($3,909,354)
Interest expense	**$1,504,254**	$787,547	$868,517
Interest-Coverage Ratio	**3.32**	1.71	(4.50)
PROFITABILITY RATIO			
Net income (loss) attributable to equity holders of the Parent Company	**$2,524,265**	$1,437,271	($5,968,529)
Average equity	**$34,989,619**	$32,900,353	$35,088,093
Return on Equity	**0.07**	0.04	(0.17)

SCHEDULE A

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2018

Description	Number of Shares or Principal Amount of bonds and notes	Amount Shown in the Statement of Financial Position	Income received and accrued
Cash in banks	–	$7,000,668	$24,146
Cash equivalents	–	4,958	14
Trade receivables	–	11,418,963	–
Receivable from PFNZ	–	1,063,666	41,266
Due from related parties	–	245,236	–
Other nontrade receivables	–	4,390	–
		$19,737,881	$65,426

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

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2018

			Deductions		Other Changes	Ending Balance		
Name and designation of debtor	Balance at beginnning of year	Additions	Amounts collected	Amounts written off	Additions (Deductions)	Current	Not current	Balance at end of year
Advances to employees	$30,771	$43,529	$70,690	$–	$–	$3,610	$–	$3,610

SCHEDULE C

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

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

			Deductions			Ending Balance		
Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Other changes Additions (Deductions)	Current	Not current	Balance at end of year
Due from related parties:								
Parent	$14,488,078	$1,510,935	$2,690,795	$–	$116,346	$13,191,872	$–	$13,191,872
Subsidiaries	7,114,607	126,296	3,566,313	–	–	3,674,590	–	3,674,590
	$21,602,685	$1,637,231	$6,257,108	$–	$116,346	$16,866,462	$–	$16,866,462

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

DECEMBER 31, 2018

Description	Beginning balance	Additions at cost	Deduction			Ending balance
			Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	
Consents and licenses	$56,472	$–	$4,743	$3,055	$–	$48,674
Development expenditure	466	–	91	23	–	352
	$56,938	$–	$4,834	$3,078	$–	$49,026

Note: The intangible assets are presented as part of "Other noncurrent assets" in the statements of financial position.

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

SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2018

Title of Issue and Type of Obligation	Amount Shown as Current	Amount Shown as Long-Term	Total
Bank loans - secured	$29,157	$46,989	$76,146

Note: The terms, interest rate, collaterals and other relevant information are shown in Note 14 of the Consolidated Financial Statements.

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

SCHEDULE H - CAPITAL STOCK

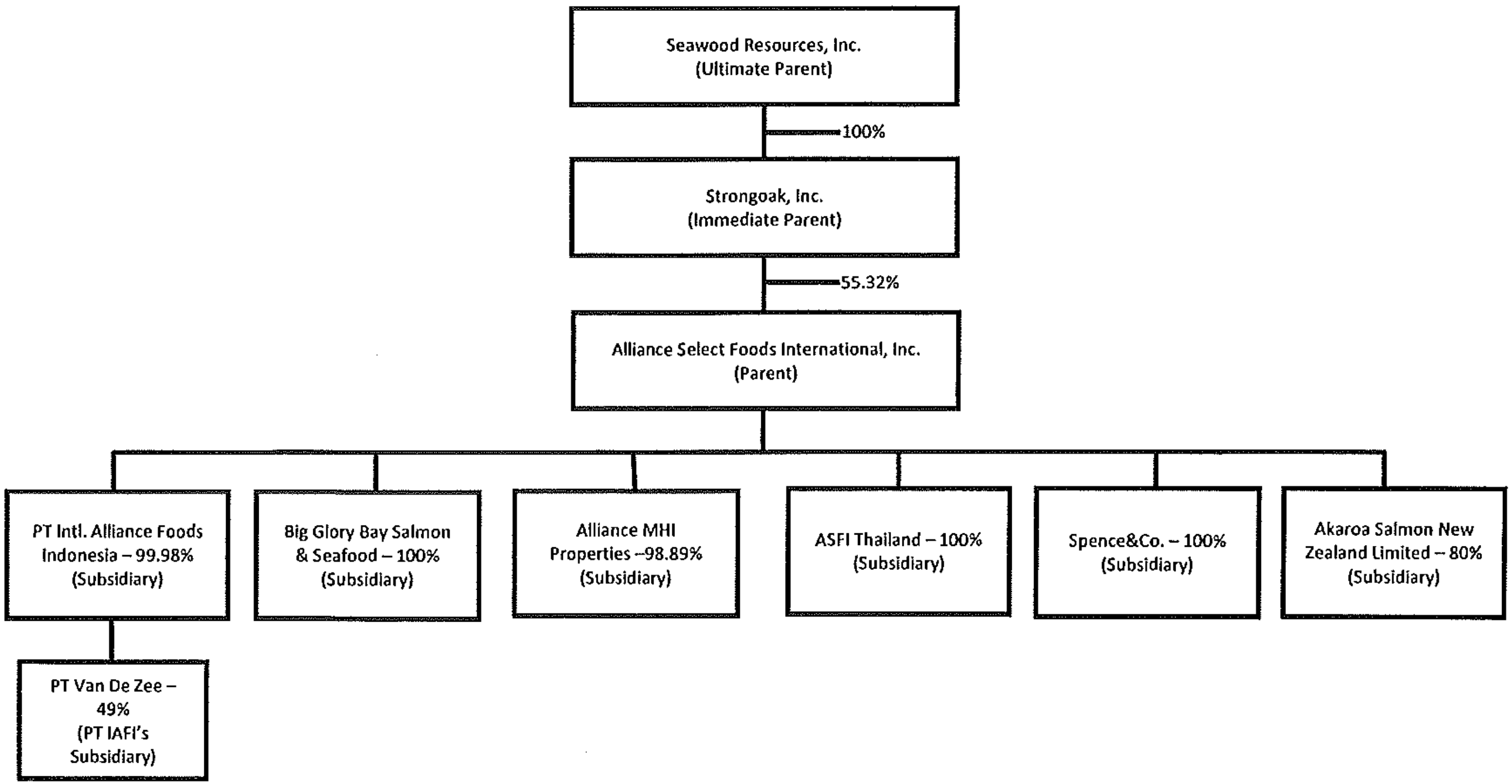
DECEMBER 31, 2018

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related statement of financial position caption	Number of shares reserved for options,warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱0.50 par value	3,000,000,000	2,499,712,463	–	1,700,741,296	2,568,531	796,402,636

ALLIANCE SELECT FOODS INTERNATIONAL, INC. AND SUBSIDIARIES

(A Subsidiary of Strongoak Inc.)

CORPORATE STRUCTURE
DECEMBER 31, 2018



ALLIANCE SELECT FOODS INTERNATIONAL, INC.

MANAGEMENT REPORT

I. Consolidated Audited Financial Statements

The consolidated financial statements of Alliance Select Foods International, Inc. (the "Company") and its subsidiaries for the period ended December 31, 2018 in compliance with SRC Rule 68, as amended, are attached to the Information Statement and are incorporated by reference. Copies of the said financial statements are also uploaded on the Company's website (http://allianceselectfoods.com/).

The Company's unaudited interim financial statements for the first quarter of 2019 or the period ended March 31, 2019 on SEC Form 17-Q will be uploaded on the Company's website at least five (5) days before the Company's 2019 Annual General Meeting of the Stockholders to be held on June 25, 2019.

II. Disagreements with Accountants on Accounting and Financial Disclosure

Reyes Tacandong & Co. was appointed as the external auditor of the Company for the year 2018. There were no disagreements with the Company's independent external auditors, Reyes Tacandong & Co regarding the financial statements of the Company for the year 2017.

III. The Company

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

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

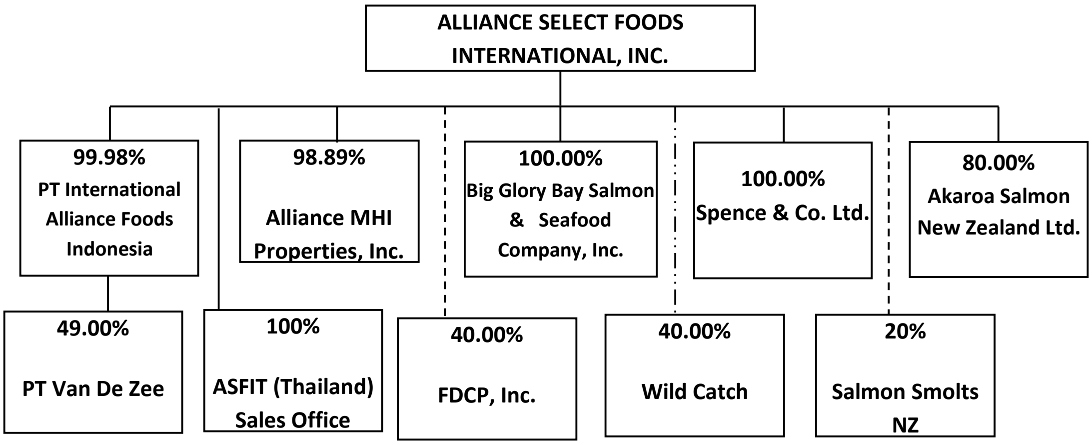
The following table presents the Company's major corporate milestones from the date of incorporation up to present:

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") in Indonesia.

January 2009	Acquired 39.00% stake in Prime Foods New Zealand, Ltd. ("PFNZ") -in January and increased to 50.00% stake plus one (1) share in December 2009.
October 2009	Established Big Glory Bay Salmon & Seafood Company, Inc. ("BGB") to process salmon in the Philippines.
June 2010	Acquired 40.00% stake in Alliance MHI Properties, Inc. ("AMHI") with Mingjing Holdings, Inc. ("MHI") holding 60.00%.
July 2010	Renamed the Company as "Alliance Select Foods International, Inc."
April 2011	Established ASFI Choice Foods, Inc. as an investment vehicle in the USA. This has been dissolved in November 2015.
July 2011	Undertook its first stock rights offering to raise equity for the acquisition of Spence & Company Ltd. ("Spence").
August 2011	Acquired 100.00% stake in Spence, a smoked salmon and seafood processor based in the US.
May 2012	Set up PT Van De Zee ("VDZ"), a subsidiary of PT IAFI in Indonesia.
October 2012	Acquired 80.00% stake in Akaroa Salmon New Zealand Ltd. ("Akaroa").
January 2013	Established Alliance Select Foods Pte. Ltd. ("ASF"), a Singapore based wholly-owned subsidiary. At present, this subsidiary is not operating.
March 2013	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 which stated that the Company shall have no further funding liability or obligation under the JVA.
August 2015	Completed stock rights offering.
October 2015	Divested from PFNZ and increased ownership interest in BGB from 68% to 100%.
December 2015	ASFII subscribed to preferred shares arising from the increase in authorized capital stock of AMHI, resulting in ASFII's 98.89% ownership of AMHI.
October 2016	BGB increased its authorized capital stock to P350,000,000 divided into 350,000,000 shares of P1.00 each.
November 2016	ASFII subscribed to an additional 125,000,000 shares of BGB's increase in authorized capital stock.

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

The following presents the conglomerate map of the Company's operating subsidiaries and affiliates, including its corresponding percentage of ownership as of March 31, 2016.



<u>The following discussion describes briefly the operating subsidiaries and affiliates of the Company:</u>

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

In September 2005, the Company acquired a 40% stake in FDCP, a can-manufacturing company.

In May 2008, PT IAFI was established to acquire the assets of an Indonesian tuna cannery located in Bitung, in the island of North Sulawesi. The Parent Company owns 99.98% of PT IAFI. A complete renovation of the factory and upgrade of capacity to 90 metric tons per day was undertaken. PT IAFI started operations in July 2009 and is primarily engaged in frozen tuna loins processing.

PT IAFI set up PT Van de Zee (PT VDZ), a fishing company in Indonesia on May 2012 with an initial stake of 80%. In 2014, a new law in Indonesia required that domestic ownership in local entities be increased to at least 51%. Currently, PT IAFI owns 49% of PT VDZ. Due to subsequent changes in Indonesian fishing regulations restricting foreign commercial fishing, PT VDZ is currently not in operation.

As part of the Parent Company's product diversification strategy, it invested in a New Zealand based processor of smoked salmon in January 2009. The initial investment of a

39.00% stake in PFNZ was later increased to 50% plus 1 share. PFNZ was originally engaged in the business of processing, manufacturing, and distributing smoked salmon and other seafood under the Prime Smoke and Studholme brand. On October 2015, the Parent Company divested its interest in PFNZ.

In October 2009, the Parent Company and PFNZ established a joint-venture company called Big Glory Bay ("BGB") that imports salmon from New Zealand, Chile and Norway, among others, and processes it in General Santos City, Mindanao, Philippines. The smoked salmon products from BGB are sold locally and abroad. In October 2015, the Parent Company accepted PFNZ's BGB shares as partial payment for PFNZ's payment obligations to the Parent Company.This resulted in BGB becoming a 100% subsidiary of the Company. In 2016, BGB ventured into other seafood products.

On June 18, 2010, AMHI, a property holding company, was established. The Parent Company owned a 40.00% stake in the affiliate, while MHI, a Filipino company, owned the remaining 60.00% stake. On November 11, 2015, the AMHI Board approved ASFII's application for subscription of 54,000,000 preferred shares arising from the increase in authorized capital stock of AMHI. AMHI's application for increase in capital stock to P60,000,000.00 divided into (i) 4,000,000 common shares with a par value of P1.00 per share and (ii) 56,000,000 preferred shares with a par value of P1.00 per share was approved by the Securities and Exchange Commission on December 23, 2015. ASFII now owns 98.89% of AMHI. AMHI's registered address is at Purok Saydala, Barangay Tambler, General Santos City.

On August 10, 2011, the Parent Company acquired 100% of the issued share capital of Spence, located in Brockton, Massachusetts, USA. Spence, which became a wholly owned subsidiary of the Parent Company, specializes in the production of smoked salmon and other seafood. It is one of the leading salmon processors in the USA with extensive network of clients nationwide.

The Parent Company acquired an 80% stake in Akaroa in October 2012. With its principal office in Christchurch, New Zealand, Akaroa is engaged in the business of sea cage salmon farming and is among the pioneers of farmed salmon industry in New Zealand. It also processes fresh and smoked salmon and has established itself as the premium quality brand in the country over the years. Akaroa has been the recipient of various awards and accolades from New Zealand's food industry.. It operates two marine farms in the pristine cold waters of Akaroa Harbor in the country's South Island to rear the King, or Chinook, salmon. Akaroa holds a 20% stake in Salmon Smolt NZ Ltd., a modern hatchery guaranteeing high quality and consistent supply of smolts (juvenile salmon).

PRODUCTS

<u>Tuna</u>

The Group's Tuna Division, comprised of ASFII and PT IAFI, sells processed tuna. The market for canned tuna is comprised of the institutional and retail markets. The end users of the institutional cans include restaurants, hotels, and commissaries. The retail pack is sold to wholesalers, distributers, and food companies that have their own brands. The retail can is what consumers normally purchase in supermarkets and grocery stores.

In 2018, ASFII and PT IAFI introduced new product offerings comprising of the pouched tuna products and frozen loins, respectively. ASFII also introduced a premium tuna line under the "Bay of Gold" brand to the local retail market.

Salmon

BGB processes various salmon species and manufactures them into smoked and raw products for retail and institutional consumers. These are frozen and vacuum packed, and sold in different forms and cuts. Products are sold in retail stores under Prime New Zealand, Gold Standard, and Superfish in countries like Singapore, Hong Kong, Japan, and Philippines, among others.

Spence sells the traditional and classic smoked salmon to supermarkets in the US under its own brand and via private label. Salmon species that the firm smokes include Atlantic and Sockeye. In addition to these traditional products, Spence also markets value added salmon products like Nova lox, Gravlax Pastrami Salmon.

Akaroa serves both the domestic and international markets. For international markets, Akaroa's products are air-flown and delivered to retailers. Distributors or direct customers in Singapore, Philippines, USA, Hong Kong, among others.

Fishmeal

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

REVENUE BREAKDOWN

In 2018, the Company generated net revenues of US$97.1 million.

The percentage contribution to the Group's revenues broken down into major product lines for the three (3) years ended December 31, 2018, 2017 and 2016 are as follows:

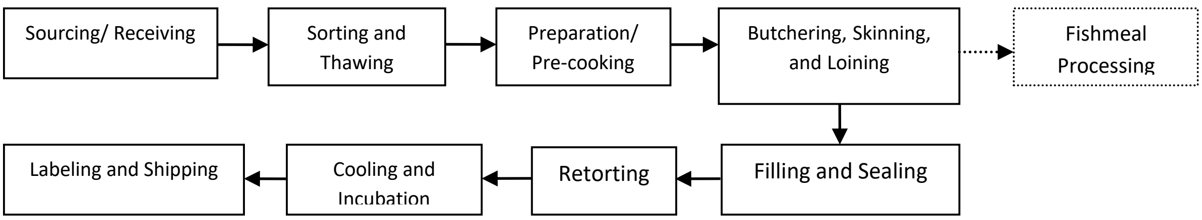
Product	***December 31, 2018***	***December 31, 2017***	***December 31, 2016***
Tuna	69%	58%	56%
Fishmeal	2%	2%	2%
Salmon	29%	40%	42%
Total*	100%	100%	100%

**Numbers might not add up due to rounding errors*

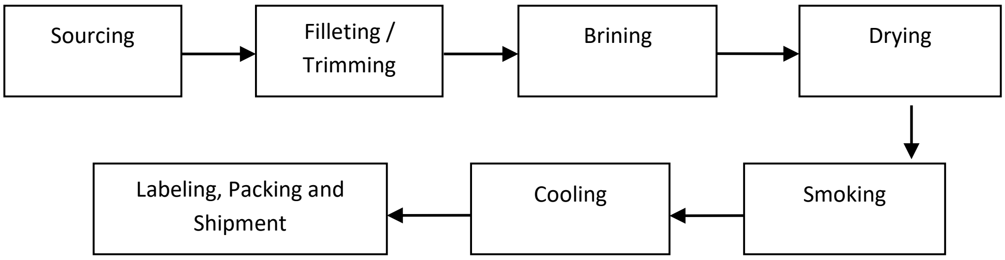
PRODUCTION PROCESS

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

Canned Tuna



Smoked Salmon



IV. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>

The following is a discussion and analysis of the Company's financial condition and results of operations and certain trends, risks, and uncertainties that may affect the Company's business. The discussion and analysis of the Company's results of operations is presented in three (3) comparative sections: a) the year ended December 31, 2018 with comparative figures as of December 31, 2017; b) the year ended December 31, 2017 with comparative figures as of December 31, 2016; c) the year ended December 31, 2016 with comparative figures as of December 31, 2015; and 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.

Further, the following discussion should be read in conjunction with the accompanying consolidated financial statements of Alliance Select Foods International, Inc., and its Subsidiaries (the "Group") which comprise the consolidated statements of financial position as of December 31, 2018, 2017 and 2016 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended and unaudited financial statements of the Group for the year ended December 31, 2018. The financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC. PFRS is an International Financial Reporting Standards equivalent.

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

<u>Operating Performance</u>

December 31, 2018 versus December 31, 2017

The table below shows the comparison of key operating results for the fiscal period ended December 31, 2018 versus the same period in 2017.

	Years Ended December 31		
Amount in US $'000	**2018**	**2017**	**% Change**
Revenue	$97,134	$72,192	35%
Gross profit	12,340	9,449	31%
Gross margin	**13%**	**13%**	
Selling & Administrative Expenses	7,341	8,117	-10%
Finance Cost	1,504	788	91%
Profit for the year	**2,603**	**1,563**	**67%**
Non-controlling interest	79	126	-37%
Profit attributable to equity holders of the parent	2,524	1,437	76%
Net Profit Margin	**3%**	**2%**	
EBITDA	**6,073**	2,501	143%
EBITDA margin	**6%**	3%	
Return on equity (ROE)	**7%**	**4%**	
Earningsper share	**0.0010**	**0.0006**	**68%**
Book value per share	**0.0154**	**0.0135**	**14%**

The Group's consolidated revenues of $97 million in 2018 were 35% higher than the revenues of $72 million in 2017. In 2018, about 71% of total revenues were contributed by tuna-related products and the remaining 29% were contributed by salmon-related products. There is a 59% growth and 3% decline in revenue for the tuna and salmon segments, respectively. The continuous enhancement of key processes in the organization enabling instantaneous response for bid/offer requests, well-timed procurement of raw materials, efficient production and dependable delivery of orders translated to volume growth in the export canned tuna business by 36%. The relatively flat revenue from salmon-related products was mainly due to the re-focus on branded products in the USA and supply issues resulting from the algae bloom in 2017 in New Zealand.

The Group's gross profits of $12 million in 2018 were 31% higher than gross profits of $9 million in 2017. The gross profit margin is at 13% in 2018 and 2017, respectively. The salmon business experienced a decline in gross profit margin, particularly due to higher raw material prices and lower volume manufactured and sold.

The shut downs of PT IAFI is due to its inability to source low-cost fish in the region, resulting in an uncompetitive cost structure in the globally-competitive tuna canning market. PT IAFI's predicament is common to other tuna canning companies in Indonesia. Indonesian fishing regulations have made foreign commercial fishing in Indonesian waters practically impossible, resulting in higher fish prices and insufficient supply for tuna canneries across Indonesia.

Over the past three years, the Group has successfully implemented measures to reduce selling and administrative expenses and has consistently managed costs to partially cushion the impact of the inherent volatility in raw material prices.

As part of the Company's risk management process and in line with its Accounting Policies, when the net realizable value of the inventories are lower than cost, the Company provides for an allowance for the decline in inventory value. The reversal of any provision for inventory obsolescence, arising from any increase in net realizable value, is recognized as a reduction in the inventory amount in the period when the reversal occurs. When the inventory is sold, the carrying amount of the inventory is recognized as an expense in the period when the related revenue is recognized. Property, plant and equipment are likewise measured at cost less depreciation and provision for impairment losses. In CY 2018, the Group recognized the following provisions in its books:

- Inventory write down and allowance for inventory obsolescence for the Group totaling $209,488. The provision also accounts for the passage of time and its adverse impact on the value of unsold inventory.

- Provision for trade and other receivables amounting to $80,000. The Group identified specific accounts that are doubtful of collection, considering historical collection and write-off experience, and provided a provision pertaining to the amounts deemed to be uncollectible.

Increase in finance cost can be attributed to higher prevailing borrowing rates and the greater working capital requirement to support growing operation particularly in securing raw materials.

The Group ended the year with a net income of $ 2.6 million from $ 1.6 million in 2017.

December 31, 2017 versus December 31, 2016

The table below shows the comparison of key operating results for the fiscal period ended December 31, 2017 versus the same period in 2016.

	Years Ended December 31		
Amount in US $'000	**2017**	**2016**	**% Change**
Revenue	$72,192	$59,914	20%
Gross profit	9,449	3,468	172%
Gross margin	**13%**	**6%**	
Selling & Administrative Expenses	6,726	6,771	-1%
Normal selling & administrative			
Provision for impairment	1,391	1,187	17%
Other non-operating income			

Gain on acquisition of AMIHI & re-measurement of previously held interest	-	-	-100%
Finance Cost	788	869	-9%
Profit (Loss) for the year	**(1,563)**	**(5,899)**	**126%**
Non-controlling interest	126	70	80%
Profit(Loss) attributable to equity holders of the parent	1,437	(5,969)	124%
Net Profit (Loss) Margin	**2%**	**-10%**	
EBITDA	2,501	(2,760)	183%
EBITDA margin	3%	-5%	
Return on equity (ROE)	**4%**	**-17%**	
Earnings (Loss) per share	**0.0006**	**(0.0024)**	**124%**
Book value per share	**0.0135**	**0.0129**	**5%**

The Group's consolidated revenues of $ 72 million in 2017 were 20% higher than the revenues of $ 60 million in 2016. In 2017, about 60% of total revenues were contributed by tuna-related products and the remaining 40% were contributed by salmon-related products. There is a 24% and 15% growth in revenue for the tuna and salmon segments, respectively. The revenue growth in the tuna business was mainly driven by the increase in prices as a direct impact of the increase in raw materials cost. Shipments of canned tuna declined by 3%. The volume decline in canned tuna shipped was mainly attributable to the decline in sales volume of PT IAFI by 61% to 26 FCLs in 2017 from 66 FCLs in 2016. The decline in PT IAFI's sales volume was a result of PT IAFI's difficulty in profitably matching market prices as fish costs have continuously increased due to the prohibitive fishing regulations in Indonesia.

The revenue increase in salmon-related products was due to a 34% increase in revenues from Akaroa as it continues to grow its local sales and expand its export market. BGB has been intensifying its selling efforts by increasing its local customer base and developing new export clients resulting to a 40% increase in volume sales.

The Group's gross profits of $ 9 million in 2017 were 172% higher than gross profits of $ 3 million in 2016. The gross profit ratio increased to 13% in 2017, from 6% in 2016. The salmon business experienced a decline in gross profit ratio to 17% in 2017 from 20%, particularly due to higher raw material prices in Spence due to supply issues encountered as a result of the algae bloom in Chile and sea lice in the North Sea.

The frequent shut downs of PT IAFI is due to its inability to source low cost fish in the region, resulting in an uncompetitive cost structure in the globally-competitive tuna canning market. PT IAFI's predicament is common to other tuna canning companies in Indonesia. Indonesian fishing regulations have made foreign commercial fishing in Indonesian waters practically impossible, resulting in higher fish prices and insufficient supply for tuna canneries across Indonesia.

The Group's normal selling and administrative expenses of $ 6.7 million in 2017 were 1% lower than $ 6.8 million in 2016. The ratio of normal selling and administrative expenses to sales decreased by 2 percentage points to 9% in 2017 from 11% in 2016. Over the past three years, the Group has successfully implemented measures to reduce operating expenses and have consistently managed costs to partially cushion the impact of the inherent volatility in raw material prices.

As part of the Company's risk management process and in line with its Accounting Policies, when the net realizable value of the inventories are lower than cost, the Company provides for an allowance for the decline in inventory value. The reversal of any provision for inventory obsolescence, arising from any increase in net realizable value, is recognized as a reduction in the inventory amount in the period when the reversal occurs. When the inventory is sold, the carrying amount of the inventory is recognized as an expense in the period when the related revenue is recognized. Property, plant and equipment are likewise measured at cost less depreciation and provision for impairment losses. In CY 2017, the Group recognized the following provisions in its books:

- Inventory write down and allowance for inventory obsolescence for the Group totaling $230,780. The provision also accounts for the passage of time and its adverse impact on the value of unsold inventory.

- Provision for impairment of other property, plant, and equipment and other assets amounting to $1,090,400 primarily relating to the property, plant and equipment carried in the books of PT IAFI.

- Provision for trade and other receivables amounting to $69,574. The Group identified specific accounts that are doubtful of collection, considering historical collection and write-off experience, and provided a provision pertaining to the amounts deemed to be uncollectible.

The Group's finance costs of $788k in 2017 were 9% lower than its finance costs of $869k in 2016. The decrease was due to the settlement of long-term loans of the Company using its short-term placements. Moreover, a portion of the SRO proceeds was utilized to retire high interest loans.

The Group ended the year with net income of $ 1.6 million from $ 5.9 million loss in 2016.

December 31, 2016 versus December 31, 2015

The table below shows the comparison of key operating results for the fiscal period ended December 31, 2016 versus the same period in 2015.

	Years Ended December 31		
Amount in US $'000	***2016***	***2015***	**% Change**
Revenue	$59,914	$67,916	-12%
Gross profit	3,468	6,820	-49%
Gross margin	**6%**	**10%**	
Selling & Administrative Expenses	6,771	9,772	

Normal selling & administrative			-31%
Provision for impairment	1,187	8,973	-87%
Other non-operating income			
Gain on acquisition of AMIHI & re-measurement of previously held interest	-	5,827	-100%
Finance Cost	869	1,903	-54%
Profit (Loss) for the year	**(5,899)**	**(8,023)**	**-26%**
Non-controlling interest	70	(1,630)	-104%
Profit(Loss) attributable to equity holders of the parent	(5,969)	(6,392)	-7%
Net Profit (Loss) Margin	**-10%**	**-12%**	
EBITDA	(2,760)	(5,107)	-46%
EBITDA margin	-5%	-9%	
Return on equity (ROE)	- 17%	- 21%	
Earnings (Loss) per share	(0.0024)	(0.0038)	-45%
Book value per share	0.0129	0.0152	-15%

The Group's consolidated revenues of $ 60 million in 2016 were 12% lower than the revenues of $ 68 million in 2015. In 2016, about 58% of total revenues were contributed by tuna-related products and the remaining 42% were contributed by salmon-related products. Revenues declined by 14% for the tuna-related products while revenues for the salmon-related products declined 8%. The revenue decline in the tuna business was impacted the severe fluctuation in prices of raw materials. Shipments of canned tuna declined 12% to 630 full container load (FCL) in 2016 from 712 FCLs in 2015. The volume decline in canned tuna shipped was mainly attributable to the decline in sales volume of the PT IAFI by 40% to 66 FCLs in 2016 from 109 FCLs in 2015. The decline in PT IAFI's sales volume was a result of PT IAFI's difficulty in profitably matching market prices as fish costs have continuously increased due to the prohibitive fishing regulations in Indonesia.

The revenue decline in salmon-related products was due to the Company's divestment of its PFNZ shares, resulting to a loss of PFNZ as a customer, mitigated by a 34% increase in revenues from Akaroa. BGB has been intensifying its selling efforts in increasing its local customer base and developing new export clients to compensate for the lost volume from PFNZ.

The Group's gross profits of $ 3 million in 2016 were 49% lower than gross profits of $ 7 million in 2015. The gross profit ratio dropped to 6% in 2016 from 10% in 2015 due to the negative gross profit margin in the tuna business of 6% in 2016 from a positive 1% margin in 2015. The lower volumes sold, unexpected spike in raw materials, and price compression from competition caused the negative gross profit of the tuna business. The salmon business also experienced a decline in gross profits to 20% in 2016 from 25% due to higher raw material prices.

The frequent and persistent shut downs of PT IAFI is due to its inability to source low cost fish in the region, resulting in an uncompetitive cost structure in the globally-competitive tuna canning market. PT IAFI's predicament is common to other tuna canning companies in Indonesia. Indonesian fishing regulations have made foreign commercial fishing in Indonesian waters practically impossible, resulting in higher fish prices and insufficient supply for tuna canneries across Indonesia.

The Group's normal selling and administrative expenses of $ 7 million in 2016 were 31% lower than $ 10 million in 2015. The ratio of normal selling and administrative expenses to sales decreased by 3 percentage points to 11% in 2016 from 14% in 2015. Over the past two years, the Group has successfully implemented measures to reduce operating expenses and have consistently managed costs to partially cushion the impact of the inherent volatility in raw material prices.

As part of the Company's risk management process and in line with its Accounting Policies, when the net realizable value of the inventories are lower than cost, the Company provides for an allowance for the decline in inventory value. The reversal of any provision for inventory obsolescence, arising from any increase in net realizable value, is recognized as a reduction in the inventory amount in the period when the reversal occurs. When the inventory is sold, the carrying amount of the inventory is recognized as an expense in the period when the related revenue is recognized. Property, plant and equipment are likewise measured at cost less depreciation and provision for impairment losses. In CY 2016, the Group recognized the following provisions in its books:

- Inventory write-down and allowance for inventory obsolescence for the Group totaling $794,010. The provision also accounts for the passage of time and its adverse impact on the value of unsold inventory.

- Provision for impairment of other property, plant, and equipment and other assets amounting to $314,320 primarily relating to the two (2) fishing vessels carried in ASFII Parent and PT VDZ's books.

- Provision for trade and other receivables amounting to $79,049. The Group identified specific accounts that are doubtful of collection, considering historical collection and write-off experience, and provided a provision pertaining to the amounts deemed to be uncollectible.

The Group's finance costs of $869k in 2016 were 54% lower than its finance costs of $1.9 million in 2015. The decrease was due to the settlement of long-term loans of the Company using its short-term placements. Moreover, a portion of the SRO proceeds was utilized to retire high interest loans.

The Group managed to reduce net losses by 26% to $ 6 million in 2016 from $ 8 million in 2015.

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

December 31, 2018 compared to December 31, 2017

Balance Sheet Highlights	**Years Ended December 31**		
Amount in US$'000	***2018***	***2017***	**% Change**
Cash & cash equivalent	$7,012	$4,427	58%
Receivables	11,849	9,414	26%
Inventories	13,946	14,155	-1%
Other current assets	8,155	5,612	45%
Total Current Assets	**$40,961**	**$33,608**	**22%**
Property & Equipment	15,486	16,104	-4%
Total Assets	**$77,039**	**$70,519**	**9%**
Trade and Other Payables	$9,119	$9,745	-6%
Bank Loans	30,917	24,286	27%
Total Current Liabilities	**40,315**	**36,358**	**11%**
Total Liabilities	**40,748**	**36,830**	**11%**
Total Stockholders' Equity	**36,291**	**33,688**	**8%**
Total Liabilities & SE	**$77,039**	**$70,519**	**9%**

The 26% increase in Trade Receivables was primarily due to an increase in 4th quarter sales that will be collected in 2019.

The increase in other current assets was mainly due to advance payments made to suppliers of raw materials.

There was no impairment of goodwill recognized during the year.

The 27% increase in Loans Payable can be attributed to the higher working capital requirement to support the growing operation, particularly in securing raw materials.

Amounts as of December 31	2018	2017
Current Ratio	1.02	0.92
Debt-to-equity Ratio	1.12	1.09

December 31, 2017 compared to December 31, 2016

Balance Sheet Highlights	**Years Ended December 31**		
Amount in US$'000	**2017**	**2016**	**% Change**
Cash & cash equivalent	$4,427	$7,396	-40%
Receivables	9,414	6,725	40%
Inventories	14,155	7,954	78%
Other current assets	5,612	1,530	282%
Total Current Assets	**$33,608**	**$23,605**	**43%**
Property & Equipment	16,104	17,007	-5%
Total Assets	**$70,519**	**$59,861**	**18%**
Trade and Other Payables	9,745	6,070	61%
Bank Loans	24,286	20,830	17%
Total Current Liabilities	**36,358**	**27,128**	**34%**
Total Liabilities	**36,830**	**27,749**	**33%**
Total Stockholders' Equity	**33,688**	**32,112**	**5%**
Total Liabilities & SE	**$70,519**	**$59,861**	**18%**

40% increase in Trade and other receivables was primarily due to an increase in 4th quarter sales that will be collected in 2018; ASFII in particular delivered 32FCLs more in the last quarter of 2017 at 144 FCLs versus 112FCLs in 2016.

78% increase in Inventory balance was a result of a 4x higher frozen fish inventory balance in ASFII vs last year as well as increase in PT IAFI's finished goods inventory balance relating to the 11FCLs for delivery in early 2018.

282% increase in Other current assets was mainly due to advance payments to vendors for raw materials.

5% decrease in Property & Equipment due to the impairment of property, plant and equipment in the books of PT IAFI.

There was no impairment of goodwill recognized during the year.

61% increase in Trade and Other Payables is due to obligations with various suppliers of raw materials and supplies.

17% increase in Loans Payable is due to the availments made during the last quarter of 2017 mainly used for purchase and as prepayments of raw materials.

Loans payable – net of current portion increase by 46%.

Amounts as of December 31	**2017**	**2016**
Current Ratio	0.92	0.87
Debt-to-equity Ratio	1.09	0.86

December 31, 2016 compared to December 31, 2015

Balance Sheet Highlights	**Years Ended December 31**		
Amount in US$'000	***2016***	***2015***	**% Change**
Cash & cash equivalent	$7,396	$17,595	-58%
Receivables	6,725	5,374	25%
Inventories	7,954	6,722	18%
Other current assets	1,530	1,097	39%
Total Current Assets	**$23,605**	**30,788**	**-23%**
Property &a Equipment	17,007	17,917	-5%
Total Assets	**$59,861**	**$68,538**	**-13%**
Trade and Other Payables	6,070	$5,731	6%
Bank Loans	20,830	21,840	-5%
Total Current Liabilities	**27,128**	**27,786**	**-2%**
Total Liabilities	**27,749**	**30,474**	**-9%**
Total Stockholders' Equity	**32,112**	**38,064**	**-16%**
Total Liabilities & SE	**$59,861**	**$68,538**	**-13%**

58% decrease in Cash due to the application of proceeds from the Stock Rights Offering (SRO) to the Group's working capital requirements and repayment of high interest loans.

25% increase in Trade and other receivables was primarily due to an increase in 4th quarter sales that will be collected in 2017.

18% increase in Inventories was primarily due to goods produced in 2016 that will be sold in 2017.

104% increase in Other current assets was mainly due to advance payments to vendors.

5% decrease in Property & Equipment due to the impairment of two (2) fishing vessels.

There was no impairment of goodwill recognized during the year.

6% increase in Trade and Other Payables is due to obligations with various suppliers of raw materials and supplies.

5% decrease in Loans Payable is due to the settlement of various loans.

Loans payable – net of current portion declined by 97% due to the settlement of various loans

16% decrease in Equity pertains to the decrease in Retained Earnings.

Amounts as of December 31	**2016**	**2015**
Current Ratio	0.87	1.11
Debt-to-equity Ratio	0.86	0.80

The Group's financial liquidity profile declined in 2016 due to the application of proceeds from the Stock Rights Offering to the Group's working capital requirements.

Plan of Operation

The Group does not foresee any cash flow or liquidity problem over the next twelve (12) months. It is in compliance with its loan covenant pertaining to debt-to-equity ratio. It is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the Group with entities or other persons created during the reporting period that would have significant impact on the Group's operations and/or financial condition.

As of December 31, 2018, there were no other material events or uncertainties known to management that could have a material impact on the future operations, in respect of the following:

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

Key performance Indicators

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

	For the period ended December 31			
Liquidity and Solvency	**2015**	**2016**	**2017**	**2018**
Current ratio	1.11	0.87	0.92	1.02
Debt to equity ratio	0.80	0.86	1.09	1.12
Profitability				
Revenue growth rate	-16%	-12%	20%	35%
Net profit margin	-12%	-10%	2%	3%
Return on average stockholders' equity	-21%	-17%	4%	7%

The following defines each ratio:

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

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

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

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

V. Number of Holders of Each Class of Common Security

As of December 31, 2018, there are 2,499,712,463 outstanding and issued common shares of the Company, exclusive of 287,537 treasury shares. The Company does not have any class of shares other than common shares.

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

The top twenty (20) stockholders of the Company as of December 31, 2018 are the following:

Name	No. of shares	% ownership
1. PCD Nominee Corporation (Filipino)	2,022,302,024	80.89%
2. Harvest All Investment Limited	177,261,165	7.09%
3. Victory Fund Limited	138,474,015	5.54%
4. PCD Nominee Corporation (Foreign)	83,713,124	3.35%
5. Albert Hin Kay Hong	39,071,537	1.56%
6. Bondeast Private Limited	13,023,411	0.52%
7. Kawsek JR., Peter	4,538,646	0.18%
8. FCF Fishery Co. Ltd.	3,975,370	0.16%
9. Cordova, Michael V.	3,805,000	0.15%
10. S. Chandra Das	2,604,760	0.10%
11. Oriental Tin Can & Metal Sheet MFG	2,210,385	0.09%
12. FDCP Inc.	1,894,045	0.08%
13. Cheng, Berck Yao	1,200,000	0.05%
14. Tri-Marine International (Pte) Ltd.	1,170,472	0.05%
15. Damalerio Fishing Corp.	920,656	0.04%
16. DFC Tuna Venture Corporation	617,248	0.02%
17. Phil. Fisheries Development Authority	346,207	0.01%
18. Amadeo Fishing Corp.	294,874	0.01%
19. Alliance Tuna International Inc.	257,464	0.01%
20. GENPACCO, Inc.	172,973	0.01%

Please note that the 2,022,302,024 shares reflected above for PCD Nominee Corporation (Filipino) include the 1,382,755,864 shares (55.32%) of Strongoak, Inc. and the 112,170,283 shares (4.49%) of Mingjing Holdings, Inc.

There is no action to be taken at the 2019 AGM with respect to an acquisition, business combination or other reorganization that will affect the amount and percentage of present holdings of the Company's common equity owned beneficially by (i) any person or group who is known to the Company to be the beneficial owner of more than five percent (5%) of any class of the registrant's common equity; (ii) each director and nominee; and (iii) all directors and officers as a group, and the Company's present commitments to such persons with respect to the issuance of shares of any class of its common equity, if any.

VII. Directors

Board of Directors

Director	Nationality	Position	Age	Year Position was Assumed
Antonio C. Pacis	Filipino	Chairman of the Board	78	2014
Gabriel A. Dee	Filipino	Vice Chairman	54	2018
Raymond K.H. See	Filipino	Director, President & CEO	51	2014
Marie Grace T. Vera Cruz	Filipino	Director	38	2014
Joseph Peter Y. Roxas	Filipino	Director	57	2016
Erwin M. Elechicon	Filipino	Independent Director	59	2016
Dobbin A. Tan	Filipino	Independent Director	55	2016

ANTONIO C. PACIS - 78, Filipino citizen; Chairman of the Board

Mr. Pacis obtained his law degree from the Ateneo Law School in 1965 and his Master of Law degree from the Harvard Law School in 1967.

He is on the Board of Directors at OCLP Holdings Inc., BDO Unibank, Inc., Paluwagan NG Bayan Savings Bank, Armstrong Pacific Co., Inc., Legisforum, Inc., Technology Investment Co., Inc. and Central Colleges of The Philippines.

He is Chairman of the Board of Directors at Asian Silver Estate, Inc., International Social Service Philippines, Inc., Amigo Holdings, Inc., Asian Waterfront Holdings, Inc., Mantle Holdings, Inc., and Corporate Secretary for Armstrong Securities, Inc., EBC Strategic Holdings Corp., and Paluwagan NG Bayan Savings Bank.

Mr. Pacis has been practicing law since 1965 and continues to practice at Pacis and Reyes Law Office and was a professor of law at the Ateneo Law School.

GABRIEL A. DEE - 54, Filipino citizen; Vice-Chairman

Mr. Dee obtained his law degree from the University of the Philippines College of Law in 1988 and his MBA Units at Ateneo De Manila Graduate School of Business from 1990-1992.

He is the Managing Partner of Picazo Buyco Tan Fider & Santos Law Offices from 2006 to date. He is a Director and Corporate Secretary of various listed and unlisted corporations, including several financial institutions. He is also a resource person for various seminars on IPO's, Listings and Estate Planning.

Mr. Dee has been practicing law since 1989. He is a professor of law teaching Corporation Law at the Lyceum College of Law and UP College of Law.

RAYMOND K. H. SEE – 51, Filipino citizen; Director, President & CEO

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

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation. He rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President & CEO of the Company on December 8, 2014.

MARIE GRACE T. VERA CRUZ - 38, Filipino citizen; Director

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

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

JOSEPH PETER Y. ROXAS - 57, Filipino citizen; Director

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

Mr. Roxas is President of Eagle Equities, Inc. since 1996. He is also presently a Director of Kimquan Trading Corporation, a privately held company. He is also a Director of the Association of Securities Analysts of the Philippines since 2000. Mr. Roxas was with R. Coyuito Securities as Assistant Vice President for Research from 1993 to 1995, and Investment Officer from 1987 to 1992.

ERWIN M. ELECHICON - 59, Filipino citizen; Independent Director

Mr. Elechicon is currently the Chairman of the Board of Directors of Silver Machine Digital Communications, Inc. He is also a member of the Board of Directors of UnionBank of the Philippines, Inc.; a founding Partner of the T88C Company; and a member of the Board of Directors of Facility Servisys, Inc. He was a former member of the Board of Directors of PETRONAS Dagangan Berhad (Malaysia) and U-BIX Philippines Corporation.

He started his career with The Procter & Gamble Company and stayed for over 26 years until 2005, when he was Vice President – Fabric & Home Care, responsible for the ASEAN/ Australia / NZ / India Region. He then became the President of Greenwich Pizza Company from 2006-2008 and Fresh N’ Famous Foods, Inc. (Chowking) from 2008-2010. He was also the Head of International Business Development of Jollibee Foods Corporation from 2010-2011.

In addition, Mr. Elechicon is the Vice Chairman and member of the Board of Trustees of Ateneo de Iloilo, Inc.; President and member of the Board of Trustees of the P&Gers Fund, Inc.; Past President and member of the Board of Trustees of the Ateneo Association of Former Resident Students, Inc.; and member of the Board of Directors of Pag-Inupdanay Community Academy, Inc.

He graduated with a degree in Economics, *Cum Laude*, from the Ateneo de Manila University. He also completed courses in Finance and Marketing at Columbia University and at Kellogg School of Management, respectively.

DOBBIN A. TAN - 55, Filipino citizen; Independent Director

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

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

VIII. Executive Officers

Officer	Nationality	Position	Age	Year Position was Assumed
Raymond K.H. See	Filipino	President & CEO	51	2014
Lisa Angela Y. Dejadina	Filipino	SVP – Operational Excellence and Business Development	36	2014
Barbara Anne C. Migallos	Filipino	Corporate Secretary	64	2015
Ma. Kristina P. Ambrocio	Filipino	Asst. Corporate Secretary and Compliance Officer	40	2015
Jennifer Cheung Porsuelo	Filipino	Asistant Treasurer and Data Protection Officer	37	6 months (First elected on November 7, 2018)

RAYMOND K.H. SEE – 51, Filipino citizen; President & CEO.

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

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

LISA ANGELA Y. DEJADINA – 36, Filipino citizen; Senior Vice President for Operational Excellence and Business Development

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

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

BARBARA ANNE C. MIGALLOS – 64, Filipino citizen; Corporate Secretary.

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

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

MA. KRISTINA P. AMBROCIO - 40, Filipino citizen; Assistant Corporate Secretary and Compliance Officer

Ms. Ambrocio graduated from the Ateneo de Manila University in 2001 with a major in Philosophy, and minor in Humanities. She obtained her law degree in 2005 from the University of the Philippines. Ms. Ambrocio also completed an Advanced Intellectual Property Law course at the Institute of European Studies of Macau in 2006.

Prior to joining the Company, Ms. Ambrocio was Corporate Counsel and Assistant Corporate Secretary of Chevron Philippines, Inc.

JENNIFER C. PORSUELO – 37, Filipino Citizen; Assistant Treasurer, Data Protection Officer

<u>Academic Background</u>

Ms. Porsuelo graduated from Notre Dame of Dadiangas University with a Bachelor of Science in Accountancy Magna Cum Laude. She qualified as Certified Public Accountant on May 2003.

Professional Background/Experience

Prior to joining the Company, Ms Porsuelo worked at SyCip Gorres Velayo & Co handling audits of companies from various industries for 15 years.

IX. Market Price of the Issuer's Common Shares

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

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

	2016		2017		2018	
	High	Low	High	Low	High	Low
Q1	0.81	0.57	0.82	0.80	0.66	0.63
Q2	1.01	0.70	0.86	0.84	0.62	0.55
Q3	1.35	0.80	0.79	0.77	0.59	0.57
Q4	1.06	0.79	0.62	0.61	1.10	1.04

On December 28, 2018, the last trading day for the year, the closing price for FOOD was P1.06 per share.

The number of shareholders of record as of December 31, 2018 is 201 and the total number of shares outstanding on that date were 2,499,712,463 net of 287,537 treasury shares.

Public float as of December 31, 2018 is 31.86%.

X. Dividends

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

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

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

The company has not declared dividends for the past two (2) most recent fiscal years,

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.

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

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

XII. Corporate Governance

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

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

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

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

Corporate Governance Updates

The Company filed its revised Manual on Corporate Governance (containing revisions as of July 2014) with the SEC on 31 July 2014.It also filed its Consolidated Changes to the Annual Corporate Governance Report on January 14, 2016. Since then, the Company has filed two (2) amendments to the Company's ACGR to reflect the changes made after the Company's stockholders' meeting held on March 01, 2016. All amendments and changes have been posted in the Company's website before the prescribed deadline.

In addition, the Company has been regularly submitting corporate governance surveys as required by the PSE Memorandum 2010-0574 dated November 26, 2010. Since this requirement came into force, the Company has been participating in these surveys and filing it with the Exchange in a timely manner. A Compliance Report on Corporate Governance was submitted to the Exchange on March 29, 2016 for the year ended December 31, 2015.

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

On March 30, 2018, in compliance with SEC Regulations, the corporation submitted its Integrated Annual Corporate Governance Report (IACGR) with the SEC and posted this on the Company's website on March 30, 2018.

The Company is finalizing its whistleblowing policy, and code of business ethics.

ALLIANCE SELECT FOODS INTERNATIONAL, INC.
Notice of Annual Meeting of Stockholders

TO OUR STOCKHOLDERS:

Please be informed that the Annual General Meeting of the Stockholders of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "**Company**") will be held on **June 25, 2019 Tuesday** at **2:30 p.m.** (the "**Annual General Meeting**" or the "**Meeting**"). The venue of the Meeting will be at the PSE Auditorium, Ground Floor, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila. The order of business thereat will be as follows:

1. Call to order;
2. Proof of the required notice of the meeting;
3. Certification of quorum;
4. Reading and approval of the Minutes of the 2018 Annual General Meeting of Stockholders held on July 4, 2018;
5. Presentation of the Annual Report and the Audited Financial Statements for the Year Ended December 31, 2018 and Action Thereon;
6. Ratification and approval of the acts of the Board of Directors and Executive Officers for the corporate year 2018;
7. Appointment of Independent External Auditors;
8. Election of Directors, including Independent Directors;
9. Other matters
10. Adjournment

There will be an **OPEN FORUM** before the approval of the Annual Report and the Audited Financial Statements for the year ended December 31, 2018 is submitted to the vote of the shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

A brief statement of the rationale and explanation for each Agenda item which requires shareholders' approval is contained in **Annex "A"** of this Notice. The Information Statement accompanying this Notice contains more detail regarding the rationale and explanation for each of such Agenda items.

For the purpose of the meeting, only stockholders of record at the close of business on **May 22, 2019** will be entitled to this Notice, and to vote at the Meeting. Please bring some form of identification, such as passport, driver's license, or company I.D. in order to facilitate registration which will start at 1:30 p.m. on June 25, 2019.

Any stockholder who cannot attend the Meeting in person and desires to be represented thereat is requested to date and sign the attached proxy form, and mail it back using the return envelope. The proxy should be mailed in time so as to be received by the Office of the Assistant Corporate Secretary at the Company's principal office on or before **June 14, 2019**, which is the deadline for submission of proxies. Proxy validation will commence on June 19, 2019 at 10:00 a.m. at the principal office of the Company.

Copies of the Minutes of previous stockholders' meetings are available on the Company's website (http://allianceselectfoods.com/) and will be available for examination during office hours at the office of the Corporation.

BARBARA ANNE C. MIGALLOS
Corporate Secretary

ANNEX "A"

EXPLANATION AND RATIONALE
For each item on the Agenda of the
2019 Annual General Stockholders' Meeting of
ALLIANCE SELECT FOODS INTERNATIONAL, INC.
requiring the vote of stockholders

AGENDA

1. **Call to Order**
The Chairman will formally open the 2019 Annual General Stockholders' Meeting. The Directors and Officers of the Company who are present thereat will be introduced.

2. **Proof of Required Notice of the Meeting**
The Corporate Secretary will certify that copies of this Notice and the Information Statement have been duly sent to stockholders as of record date of May 22, 2019 within the periods prescribed by the applicable rules.

3. **Certification of Quorum**
The Corporate Secretary will attest whether a quorum is present for the meeting.

4. **Reading of the Minutes of the of the 2018 Annual General Meeting of Stockholders held on July 4, 2018, and Action Thereon**

   Shareholders may examine the Minutes of the said stockholders' meeting in accordance with Sec. 73 of the Revised Corporation Code. The Minutes are available on the Company's website.

   Resolution to be adopted: Shareholders will vote for the adoption of a resolution approving the minutes of the 2018 Annual General Meeting of Stockholders held on July 4, 2018.

5. **Presentation of the Annual Report and the Audited Financial Statements for the Year ended December 31, 2018 and Action Thereon**

   A summary of the Annual Report and the financial statements of the Company, audited by the Company's independent external auditors, Reyes Tacandong & Co., for the year ended December 31, 2018 will be presented. Copies of the said Annual Report with the said financial statements are enclosed with the Information Statement, and are also available on the Company's website.

   There will be an **OPEN FORUM** after the presentation. A shareholder, upon identifying himself or herself, may raise questions that are relevant or express an appropriate comment.

   Resolution to be adopted: Shareholders will vote for the adoption of a resolution approving the Annual Report and the Audited Financial Statements for the year ended December 31, 2018.

6. **Ratification and Approval of the Acts of the Board of Directors and Executive Officers for the Corporate Year 2018-2019**

   Actions by the Board of Directors and by the Officers for the corporate year 2018-2019 are summarized in the Information Statement.

Resolution to be adopted: Shareholders will vote for the adoption of a resolution ratifying and approving the acts of the Board of Directors and Officers.

7. **Appointment of Independent External Auditors**
   The Audit Committee endorsed the appointment of Reyes Tacandong & Co. as the Company's independent external auditors for the year 2019. The Board of Directors approved the appointment of Reyes Tacandong & Co., subject to approval by the stockholders.

   Resolution to be adopted: Shareholders will vote on a resolution for the appointment of said auditing firm as independent external auditor of the Company for 2019.

8. **Election of Directors, including Independent Directors**
   The Final List of Candidates for election as directors, as prepared by the Nominations Committee in accordance with the Company's By-Laws and Manual on Corporate Governance, will be presented to the shareholders, and the election of directors will be held.

9. **Other Matters**
   Matters that are relevant to and appropriate for the annual stockholders' meeting may be taken up. No resolution, other than the resolutions explained in the Notice and the Information Statement, will be submitted for voting by the shareholders.

10. **Adjournment**

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [X] Preliminary Information Statement
   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter
   ALLIANCE SELECT FOODS INTERNATIONAL, INC.
   (formerly Alliance Tuna International, Inc.)

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **CS200319138**

5. BIR Tax Identification Code **227-409-243-000**

6. **Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila** — **1605**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code **(632) 635-5241 to 44**

8. Date, time and place of the meeting of security holders

Date	:	**June 25, 2019**
Time	:	**2:30 p.m.**
Place	:	**PSE Auditorium, Ground Floor, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 28, 2019, and in no case later than May 31, 2019.**

10. **In case of Proxy Solicitations:**

    Name of Person Filing the Statement/Solicitor: **Alliance Select Foods International, Inc.**

Address	:	**Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road Ortigas Center, Pasig City, Metro Manila 1605**
Telephone No.	:	**(632) 635-5241 to 44**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Number of Shares of Common Stock Issued:	**2,499,712,463 (as of March 31, 2019)**
Amount of Debt Outstanding:	**$37.7 Million (as of December 31, 2019)**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes x No ______

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange, Inc. – Common Shares

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The Annual General Meeting of the Stockholders of Alliance Select Foods International, Inc. (the "**Company**"), a corporation organized and existing under the laws of the Philippines with address at Unit 1206 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, will be held on **June 25, 2019 (Tuesday)** at **2:30 p.m.** (the "**Annual General Meeting**" or the "**Meeting**"). The venue of the meeting will be at the PSE Auditorium, Ground Floor, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila.

The Agenda of the Meeting, as indicated in the accompanying Notice of Annual General Meeting, is as follows:

1. Call to order;
2. Proof of the required notice of the meeting;
3. Certification of quorum;
4. Reading and approval of the Minutes of the 2018 Annual General Meeting of Stockholders held on July 4, 2018;
5. Presentation of the Annual Report and the Audited Financial Statements for the Year Ended December 31, 2018 and Action Thereon;
6. Ratification and approval of the acts of the Board of Directors and Executive Officers for the corporate year 2018;
7. Appointment of Independent External Auditors;
8. Election of Directors, including Independent Directors;
9. Other matters.

There will be an **OPEN FORUM** before the approval of the Management Report and Audited Financial Statements for the year ended December 31, 2018 is submitted to the vote of the shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

The Management Report with the Audited Financial Statements for the year ended December 31, 2018 is attached to this Information Statement. The 2018 Annual Report under SEC Form 17-A is available on the Company's website (http://allianceselectfoods.com/). Upon written request of a shareholder, the Company shall furnish such shareholder with a copy of the said Annual Report as filed with the SEC, free of charge. The contact details for obtaining such copy are on Page 27of this Information Statement.

For the purpose of the Meeting, only stockholders of record at the close of business on **May 22, 2019** will be entitled to vote. Stockholders are requested to bring some form of identification such as passport, driver's license, or company I.D. in order to facilitate registration, which will start at 1:00 p.m.

Shareholders who cannot attend the Meeting may accomplish the attached Proxy Form. Please indicate your vote (Yes, No, Abstain) for each item in the attached form, and submit the same on or before **June 14, 2019** to the Office of the Assistant Corporate Secretary at the Company's principal office.

Proxies will be validated by a special committee consisting of the Company's Corporate Secretary, Compliance Officer, and a representative of the Company's stock transfer agent, Stock Transfer Service, Inc. ("**STSI**"). The special committee will validate the proxies on June 17 to 19, 2019 at the Company's principal office.

Validated proxies will be tabulated at the Meeting by STSI, and will be voted as indicated by the shareholder in the proxy, and in accordance with applicable rules.

Voting procedures are contained in Item 19 (Pages 25-26) of this Information Statement and will be stated at the start of the Meeting. Cumulative voting is allowed; please refer to Item 4 (Page 5) and Item 19 (Pages 25-26) for an explanation of cumulative voting.

Further information and explanation regarding specific agenda items, where appropriate, are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

Item 2. Dissenters' Right of Appraisal

There are no corporate matters or action to be taken during the Meeting on 25 June 2019 that will entitle a stockholder to a Right of Appraisal as provided in Title X of the Revised Corporation Code of the Philippines (Batas Pambansa [National Law] No. 68).

For the information of stockholders, any stockholder of the Company shall have a right to dissent and demand payment of the fair value of his shares in the following instances, as provided in Section 80 of the Revised Corporation Code of the Philippines:

1. In case of an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
3. In case of merger or consolidation; and
4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.
5. Section 11 of the Revised Corporation Code automatically grants perpetual existence to Corporation existing at the time of its effectivity unless stockholders representing a majority of its outstanding capital stock elect to retain the specific corporate term under its Articles of Incorporation. However, any change in the corporate term under Section 11 is without prejudice to the appraisal right of dissenting stockholders.

The Revised Corporation Code of the Philippines (Section 81) provides that the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares: provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office.

At the time of the filing of this Information Statement, the Company has not been informed by any incumbent director in writing of an intention to oppose any action to be taken at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of March 31, 2019, there are **2,499,712,463** outstanding and issued common shares of the Company, exclusive of **287,537** treasury shares. The Company does not have any class of shares other than common shares.

All stockholders of record as of **May 22, 2019** are entitled to notice and to vote at the Meeting.

A stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy.

Cumulative voting may be adopted in the election of directors as allowed by the Revised Corporation Code of the Philippines. On this basis, each registered stockholder as of May 22, 2019 may vote the number of shares registered in his name for each of the directors to be elected; or he may multiply the number of shares registered in his name by the number of directors to be elected, and cast the total of such votes for one (1) director. A stockholder may also distribute his votes among some or all of the directors to be elected.

Voting Procedures are stated in Item 19 (Pages 25-26) of this Information Statement.

Security Ownership of Certain Record and Beneficial Owners

To the best of the knowledge of the Company, the following stockholders own more than five percent (5%) of the Company's outstanding capital stock as of March 31, 2019:

Title of Class	Name, Address of Record Owner, and Relationship With Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% of Class
Common	PCD Nominee Corporation ***Beneficial Owner:* Strongoak, Inc.** 37F Enterprise Tower 1, Ayala Avenue, Makati City *Stockholder*	Please see Note 1 below. Strongoak, Inc. Please see Note 2 Proxy Named: Please see Note 3	Filipino	1,382,755,864	55.32%
Common	**PCD Nominee Corporation** 37/F Tower I, The Enterprise Center 6766 Ayala Center, Makati City	See Note 1 below.	Filipino	639,334,360	25.58%
Common	**Harvest All Investment Ltd.**, 4304-43/F China Resources Bldg. 26 Harbour Road Wanchai, Hong Kong *Stockholder*	Harvest All Investment Ltd. (Same as Record Owner) Proxy Named: (Please see Note 3)	Hong Kong	177,261,165	7.09%
Common	**Victory Fund Ltd.,** 30 Biderford Road, #17-02 Thongsia Building, Singapore *Stockholder*	Victory Fund Ltd. (Same as Record Owner) Proxy Named: (Please see Note 3)	Hong Kong	138,474,015	5.54%
	TOTAL			**2,421,750,328**	**96.88%**

1 PCD Nominee Corporation ("PCD Nominee") is a wholly-owned subsidiary of the Philippine Depository & Trust Corp., the depository infrastructure for equities and fixed income markets in the Philippines. PCD Nominee is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities

transaction in the Philippines. PCD Nominee is the registered owner of the shares in the books of the Company's transfer agent. The beneficial owners of such shares are PCD Nominee's participants who hold the shares on their own behalf or in behalf of their clients. The beneficial owners of such shares are PCD Nominee's participants who hold the shares on their own behalf or in behalf of their clients.

The 639,334,360 shares shown above as of March 31, 2019 are shares beneficially owned by Filipinos, exclusive of the 1,382,755,864 shares beneficially owned by Strongoak, Inc., and held through PCD Nominee. Foreigners or non-Filipinos beneficially own 83,924,924 shares or 3.36% of the Company through PCD Nominee.

2 Mr. Antonio C. Pacis, Ms. Marie Grace T. Vera Cruz, and Mr. Gabriel A. Dee currently represent Strongoak in the Board of Directors of the Company.

3 The proxies naming the natural persons authorized to vote the shares of the foregoing record owners for the Meeting have not yet been received by the Company. The deadline set by the Board of Directors for the submission of proxies is on June 14, 2019.

Except as stated above, the Company has no knowledge of any person or any group who, directly or indirectly, is the beneficial owner of more than 5% of the Company's outstanding shares or who has a voting power, voting trust or any similar agreement with respect to shares comprising more than 5% of the Company's outstanding common stock. Other than Strongoak, Inc., the Company is not informed of any other participants under the PCD Nominee account who own more than 5% of the voting securities of the Company as of March 31, 2019.

Security ownership of Directors, Officers and Management

<u>Security Ownership of Directors and Officers</u>

To the best knowledge of the Company, the beneficial ownership of the Company's directors and officers as of March 31, 2019 is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	**Antonio C. Pacis** *Chairman*	400 (Direct)	Filipino	0.00%
Common	**Gabriel A. Dee** *Vice Chairman*	1,000 (Direct)	American	0.09%
Common	**Raymond K.H. See,** *Director, President and CEO*	5,000 (Direct) 10,521 (Indirect)	Filipino	0.00%
Common	**Marie Grace T. Vera Cruz,** *Director*	400 (Direct)	Filipino	0.00%
Common	**Erwin M. Elechicon,** *Independent Director*	200 (Direct)	Filipino	0.00%

Common	**Joseph Peter Y. Roxas** *Director*	100 (Direct) 2,141,000 (Indirect)	Filipino	0.08%
Common	**Dobbin A. Tan** *Independent Director*	10,000 (Direct)	Filipino	0.00%
Common	**Barbara Anne C. Migallos** *Corporate Secretary*	0	Filipino	0.00%
Common	**Lisa Angela Y. Dejadina** *Senior Vice President - Business Development and Operational Excellence*	0	Filipino	0.00%
Common	**Ma. Kristina P. Ambrocio** *Vice President – Head of Legal, Compliance Officer and Assistant Corporate Secretary*	0	Filipino	0.00%
	TOTAL	**2,268,521**		**0.0009%**

Voting Trust Holders/Changes in Control

The Company has no knowledge of any voting trust holders of 5% or more of the Company's stock, or of any arrangements that may result in a change of control of the Company.

The Company conducted a stock rights offering in 2015 consisting of 1,000,000,000 common shares at a price of P1.00 per share by way of pre-emptive rights offering exclusively to shareholders of the Company as of August 7, 2015, at the proportion of one stock rights share for every one and one-half common shares of the Company. The stock rights offering resulted in a change of control of the Company.

Strongoak, Inc. ("Strongoak"), which previously owned 430,286,226 shares, equivalent to 28.69% of the outstanding capital stock prior to the stock rights offering, subscribed to an additional 952,479,638 common shares under the said stock rights offering for a total subscription price of P952,479,638.00. Strongoak now owns 1,382,765,864 shares, equivalent to 55.32% of the outstanding capital stock of the Company. Prior to the stock rights offering, no single shareholder had control of or more than 50% of the voting power in the Company.

Item 5. Directors and Executive Officers

The names of the incumbent directors of the Company, their respective ages, citizenship, period of service, directorships in other companies and positions held for the last five (5) years are as follows:

DIRECTORS

Director	Nationality	Position	Age	Period of Service (as of March 31, 2019)
Antonio C. Pacis	Filipino	Chairman	78	4 years and 5 months (First elected on December 8, 2014)
Gabriel A. Dee	Filipino	Vice Chairman	54	10 months (First elected on July 4, 2018)
Raymond K. H. See	Filipino	Director, President, and CEO	51	3 years and 5 months (First elected on December 8, 2014)
Erwin M. Elechicon	Filipino	Independent Director	59	4 years and 10 months (First elected on June 16, 2014)
Marie Grace T. Vera Cruz	Filipino	Director	38	4 years and 10 months (First elected on June 16, 2014)
Joseph Peter Y. Roxas	Filipino	Director	57	3 years and 2 months (First elected on March 1, 2016)
Dobbin A. Tan	Filipino	Independent Director	55	3 years and 2 months (First elected on March 1, 2016)

ANTONIO C. PACIS - 78, Filipino citizen; Chairman of the Board

Mr. Pacis obtained his law degree from the Ateneo Law School in 1965 and his masteral law degree from the Harvard Law School in 1967.

He is on the Board of Directors of publicly listed company BDO Unibank, Inc., OCLP Holdings Inc., Paluwagan Ng Bayan Savings Bank, Armstrong Pacific Co., Inc., Legisforum, Inc., Technology Investment Co., Inc. and Central Colleges of The Philippines.

He is Chairman of the Board of Directors at Asian Silver Estate, Inc., International Social Service Philippines, Inc., Amigo Holdings, Inc., Asian Waterfront Holdings, Inc., Mantle Holdings, Inc., and Corporate Secretary for Armstrong Securities, Inc., EBC Strategic Holdings Corp., and Paluwagan Ng Bayan Savings Bank.

Mr. Pacis has been practicing law since 1965 and continues to practice at Pacis and Reyes Law Office and was a professor of law at the Ateneo Law School.

GABRIEL A. DEE. - 54, Filipino citizen; Vice Chairman.

Academic Background

Mr. Dee graduated from the University of the Philippines in 1984 with a Bachelor's degree in History, and obtained his law degree in 1988 from the same university. Mr. Dee also has MBA units from the Ateneo de Manila Graduate School of Business.

Professional Background/ Experience

Mr. Dee has been practicing law since 1988, and has been Senior Partner of Picazo Buyco Tan Fider & Santos Law Offices since 2006. Mr. Dee is also Director and Corporate Secretary of various corporations, including listed company including listed companies MJC Investments Corporation (Director) and Macay Holdings, Inc. (Corporate Secretary). Mr. Dee is also a professorial lecturer on Corporation Law for the University of the Philippines College of Law and Lyceum College of Law, and has been a resource person/ speaker on various seminars on the topics of initial public offerings, listings and estate planning.

RAYMOND K. H. SEE - 51, Filipino citizen; Director, President & CEO

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

Prior to joining the Company, Mr. See was a former executive from Pilipinas Shell Petroleum Corporation. He rose from the ranks in his 24 year stay in the said company. Mr. See was the Senior Vice-President for Operation of the Company before being appointed as President & CEO of the Company on December 8, 2014.

MARIE GRACE T. VERA CRUZ - 38, Filipino citizen; Director

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

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

ERWIN M. ELECHICON - 59, Filipino citizen; Independent Director

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

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 is currently the Chairman of the Board of Directors of Silver Machine Digital Communications, Inc.; founding partner of the T88C Company; and a member of the Board of Directors of Facility Servicys, Inc. He was a former member of the Board of Directors of PETRONAS DAGANGAN Berhad (Malaysia), Union Bank of the Philippines and U-BIX Philippines Corporation.

In addition, Mr. Elechicon is the Vice Chairman and member of the Board of Trustees of Ateneo de Iloilo, Inc.; President and member of the Board of Trustees of P&Gers Fund, Inc., Past President and member of the Board of Trustees of the Ateneo Association of Former Resident Students, Inc.; and member of the Board of Directors of Pag-inupdanay Community Academy, Inc.

JOSEPH PETER Y. ROXAS - 57, Filipino citizen; Director

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

Mr. Roxas is President of Eagle Equities, Inc. since 1996. He is also presently a Director of DFNN, Inc., a listed company in the Philippine Stock Exchange, and of Kimquan Trading Corporation, a privately held company. He is also a Director of the Association of Securities Analysts of the Philippines since 2000. Mr. Roxas was with R. Coyuito Securities as Assistant Vice President for Research from 1993 to 1995, and Investment Officer from 1987 to 1992.

DOBBIN A. TAN - 55, Filipino citizen; Independent Director

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

Mr. Tan is presently Chief Executive Officer of New Sunlife Ventures, Inc. He was Managing Director and Chief Operating Officer of Information Gateway from 2002 to 2012. Mr. Tan also served as Vice President for Marketing of Dutch Boy Philippines from 2000 to 2002, President of

Informatics Computer College from 1997 to 2000, Assistant Vice President for Marketing of Basic Holdings from 1994 to 1997, Operations Manager of DC Restaurant Management Systems from 1990 to 1994, and Senior Financial Analyst/ Corporate Planning Manager for San Miguel Corporation from 1985 to 1990.

Process and Criteria for Selection of Nominees for Directors

The Board of Directors set May 23, 2019 as the deadline for the submission of nominations to the Board of Directors. The deadline was duly announced and disclosed on May 7, 2019.

The Nominations Committee composed of Mr. Raymond K.H. See, Mr. Erwin M. Elechicon and Mr. Joseph Peter Y. Roxas will meet on May 24, 2019 to screen the nominees for election to the Board of Directors in accordance with the Company's Revised Manual on Corporate Governance. The Committee will assess the candidates' background, educational qualifications, work experience, expertise and stature as would enable them to effectively participate in the deliberations of the Board.

In the case of the independent directors, the Committee shall review their business relationships and activities to ensure that they have all the qualifications and none of the disqualifications for independent directors as set forth in the Company's Manual of Corporate Governance, the Securities Regulation Code ("SRC"), and the SRC Implementing Rules and Regulations.

Nominees for Election at Annual General Meeting of Stockholders on June 25, 2019.

The Nominations Committee is scheduled to meet on 24 May 2019 to screen the nominees and to determine whether they have all of the qualifications and none of the disqualifications for election to the Company's Board of Directors. The Final List of Candidates for election to the Board of Directors at the annual shareholders' meeting will be provided in the Definitive Information Statement.

The following are the incumbent Directors of the Company:

Nominees for Regular Director

1. Antonio C. Pacis
2. Marie Grace T. Vera Cruz
3. Raymond K.H. See
4. Joseph Peter Y. Roxas
5. Gabriel A. Dee

Nominees for Independent Directors

1. Erwin M. Elechicon
2. Dobbin A. Tan

The qualifications of the incumbent directors are on Pages 8 to 11 of this Information Statement.

As of the date of filing of this Information Statement, no director has resigned or declined to stand for re-election to the Board of Directors due to disagreement on any matter.

Executive Officers

The following persons are the present executive officers of the Company:

Name of Officer	Nationality	Position	Age	Period of Service
Raymond K.H. See	Filipino	President and Chief Executive Officer	51	3 years and 5 months (First elected on December 8, 2014)
Barbara Anne C. Migallos	Filipino	Corporate Secretary	64	3 year 10 months (First elected on July 6, 2015)
Lisa Angela Y. Dejadina	Filipino	Senior Vice President - Business Development and Operational Excellence	36	3 years and 6 months (First elected on 17 November 2014)
Ma. Kristina P. Ambrocio	Filipino	Vice President – Legal, Compliance Officer, and Assistant Corporate Secretary	40	2 years and 7 months (First elected on October 19, 2015)

RAYMOND K.H. SEE – 51, Filipino citizen; President & CEO.

Academic Background

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

Professional Background/ Experience

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

BARBARA ANNE C. MIGALLOS – 64, Filipino citizen; Corporate Secretary.

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

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

LISA ANGELA Y. DEJADINA. – 36, Filipino citizen; Senior Vice President for Business Development and Operational Excellence.

Academic Background

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

Professional Background/ Experience

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

MA. KRISTINA P. AMBROCIO. - 40, Filipino citizen; Vice President – Legal, Compliance Officer, and Assistant Corporate Secretary.

Academic Background

Ms. Ambrocio graduated from the Ateneo de Manila University in 2001 with a major in Philosophy, and minor in Humanities. She obtained her law degree in 2005 from the University of the Philippines.

Professional Background/ Experience

Prior to joining the Company, Ms. Ambrocio was Corporate Counsel and Assistant Corporate Secretary of Chevron Philippines, Inc.

Significant Employees

No single person is expected to make a significant contribution 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

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among any of the directors, executive officers and persons nominated or chosen to become directors or executive officers.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as a director, executive officers or control persons of the Company have been involved in any legal proceeding, including without limitation being the subject of any:

a. bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
b. 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;
c. 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
d. order or judgment of a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization finding him/her to have violated a securities or commodities law or regulation,

for the past five (5) years up to date of this Preliminary Information Statement, that is material to the evaluation of ability or integrity to hold the relevant positions in the Company.

The pending and material legal proceedings involving the Company, and the directors, executive officers or control persons of the Company in their respective capacities as such, and the nominees for election as a director, are as follows:

1. Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited represented by Chiew Chee Chong vs. Annsley B. Bangkas and George E. Sycip, NPS Docket No. XVI-INV-15B-00033 (XV-14-INV-14B-00503-OCP-Pasig City); and Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited represented by Chiew Chee Chong vs. George E. Sycip, Alvin Y. Dee, Jonathan Y. Dee, and Ibarra A. Malonzo, NPS Docket No. XVI-INV-15B-00034 (XV-14-INV-14C-00974-OCP-Pasig City)

Consolidated Criminal Case Nos. M-PSG-18-00148-CR and M-PSG-18-00149-CR (MeTC Br. 72, Pasig City)

On February 13, 2014, shareholders Harvest All Investment Limited, Victory Fund Limited, and Bondeast Private Limited ("Harvest All et al") filed a criminal complaint with the Office of the City Prosecutor of Pasig City against the Company's then Chairman, and current Vice Chairman, Mr. George E. Sycip, and then Assistant Corporate Secretary Annsley B. Bangkas for allegedly denying its right to inspect company records in violation of the pertinent provisions of the Corporation Code. Harvest All et al filed the complaint despite being informed that its request to inspect company records was not being denied, and that action thereon was merely being deferred until the Board has determined the propriety of allowing the inspection.

On March 11, 2014, Harvest All et al filed another complaint with the Office of the Pasig City Prosecutor, this time against Mr. Sycip and then Director, and current Chairman, Mr. Jonathan Y. Dee, and then Directors Messrs. Alvin Dee and Ibarra A. Malonzo again for alleged violations of the Corporate Code provisions on the right to inspect company records. The complaint was filed despite a resolution by the Board to refer the matter to independent counsel to determine whether the request was made in good faith and for a legitimate purpose consistent with the applicable provisions of the Corporation Code.

The said complaints were consolidated and transferred to the Department of Justice – Manila ("DOJ"). In a Resolution dated July 28, 2015, the DOJ dismissed the consolidated complaints. The DOJ held that Messrs. Sycip, Alvin and Jonathan Dee, and Malonzo, and Ms. Bangkas did not deny Harvest All et al's request to inspect company records. The DOJ further held that the delays in acting on the request were reasonable and not unlawful, and that the referral of the matter to independent counsel was not tantamount to a denial of the request to inspect company records. On September 1, 2015, Harvest All et al. filed a Motion for Reconsideration which was subsequently denied. Harvest All et al. then filed a Petition for Review dated August 30, 2016 before the Department of Justice.

The DOJ issued a Resolution dated December 4, 2017, finding probable cause to indict the respondents for the crime of violation of Sections 74 and 75, in relation to Sec. 144 of the Corporation Code and directing the Prosecutor General to file the Informations.

On January 11, 2018, Informations for the 1st and 2nd Inspection cases were filed before the MTC of Pasig and were raffled to MTC Br. 72.

On December 20, 2017, Respondent Sycip filed his Motion for Reconsideration, dated December 15, 2017. On the same date, Respondent Malonzo filed his separate Motion for Reconsideration. Informations dated December 22, 2017 were filed with the Metropolitan Trial Court of Pasig City. Subsequently, warrants of arrest were issued by Pasic MTC branch 72, where the pending incidents are currently awaiting resolution.

Annsley Bangkas, Alvin Y. Dee, Jonathan Y. Dee, and Ibarra Malonzo are no longer Directors or Officers of the Company. Mr. George Sycip ceased to be a Director of the Company as of July 2018.

2. Alliance Select Foods International, Inc., represented in this derivative suit by Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, and Hedy S.C. Chua v. George E. Sycip, Jonathan Y. Dee, Alvin Y. Dee, Ibarra A. Malonzo, Joanna Y. Dee-Laurel, Teresita Ladanga, and Grace Dogillo.

Commercial Case No. 14-220
(RTC Br. 154, Pasig City)

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

Mr. Sycip filed a Petition for Certiorari before the Court of Appeals contending that RTC Branch 159 committed grave abuse of discretion in inhibiting from the case. In its Decision dated April 7, 2017, the Court of Appeals granted Mr. Sycip's Petition for Certiorari and setting aside the inhibition of Judge Lingan of RTC 159 and directing the latter to proceed with the hearing of the case. Complainants Hedy Yap Chua et al., filed a Motion for Reconsideration on the Decision of the Court of Appeals dated April 7, 2017. The Court of Apeals granted the Petition of My. Sycip. Upon appeal to the Supreme court, the Supreme Court affirmed the ruling of the Court of Appeals in its Resolution dated September 19, 2018. (S.C. G.R. No. 239426)

3. Hedy S.C. Yap-Chua and Albert Hong Hin Kay v. George E. Sycip, Jonathan Y. Dee, Ibarra A. Malonzo, and Avelino M. Sebastian, Jr.

Commercial Case No. 14-219
(RTC Br. 161, Pasig City)

On May 12, 2014, Ms. Hedy S.C. Yap-Chua and Mr. Albert Hong Hin Kay filed a Petition for the Declaration of Nullity of Board Resolutions and Inspection of the Corporate Books and Records, with Prayer for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction with the Regional Trial Court of Pasig City (Pasig RTC) against the Company's director, Mr. George E. Sycip and former directors Messrs. Jonathan Y. Dee, Alvin Y. Dee and Ibarra A. Malonzo, and then Corporate Secretary, Mr. Avelino M. Sebastian. Ms. Yap-Chua and Mr. Hong sought to nullify, among others, the resolution of the Board dated May 5, 2014 approving the private placement of Strongoak, Inc. of P563,679,956 into the Company, and the issuance of 430,286,226 of the Company's common shares to Strongoak, Inc. pursuant thereto.

The Company moved to intervene in this case. The RTC Pasig denied such intervention. The Company appealed to the Court of Appeals via a Petition for Review dated July 25, 2014. This was docketed as CA G.R. No. 136402.

On May 23, 2014, the judge issued an order stating that "After a careful consideration of the allegations in the Petition with Prayer for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction, this Court finds that the prayer for the TRO does not appear to be of extreme urgency; hence, the same is hereby BYPASSED." The Petition remains pending before the Pasig RTC.

The Complainants filed a Motion for Inhibition, which was granted by Pasig RTC Branch 159. The case was eventually re-raffled to Pasig RTC Branch 161 on March 21, 2016, where it remains pending as of date.

On March 29, 2016, the Company received the CA Decision dated March 14, 2016, granting the Company's Petition to Intervene in the case. Ms. Yap-Chua et al. filed a motion for reconsideration of the said Decision but was subsequently denied. On February 2, 2017, the Company received a copy of the Petition for Review on Certiorari of Hedy Yap-Chua et al. with the Supreme Court. (SC G.R. No. 226182 [CA-GR. SP No. 136402]). Registrant has not received notice on whether the Supreme Court has acted on said Petition.

In view of Ms. Yap-Chua, et al.'s Petition before the Supreme Court, the Company filed a motion to suspend the proceedings with the Pasig RTC until the Petition is resolved. This incident is still pending before the Pasig RTC.

In an Order, dated August 18, 2017, RTC Pasig set the case for hearing for the affirmative defenses of Respondents Jonathan Dee, and Alvin Dee. In response to this order of RTC Pasig, Petitioners Ms. Yap-Chua, et al., filed an Urgent Motion to Suspend Proceedings on Respondents Sycip and Dees' Affirmative Defenses, dated September 12, 2017.

In an Order dated February 12, 2018, RTC Pasig granted the Urgent Motion to Suspend Proceedings because of the pendency of Ms. Yap-Chua, et al.'s Petition before the Supreme Court.

4. Hedy S.C. Yap-Chua v. Jonathan Y. Dee, Marie Grace T. Vera Cruz, George E. Sycip, Antonio C. Pacis and Raymond K.H. See.

I.S. No. XVI-INV-15B00053

On February 24, 2015, Ms. Hedy S.C. Yap-Chua filed a Complaint-Affidavit with the Department of Justice ("DOJ") against incumbent Directors George E. Sycip, Marie Grace T. Vera Cruz, Raymond K.H. See and Antonio C. Pacis, and former director Mr. Jonathan Y. Dee ("Respondent Directors") for alleged violations of the Corporate Code provisions on the right to inspect company records. The Board approved Ms. Yap-Chua's request to inspect company records, subject to a procedure to ensure an orderly inspection and that proprietary information does not become public. However, the respective lawyers of the Company and Ms. Yap-Chua could not come to an agreement on the said procedure for inspection.

At the special meeting of the Board on September 17, 2014 called at the request of Ms. Yap-Chua and specifically to discuss the matter, the Board, by the vote of the Respondent Directors, resolved to direct the lawyers of the Company and of Ms. Yap-Chua to meet face-to-face to resolve their differences regarding said procedure. Ms. Yap-Chua alleged in her Complaint-Affidavit that the procedure proposed by the Company, and the referral of the matter to the lawyers, was tantamount to a denial of her right to inspect company records.

In a Review Resolution dated March 20, 2018, the DOJ resolved the complaint finding probably cause against the respondents.

Respondent See, Vera Cruz and Pacis filed their motions for reconsideration and supplemental motions for reconsiderations, while Defendant Jonathan Dee filed a Petition for Review before the DOJ. These actions are all pending resolution by the DOJ.

Meanwhile, the Pasig City Metropolitan Trial Court (MTC) quashed issued warrants of arrest on separate motions by Respondent See, and Respondents Vera Cruz, Pacis, and remanded the case back to the DOJ for completion of preliminary investigation proceedings.

5. Harvest All Investment Limited, Victory Fund Limited, Bondeast Private Limited, Albert Hong Hin Kay and Hedy S.C. Yap Chua v. Alliance Select Foods International, Inc., George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, and Erwin M. Elechicon and Barbara Anne C. Migallos, S.C. G.R. No. 224871

Commercial Case No. 15-234
(RTC Br. 159, Pasig City)

On August 5, 2015, Harvest All Victory Fund Limited, Bondeast Private Limited, Mr. Albert Hong Hin Kay and Ms. Hedy S.C. Yap Chua ("Harvest All et al") filed a Complaint (with application for the issuance of Writ of Preliminary Mandatory Injunction and Temporary

Restraining Order/Writ of Preliminary Injunction) with the Pasig Regional Trial Court ("Pasig RTC"), against Alliance Select Foods International, Inc., its Directors Messrs. George E. Sycip, Jonathan Y. Dee, Raymund K.H, See, Mary Grace T. Vera-Cruz, Antonio C. Pacis, and Erwin M. Elechicon and Barbara Anne C. Migallos (the "Company") praying, among others, that the Company be restrained from carrying out its Stock Rights Offering, and that the Company be compelled to hold its Annual Stockholders' Meeting prior to the said Stock Rights Offering. The Stock Rights Offering would raise gross proceeds of P1, 000,000,000.00 to be used for needed capital expenditures, repayment of loans, installation of a new management information system, and working capital requirements of the Company.

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

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

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

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

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

The Court of Appeals rendered a Decision dated February 15, 2016 ruling on the merits of the case in which the TRO was issued. The Court granted the Petition of shareholders Harvest All Investment Ltd., et al., but sustained the position of the Company that Harvest All Investment Ltd., et.al, should pay the correct filing fees for its Complaint with the Pasig RTC. Both parties filed their respective Motions for Reconsideration, and both were subsequently denied.

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

Harvest All et al. on the other hand filed their only Petition for Review on Certiorari with the SC questioning the ruling of the CA that though the case should not be dismissed because Harvest All et al. was not in bad faith in not filing the proper filing fee, the latter should pay the filing fee based on the 2015 SRO, which would amount to approximately Php 20 Million)

The Petitions for Review on Certiorari were consolidated by the SC. On March 15, 2017, the SC rendered a Decision in favor of the petition of Harvest All, et al., ruling that the intra-corporate controversies may involve a subject matter which is either capable or incapable of pecuniary estimation, and remanded the case back to the RTC to assess the correct filing fees, and upon payment, to proceed with the regular proceedings of the case. The Registrant and other respondents filed their respective motions for reconsideration of the Supreme Court Decision arguing, among others, that supervening events have rendered the case moot and academic.

In the Resolution dated February 28, 2018 rendered by the SC, the SC denied the motions for reconsideration filed by the respondents and held that the Pasig RTC is the appropriate court to determine whether the supervening events alleged by the respondents has rendered the case moot and academic. Proceedings on the Complaint before the Pasig RTC resumed on 19 April 2018. The Company filed a Motion for Factual Determination of Mootness, arguing that the cause of action of Plaintiffs is already moot and academic. Defendant Migallos likewise filed a Motion to Dismiss arguing also that the case is already moot and academic.

Plaintiffs, however, filed a Motion for Inhibition against Judge Lingan, which said Judge granted. Defendant SyCip filed a Petition for Certiorari and Mandamus with Application for the Issuance of TRO and/or Writ of Preliminary Injunction against Judge Lingan for inhibiting from the case pending before the Court of Appeals.

6. Victory Fund Limited, Harvest All Investment Limited, Bondeast Private Limited and Hedy S.C. Yap Chua vs. Jonathan Y. Dee, Alvin Y. Dee, Joanna Y. Dee-Laurel, George E. Sycip, Teresita S. Ladanga, Grace S. Dogillo, Arak Ratborihan, Raymond K.H. See, Marie Grace T. Vera Cruz, Antonio C. Pacis, and John and Jane Does, NPS Docket No. XVI-INV-16B-01028

The complainants are shareholders of ASFII who allege that the respondents improperly used their investment in the Company to engage in supposedly illegal activities and transactions. The Complaint also stated that damage and prejudice was caused to the complainants as a result of respondents' actions, which included the alleged diminution of complainants' property rights due to a supposedly deliberate dilution of the complainants' shareholdings in ASFII. The complainants further asserted that their proportionate rights as shareholders were diminished, such as their entitlement to representation in the Board of Directors of ASFII.

The complainants submitted a Supplement to the Joint Complaint-Affidavit to include the supposed damage incurred by the complainants when they were not elected to the Board of Directors of the Company during the Annual Stockholders Meeting on 01 March 2016. Preliminary investigation hearings were held on March 22, 2016, March 28, 2016 and April 5, 2016.

Meanwhile, Jonathan Dee, Alvin Dee, Joanna Dee-Laurel, and Tess Ladanga (Perjury Complainants) filed a complaint for perjury against Yap-Chua.

In a Joint Resolution dated July 12, 2016, the Investigating Prosecutor dismissed the complaint for syndicated estafa, falsification of public documents and perjury.

Both Syndicated Estafa and Falsification Complainants and Perjury Complainants filed their respective Petition for Partial Review with the DOJ. The DOJ issued a Joint Resolution dated March 31, 2017 denying both petitions for partial review, affirming the dismissal of the complaints.

The Complainants filed their Partial Motions to Reconsideration before the DOJ.

In a Joint Resolution dated March 27, 2018, the DOJ, in resolving the Partial Motions for Reconsideration filed by the Complainants, granted the motion for partial reconsideration, affirmed the dismissal of the charges for falsification of public document and syndicated estafa complaint but found probable cause for estafa against Jonathan Y. Dee, Alvin Y. Dee, Joanna Dee-Laurel, George Sycip, Teresita Ladanga, Grace Dogillo and Arak Ratborihan. The DOJ did not find sufficient evidence to support the charges for falsification of public document and syndicated estafa against Raymond See, Grace Vera Cruz and Antonio Pacis and affirmed the dismissal of the complaints against these respondents.

Certain Relationships and Related Transactions

The Company has had no transactions covered under Part IV (D)(1) of Annex "C" of SRC Rule 12 in the last two (2) years, or those involving the Company or any of its subsidiaries in which an incumbent director, executive officer or stockholder owning ten percent (10%) or more of the total outstanding shares of the Company and members of their immediate family had or is to have a direct or indirect material interest, other than those disclosed below:

a. Effective January 1, 2017, the Company entered into a Consultancy Agreement with Strongoak, Inc. Currently, Strongoak, Inc. owns 55.32% of the Company.

Note 15 of the Notes to the Consolidated Financial Statements as of December 31, 2017 on the Company's related party transactions are incorporated by reference.

Other than as disclosed above, and as indicated in the Consolidated Financial Statements as of December 31, 2017, the Company has not entered into any other related party transactions, or with parties that fall outside the definition of "related parties" but with whom the Company or its related parties have a relationship that enables the parties to negotiate the terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

Item 6. Compensation of Directors and Executive Officers

The following summarizes the executive compensation received by the CEO and the top four (4) most highly compensated officers of the Company for 2016, 2017, 2018 and 2019. It also summarizes the aggregate compensation received by all the officers and directors, unnamed.

	Year	Salaries Amounts in ₱'000	Bonuses/Other Income Amounts in ₱'000
CEO and the four most highly compensated officers named above	2016	₱ 14,885	₱ 235
	2017	₱ 14,865	₱ 215
	2018	₱ 18,980	₱ 254
	2019	₱ 16,939	₱ 273
Aggregate compensation paid to all officers and directors as a group unnamed	2016	₱ 23,360	₱ 578
	2017	₱ 19,417	₱ 679
	2018	₱ 23,855	₱ 755
	2019	₱ 25,038	₱ 1,012

The following are the Company's top five (5) compensated executive officers as of December 31, 2018:

Raymond K.H. See	President and CEO
Lisa Angela Y. Dejadina	Senior Vice President for Operations
Ma. Kristina P. Ambrocio	General Counsel, Asst. Corporate Secretary and Compliance Officer
Donna D. Javier	Sales and Marketing Manager
Edward L. Noma	Procurement Manager

Compensation of Directors

On 21 January 2016, the Company's Board of Directors adopted a policy, effective immediately, setting directors' per diems at P10,000 per attendance at Board meetings, and P5,000 per attendance at Committee meetings.

Under the amended By-Laws, as compensation, the Board shall receive and allocate an amount of not more than 10% 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.

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.

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.

Item 7. Independent Public Accountants

The appointment of the Company's independent auditors for the fiscal year 2019 will be submitted to the shareholders for approval and ratification at the Meeting.

The Audit Committee has recommended, and the Board of Directors has approved, the re-appointment of the accounting firm of Reyes Tacandong & Co. (Reyes Tacandong) as the Company's independent auditors. Reyes Tacandong was first appointed as the Company's independent auditors in 2015. Mr. Emmanuel V. Clarino is the partner-in-charge of Reyes Tacandong.

Representatives of Reyes Tacandong will be present at the Meeting, and will have an opportunity to make a statement, if they desire to do so; and to respond to appropriate questions from shareholders.

The Company has been advised that the Reyes Tacandong auditors assigned to render audit-related services have no shareholdings in the Company, or a right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company, consistent with the professional standards on independence set by the Board of Accountancy and the Professional Regulation Commission.

Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for professional services rendered by the Company's independent auditors for each of the last three (3) fiscal years:

Audit and Audit-Related Fees	2018	2017	2016
Regular Audit	₱ 1,345,000	₱ 1,280,000	₱ 1,000,000
Review of proposed equity restructuring		600,000	-
Long Form Audit			-
Review of Forecast			-
All Other Fees	₱ 134,500	128,000	150,000
Total Audit and Audit-Related Fees	**₱ 1,479,500**	**₱ 2,008,000**	**₱ 1,150,000**

Tax Fees

There were no tax-related services rendered by the independent auditors other than the assistance rendered in the preparation of the income tax returns which formed part of the regular audit engagement.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

As stated above, Reyes Tacandong was first appointed to be the Company's independent auditors for 2015. Reyes Tacandong succeeded Navarro Amper & Co. (Navarro Amper), who was the Company's independent auditors for 10 years prior to 2015. Other than that, there was no change in the Company's independent accountants during the three most recent calendar years or in any subsequent interim period.

There has been no disagreement with either Reyes Tacandong or Navarro Amper on accounting and financial disclosure.

Item 8. Compensation Plans

No action is to be taken by the shareholders at the Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken at the Meeting with respect to the authorization or issuance of securities other than for Exchange.

Item 10. Modification or Exchange of Securities

No action is to be taken at the Meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

As stated above, no action is to be taken at the Meeting with respect to the matters under Items 9 (Authorization or Issuance of Securities Other than for Exchange) and 10 (Modification or Exchange of Securities).

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken at the Meeting with respect to any transaction involving the following:

a) the merger or consolidation of the Company into or with any other person or of any other person into or with the Company;

b) the acquisition by the Company or any of its security holders of securities of another person;

c) the acquisition by the Company of any other going business or of the assets thereof;

d) the sale or other transfer of all or any substantial part of the assets of the Company; or

e) the liquidation or dissolution of the registrant.

Item 13. Acquisition or Disposition of Property

No action is to be taken at the Meeting with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action is to be taken at the Meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Action is to be taken on the reading and approval of the following:

1. Minutes of the Previous Stockholders' Meeting

The Minutes of the 2018 Annual Stockholders' Meeting held on July 4, 2018 are posted on the Company's website (www. http://allianceselectfoods.com/home/our-company/), and also available for inspection by stockholders at the principal offices of the Company. Copies thereof will also be made available upon request at the venue of the Meeting.

The matters taken up during the Annual Stockholders' Meeting held on July 4, 2018 are as follows: (i) reading and approval of the minutes of the 2017 Annual Stockholders' Meeting held on June 15, 2017; (ii) presentation and approval of the Management Report and Audited Financial Statements for the year ended December 31, 2017; (iii) ratification and approval of the acts of the Board of Directors and Executive Officers; (iv) appointment of independent external auditors; (v) election of Directors, including Independent Directors.

The resolution to be adopted will be for the approval of the minutes of the 2018 Annual Stockholders' Meeting held on July 4, 2018.

2. Management Report

The Company's Management Report, which includes the Audited Financial Statements for 2018, will be submitted for approval by the stockholders. A copy of the Management Report is attached to this Information Statement. The 2018 Annual Report under SEC Form 17-A is available on the Company's website (http://allianceselectfoods.com/). Upon written request of a shareholder, the Company shall furnish such shareholder with a copy of the said Annual Report as filed with the SEC, free of charge. The contact details for obtaining such copy are on Page 27 of this Information Statement.

The resolution to be adopted will be the approval of the Management Report and the Audited Financial Statements of the Company for the year ended December 31, 2017.

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up at the Meeting that will not require the vote of the stockholders as of the record date.

Item 17. Amendment of Charter, Bylaws or Other Documents

No action is to be taken at the Meeting with respect to the Amendment of the Company's Charter, Bylaws or other Documents.

Item 18. Other Proposed Action

Action is to be taken on the ratification and approval of the acts of the Board of Directors and executive officers.

1. Acts of the Board of Directors and Executive Officers

All acts, contracts, proceedings, elections and appointments made or taken by the Board of Directors and/or the officers of the Company during the past corporate year will be submitted for ratification and approval of shareholders. These refer to the actions taken by the Board of Directors at its meetings held on May 10, July 3, July 4, August 9, November 8 2018, and February 12, and April 5, 2019. The acts of officers referred to are those that implemented the actions taken by the Board. A summary of significant actions of the Board, as set forth in the Minutes of meetings, is provided below.

At the meeting held on May 10, 2018, the Board of Directors approved the date of the Annual Stockholders' Meeting. Said date, as well as the record date, deadline of nominations and deadline of proxy submission were also approved.

At the organizational meeting held on July 4, 2018, the Board of Directors elected the officers of the Company, and constituted the Board Committees for the remainder of the corporate year 2018-2019.

At the regular meeting of the Board of Directors held on August 9, 2018, the Board of Directors approved the Second Quarter Financial and Performance Report.

Further, the Board of Directors also approved the Management Report and Interim Audited Financial Statements for the year ended May 31, 2018.

At the regular meeting of the Company's Board of Directors held on November 8, 2018, the directors approved the Third Quarter Financial and Performance Report of the corporation. Further, the Board appointed Ms. Jennifer Porsuelo as Assistant Treasurer and Data Protection Officer. The Board also approved the extension of (1) guaranty of Spence Credit Line; and (2) promissory note with Strongoak, Inc.

At the special meeting of the Company on February 12, 2019, the Business Plan for 2019 was approved by the Board of Directors.

At the meeting of the Corporation held on April 5, 2018, the Board of Directors approved the financial statements of the Company for the year ended December 31, 2018.

Item 19. Voting Procedures

Stockholders of record as of May 22, 2019 may vote at the Meeting. Stockholders have the right to vote in person or by proxy.

Registration of stockholders and proxies attending the meeting will open at 1:30 p.m. of June 25, 2019.

Approval of the matters requiring stockholder action as set forth in the Agenda and in this Information Statement would require the affirmative vote of stockholders owning at least a majority of the outstanding voting capital stock.

In the election of directors, cumulative voting may be adopted. On this basis, each stockholder as of May 22, 2019 may vote the number of shares registered in his name for each of the directors to be elected, or he may multiply the number of shares registered in his name by the number of directors to be elected, and cast the total of such votes for one (1) director, or he may distribute his votes among some or all of the directors to be elected. The nominees with the greatest number of votes will be elected directors. Voting/ balloting for regular directors will be separate from voting/ balloting for independent directors.

The Company will distribute to shareholders not later than May 28, 2018 the Information Statement and proxy form. The proxy form contains each item on the Agenda that requires shareholders to vote "YES", "NO" or "ABSTAIN". In the case of the election of directors, the names of each of the nominees are listed in the proxy with space for the shareholder to indicate his or her vote for or against each of the nominees.

The voting at the Stockholders' Meeting will be by balloting. Shareholders who are present and did not submit proxies before the meeting will be given ballots upon registration. In the case of proxies submitted prior to the meeting, the proxy designated by the stockholder to represent them at today's meeting will be provided with ballots for casting in accordance with the stockholders' instructions, as indicated in the proxy.

Ballots will be tabulated by an independent external auditing firm together with the Company's stock transfer agent, Securities Transfer Services, Inc. ("STSI"). Results of the voting by shareholders will be announced for each item on the Agenda requiring the vote of shareholders. The tabulation and results of the voting shall be duly disclosed and shall be made available on the Company's website on the business day following the meeting.

This voting procedure shall also be announced at the start of the meeting.

PART II.

PLEASE SEE SEPARATE PROXY FORM

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati, Metro Manila on May 9, 2019.

By:

BARBARA ANNE C. MIGALLOS
Corporate Secretary

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A PRINTED COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, AS FILED WITH THE SEC FREE OF CHARGE. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:

ATTY. BARBARA ANNE C. MIGALLOS
Corporate Secretary
Unit 1206, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City 1605

PART II

PLEASE FILL UP AND SIGN THIS PROXY AND RETURN IMMEDIATELY TO THE CORPORATE SECRETARY.
A RETURN ENVELOPE IS PROVIDED FOR YOUR CONVENIENCE.

PROXY FORM

The undersigned stockholder of **ALLIANCE SELECT FOODS INTERNATIONAL, INC.** (the "Company") hereby appoints **MR. RAYMOND K. H. SEE** or in his absence, the **CHAIRMAN**, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **2019 Annual General Meeting of Stockholders** of the Company to be held on **June 25, 2019** at **2:30 p.m.**, at the PSE Auditorium, Ground Floor, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of the Annual General Meeting of Stockholders held on July 4, 2018 ___ Yes ___ No ___ Abstain 2. Approval of the Annual Report and Audited Financial Statements for 2018 ___ Yes ___ No ___ Abstain 3. Ratification and approval of the acts of the Board of Directors and executive officers for the corporate year 2019-2020 ___ Yes ___ No ___ Abstain 4. Appointment of Reyes Tacandong & Co. as independent auditors ___ Yes ___ No ___ Abstain	5. Election of Directors Vote for nominees listed below: Regular Directors: 1. ☐ Marie Grace T. Vera Cruz 2. ☐ Raymond K.H. See 3. ☐ Antonio C. Pacis 4. ☐ Joseph Peter Y. Roxas 5. ☐ Gabriel A. Dee Independent Directors: 1. ☐ Erwin M. Elechicon 2. ☐ Dobbin A. Tan ☐ Withhold authority for all nominees listed above ☐ Withhold authority to vote for the nominees listed below: __________ __________ __________ __________ 6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.
____________________ **DATE**	____________________ **PRINTED NAME OF STOCKHOLDER** ____________________ **SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY**

THIS PROXY SOLICITATION IS MADE BY OR ON BEHALF OF THE COMPANY. THIS PROXY SHOULD BE RECEIVED BY THE OFFICE OF THE ASSISTANT CORPORATE SECRETARY ON OR BEFORE **JUNE 14, 2019**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED BY THE PROXY HEREIN DESIGNATED FOR THE APPROVAL OF THE MATTERS STATED ABOVE, AND FOR THE ELECTION OF NOMINEES FOR DIRECTORS AT HIS DISCRETION.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. PROXIES EXECUTED BY BROKERS MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER. FORMS OF THE CERTIFICATION MAY BE REQUESTED FROM THE OFFICE OF STOCK TRANFER SERVICES, INC. (TEL NO. 403-2410)

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON. THIS PROXY SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE BOX HEREIN PROVIDED.

This solicitation is primarily by mail; however, incidental personal solicitation may also be made by the officers, directors and regular employees of the Company whose number is not expected to exceed fifteen and who receive no additional compensation therefor. The Company bears the cost, estimated not to exceed P3 million, of preparing and mailing this proxy form and other materials furnished to stockholders in connection with this proxy solicitation and the expenses of brokers who may mail such materials to their customers.

No director or executive officer, nominee for election as director, or associate of such director, executive officer or nominee, of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

UNDERTAKING

I, **BARBARA ANNE C. MIGALLOS**, of legal age, Filipino, and with office address at 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Metro Manila, being the duly elected and incumbent Corporate Secretary of **ALLIANCE SELECT FOODS INTERNATIONAL, INC**. (the "Company"), a corporation duly organized and existing under Philippine law, with principal office address at Unit 1206, East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City, Metro Manila do hereby undertake to do the following:

1. Upload a copy of the Company's Interim Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations or SEC Form 17-Q as of 31 March 2019 in the Company's website at least five (5) days before the Company's Annual General Meeting of the Stockholders ("AGM") to be held on June 25, 2019;

2. The Company's stockholders shall be furnished copies of the said SEC form 17-Q during the AGM upon written request of the stockholders, free of charge; and

3. The Company shall publish a notice that the above-mentioned SEC Form 17-Q is available at the company's website in two (2) newspapers of general circulation.

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 09 day of May 2019, affiant exhibiting to me her Community Tax Certificate No. 14455705 issued on 7 January 2019 at Makati City, and her Passport No. P7148981A issued on 11 May 2018 at DFA NCR South, expiring on 10 May 2028 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

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Series of 2019.
Cnew ASFII Undertaking 17Q /dfp51

DANEIA ISABELLE P. PALAD
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-226 (2018-2019)
COMMISSION EXPIRES ON DECEMBER 31,2019
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 7335804; Makati City; 1-4-2019
IBP O.R. No. 060584; Quezon City; 1-4-2019
TIN 500-029-394
ROLL NO. 64582, APRIL 2015

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION

I, **BARBARA ANNE C. MIGALLOS**, of legal age, Filipino, and with office address at 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Metro Manila, hereby depose and state under oath that:

1. I am the Corporate Secretary of **ALLIANCE SELECT FOODS INTERNATIONAL, INC**. (the "Company"), a corporation duly organized and existing under Philippine law, with principal office address at Unit 1206, East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City, Metro Manila.

2. I hereby certify that the following incumbent Directors for election as Director of the Company are not connected with any government agency or instrumentality:

a) Mr. Antonio C. Pacis
b) Mr. Raymond K. H. See
c) Ms. Marie Grace T. Vera Cruz
d) Mr. Erwin M. Elechicon (Independent Director)
e) Mr. Dobbin A. Tan (Independent Director)
f) Mr. Joseph Peter Y. Roxas
g) Mr. Gabriel A. Dee

BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 09 day of May 2019, affiant exhibiting to me her Community Tax Certificate No. 14455705 issued on 7 January 2019 at Makati City, and her Passport No. P7148981A issued on 11 May 2018 at DFA NCR South, expiring on 10 May 2028 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

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Cnew 2019 ASFII ASM Certification Directors /dfp50

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