

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **31 December 2016**
2. SEC Identification Number **A199701848** 3. BIR Tax Identification No. **200-302-092-000**
4. Exact name of issuer as specified in its charter **AGRINURTURE, INC.**
5. **Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **No. 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines 3005**
Address of principal office Postal Code
8. **(02) 997-2081 to 82**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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Common Shares	621,683,570 / Php 1,578,225,043 * *As of 31 December 2016
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Title of Each Class	Number of Shares of Common Listed Stock
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Common Shares	329,500,087**
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Title of Each Class	Number of Shares of Unissued Common Stock
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Common Shares	378,316,430
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11. Are any or all of these securities listed on a Stock Exchange?

Yes [**X**] No []

* The Company's 621,683,570 issued and outstanding common shares have been approved for listing on the Second Board of the Philippine Stock Exchange (PSE) as of the date of this Report.

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐

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

Yes ☒ No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Php 605,870,813 (number of shares owned by public multiplied by PSE trading price as of 31 March 2017)

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes ☐ No ☐ **Not applicable**

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- | | |
|--|-----------------------|
| (a) Any annual report to security holders; | Not applicable |
| (b) Any information statement filed pursuant to SRC Rule 20; | Not applicable |
| (c) Any prospectus filed pursuant to SRC Rule 8.1. | Not applicable |

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Incorporated on 04 February 1997, ANI started its business operations in the same year as an importer, trader and fabricator of post-harvest agricultural machineries intended to improve the productivity as well as increase the income of Filipino farmers. Formerly known as Mabuhay 2000 Enterprises, Inc., AgriNurture, Inc. (the “Company” or “ANI”) was the first to bring into the Philippine market the Mega-Sun brand of grain dryers and thereafter established itself as one of the more reliable local supplier and manufacturer of conveyor systems and other rice mill equipment.

ANI eventually diversified into other various agro-commercial businesses, specifically focusing on the export trading of fresh Philippine Carabao Mangoes as its main revenue stream. Since then, ANI has become one of the Philippines’ top fresh mango exporters to the world market. At present, ANI also supplies other home-grown fruits such as banana and pineapple to customers in Hong Kong, Mainland China, the Middle East and to the different European regions.

ANI ventured into the importation and trading of rice in the first quarter of 2015 and has since then participated in the rice importation program for private sector on the National Food Authority.

Currently, the Company conducts its business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into two (2) groups, namely: (i) Philippine Operations and (ii) Foreign Operations.

The Philippine Operations Group is organized into three business units: (1) Export, (2) Local Distribution, and (3) Retail & Franchising. Meanwhile, Foreign Operations is principally fruits and vegetable trading Hong Kong/China, and Europe.

1. Philippine Operations
 - a) Export
 - b) Local Distribution
 - c) Retail & Franchising
2. Foreign Operations
 - a) Hong Kong/China
 - b) Europe

Philippine Operations

Export

The Company’s Export Group is in charge of looking for markets abroad as well as sourcing the best quality produce possible to satisfy its growing number of clients. This group is the top dollar earner of ANI by exporting all kinds of fruits, vegetables and other agro products but its main export products are fresh banana, fresh mango and coconut water.

- i. Banana – the main banana export variety is Cavendish and its main production area is in Mindanao. The Export Group sources its supply from independent growers and from established corporate plantations to consolidate as much supply as it can to satisfy its clients in China, Korea, Middle East and Russia.
- ii. Mango – Carabao mango (*Mangifera indica* L.) is the variety exported by ANI. The Export Group sources its mangoes from all over the Philippines via a network of growers and suppliers who have been in the mango business for decades. The Export Group also taps the various mango contract growers of ANI. These mango growers follow the strict mango production system prescribed by the Government to comply with good agricultural practices as well as the pesticide spraying protocol. By adhering to these strict standards, ANI’s mango exports can be accepted by any stringent market abroad. The Export Group manages all the

processes involved in exporting mango with hot water treatment (HWT) and vapor heat treatment (VHT) capability.

- iii. Coconut water - Coconut water is one of the most exciting ANI products in the market today for both local and export. This product is exported by the ANI Export Group to USA, Canada, Australia, New Zealand and the Middle East. The facility used for processing and packing the coconut water for export is under ANI's wholly-owned subsidiary, M2000 IMEX Co., Inc.

Local Distribution Group

The Local Distribution Group is composed of several companies. ANI Parent, FCA, Fresh and Green Harvest Agricultural Company, Inc. (FG), Lucky Fruit and Vegetable Products, Inc. (LF), Best Choice Harvest Agricultural Corporation (BCHAC) and Farmville Farming Co. Inc. are the main distribution arm of ANI's agricultural products under the "FCA" (Fresh Choice Always) brand.

ANI and its sister companies are one of the largest wholesalers of fresh vegetables to leading supermarkets, currently concentrated in Metro Manila. In addition, they supply fresh vegetables to in-house brands of various supermarkets.

In the local front, fruits and vegetables are sourced on a nationwide scale from the following suppliers: ANI subsidiaries, farmers with supply contracts, and buying stations.

Meanwhile, the Distribution Group in the intention to boost revenues started exploring through new and innovative distribution methods such as direct selling approach to address consumers and institutional buyers' need for fresh produce amidst problems on lack of proper storage. ANI is still working on taking its distribution to a global level with the Australian, European and US markets on the target list.

Finally, the Distribution Group will undertake aggressive expansion of its product portfolio. It intends to launch new products such as processed foods, grains, and condiments. To complement said expansion, the Distribution Group will use modern technology to increase the shelf life of their products.

The Company has the following direct and indirect subsidiaries under its Local Distribution Group:

- a. M2000 IMEX Company, Inc. (IMEX)
 - b. First Class Agriculture Corporation
 - c. Fresh and Green Harvest Agricultural Corporation
 - d. Lucky Fruit and Vegetable Products, Inc.
 - e. Best Choice Harvest Agricultural Corporation
 - f. Fresh & Green Palawan Agriventures, Inc.
 - g. Ocean Biochemistry Technology Research, Inc.
 - h. Fruitilicious, Inc.
 - i. Farmville Farming Co., Inc.
- a. M2000 IMEX Company, Inc. (IMEX)

IMEX is a wholly-owned subsidiary of the Company and is engaged in the manufacturing and processing of its own brand of canned fruit products such as coconut juice. IMEX likewise provides toll-packing services to several companies and is operating a blast freezing unit to serve the overseas demand for frozen fruits, root crops and leafy vegetables. IMEX's products are principally produced for export, with its largest markets being North America (30%), the Middle East (30%), Asia (25%), Europe (10%) and local (5%).

In November 2012, IMEX entered into a Shareholders' Agreement and Subscription Agreement with Tolman Manufacturing, Inc. (TMI) for the management and operation of a Tetra Pak Line for, among others, coconut water located in the export processing zone in Carmelray, Laguna.

Under the Shareholders' Agreement and Subscription Agreement, IMEX shall acquire an aggregate of Sixteen Million Four Hundred Thousand (16,400,000) primary common shares in TMI which shall be subscribed by the Corporation out of the increase of the authorized capital stock of TMI for an

aggregate amount of Two Hundred Ten Million Pesos (Php 210,000,000.00) in cash and/or non-cash assets. Upon the approval of the increase of the authorized capital stock of TMI, IMEX shall own 51% of the total outstanding equity in TMI.

b. First Class Agriculture Corporation

First Class Agriculture Corporation (FCAC), a wholly-owned subsidiary of the Company, is engaged in the distribution of fruits and vegetables to supermarket chains, where it markets its products under the "FCA" (First Choice Always) brand. It supplies more than 100 varieties of vegetables and local fruits daily to various supermarket chains in Luzon.

In 2016, FCA ventured into rice importation and was able to participate in the Minimum Access Volume 2016 rice importation program of the National Food Authority.

c. Fresh and Green Harvest Agricultural Corporation [Inactive]

Fresh and Green Harvest Agricultural Corp. (F&G) is a wholly-owned subsidiary of FCA. F&G is intended to distribute fruits and vegetables to supermarkets and institutional outlets.

d. Lucky Fruit and Vegetable Products, Inc. [Inactive]

Lucky Fruit and Vegetable Products Inc. ("LF") is a wholly-owned subsidiary of FCA. LF was engaged in the wholesale trading and distribution of commercial crops to food service and institutional accounts such as hotels, restaurants, and public markets throughout Luzon. It is expected to reboot operations and try include the Mindanao market in its scope with Cagayan de Oro and Davao as its hubs.

e. Best Choice Harvest Agricultural Corporation [Inactive]

The ANI Group's farming activities are mainly handled through Best Choice Harvest Agricultural Corporation (BCH), a wholly owned subsidiary of the Company, which is currently engaged in the management of the Company's farms in Central Luzon and Mindanao. Current activities are being undertaken by BCH with the objective of eventually making the farms the primary source of supply for the ANI Group.

Pursuant to a joint venture agreement entered into by BCH in 2013, a joint venture company, Tagum Resources Agri Industries Inc. (TRAIN), was incorporated. TRAIN, which is 51% owned by BCH, will engage in corporate banana production and is intended to fulfill the requirements of ANI Export Group. In 2014, TRAIN executed a Contract of Lease for the long term lease of a parcel of land in Tagum City, Davao for purposes of developing and operating a banana plantation.

On December 17, 2014, BCH entered into a memorandum of agreement (MOA) to sell all of its investment in equity share to Black River and to Hijo Resources Corporation (HRC). The HRC transaction was completed in December 2014 while the sale to Black River was completed in February 2015.

f. Fresh and Green Palawan Agriventures, Inc. (FG Palawan) [Inactive]

FG Palawan was incorporated on September 9, 2008. 51% of the outstanding capital stock of FG Palawan is owned by BCH. It is primarily engaged in corporate farming in the province of Palawan.

g. Ocean Biochemistry Research Technology, Inc. (OBT) [Inactive]

Ocean Biotech was incorporated on March 23, 2009. It is primarily engaged in the production and growing of agricultural products such as mushroom.

In December 2016, Top Pearl USA LLC subscribed to 16,665 common shares of OBT. Having Top Pearl on board, it is expected to boost the operations of OBT by introducing

h. Fruitilicious Company, Inc. (Fruitilicious)

Fruitilicious is located in Cagayan de Oro at the center of the fruit bountiful provinces of Bukidnon, Davao, Lanao Del Norte and Agusan del Sur in Mindanao. Fruitilicious also serves as the group's sourcing hub for its Mindanao operations. It operates a cold storage facility, blast freezing and food processing facility to produce frozen and dried fruit products and by-products for local and international clients. Fruitilicious is HACCP certified, which is proof that it supplies excellent and safe food products. Fruitilicious is 90% owned by ANI.

i. Farmville Farming Co., Inc (Farmville)

Farmville was incorporated on June 2, 2010. It is primarily engaged in trading and sourcing of fruits and vegetables and also supplies fresh vegetables to in-house brands of various local markets.

During the last quarter of 2010, ANI acquired ownership interest in the company. Currently, ANI owns 51% of the outstanding capital stock of Farmville.

Retail & Franchising Group

On 8 August, 2011, the SEC approved the amendment of the Articles of Incorporation of the Company to, among others, include the business of retail in the primary purpose. In line with this, ANI established its Retail & Franchising Group in August of 2011.

The direct and indirect subsidiaries of the Company under the Retail Group are as follows:

- a. The Big Chill, Inc.
- b. Heppy Corporation
- c. Goods and Nutrition for All Inc. (GANA)

a. The Big Chill, Inc.

80% of the outstanding capital stock of The Big Chill, Inc., (TBC) is owned by ANI. TBC is engaged in the business of selling, on retail, beverages and other food products. TBC completes the innovative "farm-to-plate" business model of the Company that allows and enhances the synergy of all the Company's fruit and vegetable businesses. In addition to Big Chill's company owned stores, TBC has entered into the franchise arena in the Philippines. It is the intention of management to expand further the retail franchise opportunities by direct sales of License Agreements as well as the sale of profitable existing locations to qualified buyers.

Currently, over 50 outlets are being operated, both company owned and franchised carrying the following brands:

- Big Chill
- Fresh Bar
- Super Fresh
- C, Verde
- Tully's Coffee

b. Heppy Corp (Heppy)

Heppy was incorporated on November 24, 2008. It is primarily engaged in buying, selling, distributing and marketing fruit drinks. Heppy became a wholly owned subsidiary of TBC on September 1, 2011.

c. Goods and Nutrition for All Inc. (GANA)

Goods and Nutrition for All, Inc. was incorporated on January 6, 2012. Its primary purpose is to engage in, operate, conduct and maintain the business of manufacturing, importing, bartering, distributing,

selling on wholesale or retail, and otherwise dealing in all kinds of goods, commodities, merchandise and wares.

Foreign Operations

As for international distribution, ANI has operation in Hong Kong/China, and Europe.

The Company has the following direct and indirect subsidiaries under its Foreign Operations:

- a) Hong Kong/China
 - i. Agrinurture International Ltd (HK)
 - ii. Joyful Fairy (Fruits) Ltd. (BVI)
 - iii. Joyful Fairy (Fruits) Ltd. (HK)

- b) Europe

- a. Hong Kong/China

ANI's Hong Kong/China operations are carried out through the following entities:

Agrinurture International Ltd (HK) is engaged in the retail sales of fruit juices. The company operates two retail stores in Hong Kong, the first one in Hong Kong International Airport, to expand its retail reach outside the Philippines and at the same time showcase for international franchising.

Joyful Fairy (Fruits) Ltd. (BVI) is a company organized and existing under the laws of the British Virgin Islands. Joyful is 51% owned by AgriNurture HK Holdings Ltd., a Cayman Islands holding company, and the latter is a 100% subsidiary of the Company.

Joyful Fairy (Fruits) Ltd. (HK) - a company organized and existing under the laws of Hong Kong and is a subsidiary of Joyful Fairy (Fruits) Ltd. (BVI). It is currently ranked amongst the top fruit importers in Hong Kong dealing with prime fruits like Sunkist Orange, Prima Grapes and California Grapes, among others. The company also has major supplies to China. In 2016, Joyful HK was already divested.

- b. Europe

ANI's European operation is carried out by ANI Agrinurture Europe S.L. It is primarily engaged in fruit trading.

All the Groups described above are hereinafter referred to collectively as the "ANI Group".

Competition

The ANI Group is known for its high quality products and well-known brands in the local and international markets. It is considered as one of the leaders in the food production/manufacturing and distribution industry.

Export Group

The fresh produce export business does not lack big and established players. In the lucrative banana industry, ANI intends to expand its corporate banana plantations and enter into corporate pineapple plantation in order to secure supply and maintain quality that ANI export buyers prefer.

Distribution Group

The Distribution Group belongs to the fresh produce distribution industry which is largely price sensitive and driven by product quality and brand loyalty. Noted trend in the industry is the consumers' preference for foods that counters poor health caused by busy lifestyles, insufficient exercise and fast food consumption. Hence, consumers are increasingly choosing naturally healthy foods such as fruits and vegetables. In addition, organic and natural are increasingly becoming hot, with consumers willing to pay a

premium for these products over the commercially grown ones. To maintain its position in the market and to ensure continuing acceptability of its agricultural products, the Group established a reasonable system of product traceability. Through this practical system, controls are put in place for the identification and tracking of produce. Moreover, with a full integration of operations, supply and product quality is guaranteed.

ANI and its subsidiaries are presently one of the largest wholesalers of fresh vegetables to leading supermarkets, restaurants, hotels, canteens, and wet markets. The Distribution Group also supplies fresh vegetables to in-house brands of various supermarkets. We are a major player in this segment.

Retail

The Retail Group under The Big Chill, Inc. belongs to the food and beverage industry which is largely driven by brand loyalty and premium quality products and services. Emerging industry trends are geared towards health and wellness, with emphasis on providing convenient means to eating healthy outside the home. With a present roster of five (5) brands catering to several market segments, The Retail Group competes in the fresh fruit shake and specialty coffee categories. Flagship brands Big Chill and Tully's Coffee both cater to the A, B and Upper C market segments with high purchasing power, thus, providing both brands with multiple opportunities for growth and expansion.

Big Chill is a key player in the premium fresh fruit shake category backed by almost twenty (20) years of fruit blending expertise, while new player Tully's Coffee, an international coffee brand born out of Seattle, enters a mature coffee consuming local market.

Trademarks

Brands and trademarks used by ANI and its subsidiaries on their principal products and services are registered or pending registration with the Philippine Intellectual Property Office (IPO).

The following sets out information regarding the trademarks of the Company and its subsidiaries:


File No : PH/4/2011/14433 Old File No : 42011014433 Mark : ANI AGRINURTURE, INC. LOGO Nice Class : 35 Renewal Date : 29 March 2022 3Y DAU Deadline : 5Y DAU Deadline : Status : Registered (3/29/2012)	
File No : PH/4/2011/14431 Old File No : 42011014431 Mark : AGRINURTURE, INC. Nice Class : 35 Renewal Date : 05 April 2022 3Y DAU Deadline : 5Y DAU Deadline : Status : Registered (4/5/2012)	AgriNuture, Inc.

File No : PH/4/2008/12207 Old File No : 42008012207 Mark : ANI AGRINURTURE INC. LOGO Nice Class : 35 Renewal Date : 13 August 2019 3Y DAU Deadline : 07 October 2010 5Y DAU Deadline : Status : Registered (8/13/2009)	
File No : PH/4/2008/12205 Old File No : 42008012205 Mark : AGRINURTURE INC. Nice Class : 35 Renewal Date : 13 August 2019 3Y DAU Deadline : 07 October 2010 5Y DAU Deadline : Status : Registered (8/13/2009)	AgriNurture Inc.
File No : PH/4/2011/12566 Old File No : 42011012566 Mark : PINOY MI Nice Class : 30 Renewal Date : 16 February 2022 3Y DAU Deadline : 18 October 2015 5Y DAU Deadline : Status : Registered (2/16/2012)	
File No : PH/4/2011/14428 Old File No : 42011014428 Mark : FRESH CHOICE ALWAYS Nice Class : 31 Renewal Date : 05 April 2022 3Y DAU Deadline : 05 December 2014 5Y DAU Deadline : Status : Registered (4/5/2012)	Fresh Choice Always
File No : PH/4/2011/14429 Old File No : 42011014429 Mark : FCA LOGO Nice Class : 31 Renewal Date : 05 April 2022 3Y DAU Deadline : 05 December 2014 5Y DAU Deadline : Status : Registered (4/5/2012)	

File No	: PH/4/2011/12741	
Old File No	: 42011012741	
Mark	: FCA	
Nice Class	: 29 30 31	
Renewal Date	: 16 February 2022	
3Y DAU Deadline	: 21 October 2014	
5Y DAU Deadline	:	
Status	: Registered (2/16/2012)	
File No	: PH/4/2011/81	
Old File No	: 42011000081	
Mark	: CAFETERIA VERDE AND DEVICE	
Nice Class	: 43	
Renewal Date	: 05 May 2011	
3Y DAU Deadline	: 03 January 2014	
5Y DAU Deadline	:	
Status	: Registered (5/5/2011)	
File No	: PH/4/2010/9336	
Old File No	: 42010009336	
Mark	: SUPERFRESH SHAKES & DESSERTS	
Nice Class	: 32 43	
Renewal Date	: 04 August 2021	
3Y DAU Deadline	: 25 August 2013	
5Y DAU Deadline	:	
Status	: Registered (8/4/2011)	
File No	: PH/4/1998/4324	
Old File No	: 41998004324	
Mark	: THE BIG CHILL & REPRESENTATION	
Nice Class	: 32	
Renewal Date	: 01 July 2015	
3Y DAU Deadline	:	
5Y DAU Deadline	:	
Status	: Registered (7/1/2005)	
File No	: PH/4/2012/6990	
Old File No	: 42012006990	
Mark	: FRESH BAR BY BIG CHILL	
Nice Class	: 43 29 30 32	
Renewal Date	:	
3Y DAU Deadline	: 11 June 2015	
5Y DAU Deadline	:	
Status	: Registered	

File No : PH/4/2012/3579 Old File No : 42012003579 Mark : PROCHEF AND DEVICE Nice Class : 29 30 31 32 Renewal Date : 3Y DAU Deadline : 5Y DAU Deadline : Status : Abandoned with finality (10/12/2012)	
File No : PH/4/2011/14640 Old File No : 42011014640 Mark : SIMPLY DAIRY AND DEVICE Nice Class : 29 Renewal Date : 18 October 2022 3Y DAU Deadline : 09 December 2014 5Y DAU Deadline : Status : Registered (10/18/2012)	
File No : PH/4/2011/14427 Old File No : 42011014427 Mark : LA NATURAL & DEVICE Nice Class : 32 Renewal Date : 05 April 2022 3Y DAU Deadline : 05 December 2014 5Y DAU Deadline : Status : Registered (4/5/2012)	
File No : PH/4/2011/13855 Old File No : 42011013855 Mark : SUNGROWN AND DEVICE Nice Class : 31 Renewal Date : 15 March 2022 3Y DAU Deadline : 18 November 2014 5Y DAU Deadline : Status : Registered (3/15/2012)	
File No : PH/4/2011/12740 Old File No : 42011012740 Mark : BEST CHOICE HARVEST Nice Class : 31 7 1 Renewal Date : 16 February 2022 3Y DAU Deadline : 21 October 2014 5Y DAU Deadline : Status : Registered (2/16/2012)	

File No : PH/4/2008/9322 Old File No : 42008009322 Mark : NIKKA Nice Class : 32 Renewal Date : 25 February 2019 3Y DAU Deadline : 04 August 2011 5Y DAU Deadline : Status : Registered (2/25/2009)	
File No : PH/4/2012/7900 Old File No : 42012007900 Mark : NATURE'S MAGIC AND DEVICE Nice Class : 31 Renewal Date : 3Y DAU Deadline : 02 July 2015 5Y DAU Deadline : Status : Allowed for Publication, in verification of payment of publication fee (11/7/2012)	
File No : PH/4/2012/7896 Old File No : 42012007896 Mark : ANI MILK Nice Class : 29 Renewal Date : 18 October 2022 3Y DAU Deadline : 02 July 2015 5Y DAU Deadline : Status : Registered (10/18/2012)	
File No : PH/4/2012/7902 Old File No : 42012007902 Mark : FARMER'S GIFT Nice Class : 30 Renewal Date : 3Y DAU Deadline : 02 July 2015 5Y DAU Deadline : Status : Published for opposition (2/7/2013)	
File No : PH/4/2013/1379 Old File No : 42013001379 Mark : FARMER'S FRIEND Nice Class : 30 Renewal Date : 3Y DAU Deadline : 5Y DAU Deadline : Status : Under examination (4/10/2013)	

File No	: PH/4/2011/008527	Nutri-licious
Old File No	: 42011008527	
Mark	: NUTRI-LICIOUS	
Nice Class	: 32	
Renewal Date	:	
3Y DAU Deadline	: 7/21/2014	
5Y DAU Deadline	: 2/24/2017	
Status	: Registered	
File No	: PH/4/2002/010799	
Old File No	: 42002010799	
Mark	: MOM'S	
Nice Class	: 30	
Renewal Date	:	
3Y DAU Deadline	: 12/18/2005	
5Y DAU Deadline	: n/a	
Status	: Abandoned with finality	

Customers

ANI and its subsidiaries have a broad market base. The ANI Group sells its products to local and international markets and in various channels of distributors such as supermarket chains, groceries, hotels, restaurants, canteens, wet markets, and traders.

The Distribution Group's local sales to leading supermarket chain accounts for more than 40% of its total business.

The Export Group does not depend on any single customer which accounts for more than 10% of its total business.

The Retail Group does not depend on any single customer which accounts for more than 10% of its total business.

Transactions with and/or Dependence on Related Parties

In the regular course of business, ANI Group has transactions with related parties. These transactions are described in Note 16 (Related Party Transactions) of the Consolidated Financial Statements as of December 31, 2016 attached as **Annex "A"** hereof.

Government Approvals and Licenses

ANI and its subsidiaries have obtained all necessary permits, licenses and government approvals to manufacture, sell, distribute and export the ANI Group's products.

ANI and FCAC are licensed by the NFA to engage in the business of importing, warehousing and wholesaling of rice. Further, both are duly accredited importers by the Bureau of Customs.

IMEX is a holder of a License to Operate as Food Manufacturer/Exporter of multi-products issued by the Food and Drug Administration (FDA). In April 22, 2015, the IMEX passed the certification audit in compliance with ISO 22000:2005 FSMS, ISO 22002-1: 2000 FSSC, HACCP and GMP.

Governmental Regulation

The ANI Group operates its businesses in a highly regulated environment. To operate their respective businesses, ANI and its subsidiaries, are required to secure licenses and/or permits from government agencies such as the Food and Drug Administration, Bureau of Customs, Bureau of Plant Industry, National Food Authority. The suspension or revocation of the licenses issued by these government agencies could materially and adversely affect the operation of the ANI Group's businesses.

ANI and its subsidiaries have no knowledge of recent or probable governmental regulations, the implementation of which will result in a material adverse effect on ANI and its significant subsidiaries' business or financial position.

Research and Development

For the years 2016 and 2015, the amounts spent by the Company and its subsidiaries for research and development were Php 25,678 and Php 21,859, respectively.

Cost of Compliance with Environmental Laws

The Company and its subsidiaries incurred an estimated cost of Php180,141 in 2016 and Php 253,547 in 2015 for compliance with environmental laws. On a yearly basis, expenses incurred by the ANI Group in order to comply with environmental laws are not significant relative to the ANI Group's total cost and revenues.

Employees

As of 31 December 2016, the Company has 153 employees supported by 11 officers. The employees are not subject to a collective bargaining agreement (CBA).

The table below presents the Company's personnel numbers by functional category for the period indicated below:

Category	Number of Employees For the Year Ended December 31,		
	2014	2015	2016
Executives (Officers and Managers)	15	9	11
Project Employees and Consultants	0	3	0
All Other Employees	177	102	153

Corporate Social Responsibility

ANI practices Corporate Social Responsibility (CSR) as part of its long-term business strategy for sustainability and continuity.

Basic Social Services - From time to time, ANI conducts Medical and Dental Missions for the poor and underprivileged communities in the country to help alleviate the health conditions of Filipino families.

ANI likewise undertakes tree planting and clean-up activities in Pulilan, Bulacan spearheaded by its employees and several volunteers.

Education - In partnership with Dumaguete-based Silliman University, ANI provided full scholarships to deserving students pursuing B.S. Agriculture to help address the shortage of professionals in agricultural research, development, and entrepreneurship. ANI will be opening the applications for a new set of scholars.

Research and Development - ANI continually works with local and foreign partners to conduct field trials and testing of high-value and high-yielding varieties of fruits and crops in its farms as well as new products such as fertilizers and chemicals. This initiative aims to support farming communities and the country in general, by developing and introducing innovative technologies.

Capability Building for Indigenous People - Another significant CSR project that ANI has started is its partnership with the Indigenous People's communities in Pampanga and Tarlac for the development and management of almost 10,000 hectares of Ancestral Domain. Initially geared towards building the capabilities of the Aetas in farming and trading, ANI aims to utilize the partnership as a poverty alleviation vehicle that will create anchor enterprises, improve access to basic services, and promote environmental stewardship.

Disaster Relief During emergencies - ANI provides assistance to affected families in its own humble way. One of which was when a major earthquake struck Sechuan Province in China and caused countless death and destruction, ANI made a modest monetary contribution to aid in the relief and rescue efforts conducted. ANI likewise partook in local disaster rehabilitation programs as a way of helping uplift the lives of displaced and vulnerable families. In the aftermath of typhoon Frank (2008), ANI pledged 120,000 cans of canned beverage for typhoon victims of Aklan Province. During the rage of typhoon Yolanda in 2013, ANI took part in the relief operations by sending a variety of goods.

Regulation and Taxation

Currently, the company and its subsidiaries are required to pay 30% Corporate Income Tax. Most of the group's revenues are VAT-free transactions due to the exemption of agriculture crops and export revenues from which are Zero-Rated VAT.¹ Only processed goods intended for local distribution and services are subject to the 12% VAT.

Insurance

The Company has an all-risk policy for each of its facilities and inventories against a variety of risks, including, among others, fire, lightning, catastrophic perils (typhoon, flood, earthquake, volcanic eruption), machinery breakdown, explosion, civil commotion, riot/strike, malicious damage, and other perils liability.

	Description	Insurance Provider	Amount Insured
1	Arenas , Arayat, Pampanga - Production Building, Residential Building, on guard house & locker, and genset house.	Pioneer Insurance	Php 13,000,000.00
2	1-On Cooling Machine in Pulilan, Bulacan	UCPB Gen	Php 16,100,000.00
3	Various industrial machineries/equipment used by the assured for the operation of its business	UCPB Gen	Php 23,940,000.00
4	Stocks - Pulilan, Bulacan	Malayan Insurance	Php 10,000,000.00
5	Machineries and Equipment in Pulilan, Bulacan	Oriental Assurance Corporation	Php 35,000,000.00
6	Manufacturing / Canning Bldg , Warehouse Bldg., Staff House / Canteen Bldg. , warehouse /Vegetable Processing Bldg.	Malayan Insurance	Php 36,974,000.00
7	1 Unit Cold storage machine , including tools and spare parts	Charter Ping An Insurance Corporation	Php 45,840,000.00
8	Marine Cargo Liability - Pulilan , Bulacan	Philippine First Insurance Company, Inc.	Php 2,500,000.00

In addition to the all-risk policy, the Company maintains various general liability and product liability insurance policies covering its operations. These policies do not cover liability as a result of pollution or environmental damage by the Company. A products liability insurance policy insures all of the Company's export products. The Company's insurance policies are provided by leading Philippine insurance companies that are generally reinsured by major international insurance companies.

¹Section 109 (C) AND (V) of the National Internal Revenue Code.

Health, Safety and Environmental Matters

The Company is subject to a number of employee health and safety regulations in the Philippines. For example, the Company is subject to the occupational safety and health standards promulgated by the Philippine Department of Labor and Employment. The Company believes that a safe and healthy work environment is fundamental to the management of its human resources as well as conducive to greater employee productivity. The Company has a safety management group responsible for formulating, implementing and enforcing the Company's employee health and safety policies as well as ensuring compliance with applicable laws and regulations.

The Company is also subject to various laws and regulations concerning the discharge of materials into the environment. The Company is subject to extensive regulation by the Philippine Department of Environment and Natural Resources.

Risk Factors

1. Risks Related to the Company

- a) The Company's financial condition and results of operations may be adversely affected by any disruption in the supply, or the price fluctuation of raw materials required for its major products.

ANI procures its vegetables and fruits (mangoes, banana, and pineapple) from various sources, ranging from small farmers to cooperatives and big producers. As a policy, volume and quality is the main consideration in the sourcing of all the products handled by ANI. However, the risk of supply shortage poses a significant threat to the continuity of business operations and ultimately to the results of operations of the Company.

To mitigate supply risks, ANI does the following:

- ANI observes an "open line" type of communication with all its suppliers, maintaining 24/7 constant coordination and accessibility with key personnel including the Company's top management. This enables the Purchasing Division to realign sourcing activities and locations in a timely and appropriate manner should supply issues arise.
- ANI, owing to its long-standing stature in the fresh foods industry, is able to attract reputable and reliable long-term suppliers. The strong relationship with its suppliers, built over years of mutually beneficial dealings, allows the Company and its suppliers to address and resolve any supply concerns that may arise from time to time through mutual cooperation.
- The establishment of cold storage facilities in Pulilan (Central Luzon) central packing house and Cagayan De Oro (Mindanao) central depot in the last quarter of 2009 provides ANI with the capacity to effectively store large volumes of fresh vegetables thereby mitigating the risks inherent in the seasonality of supplies for certain types of produce. The cold storage prolongs shelf life and enables the Company to maintain a buffer stock for these produce to better serve clients and maximize profit in times of shortage.
- ANI is currently expanding its cold storage facilities to increase its capacity to stock supplies. Part of the proceeds from the stocks right offering shall be directed to this purpose.
- ANI intends to develop and operate productive farmland that would significantly influence the implementation of Good Agricultural Practices (GAP) and traceability and reduce or eliminate its dependence on third party sources for its supplies and improve its ability to control its quality and prices.

- b) The Company's business is affected by seasonality

The demand for and supply of many fruits and vegetables is seasonal, and the price of any particular commodity may change significantly, depending on the season. Market demand is especially strong

during the Yuletide season in the last quarter of the calendar year. Because of seasonality, the results of operations of the Company may fluctuate significantly from one quarter to another.

To mitigate the risks of seasonality of supplies and prices, the Company has diversified its source of products geographically, such that seasonal fluctuations in one region can be offset by those in another region. The setting-up of additional cold storage facilities also allows the Company to stock up on certain produce when they are 'in season' and therefore relatively inexpensive; thus, such produce can be sold in the market when they are 'off season' and can command higher prices and provide wider gross profit margins.

- c) The Company may experience losses due to inadequate or failed internal processes and systems.

The Company handles numerous transactions daily, most of which involve cash transactions. A failure in internal procedures or systems, fraud, or the impact of external events carries a risk that the Company may experience losses on any or all of the transactions that it handles. The specific type of risks that the Company faces includes:

- Risk arising from fraudulent activities of a third party or internal party such as robbery or theft of supplies (especially during transport);
- Risk resulting from inadvertent failure to satisfy a professional responsibility or obligation to particular suppliers or customers, including the prompt payment of payables and the delivery of supplies;
- Risks arising from the widely dispersed nature of the Company's operations, including issues on safety, telecommunications, transport and remote monitoring.
- Risks arising from failure in process management or transaction processing due to poor relationships with vendors and commercial service providers.

To mitigate the foregoing risks, ANI has centralized its purchasing functions at the Manila liaison office thereby eliminating the risks inherent in dealing with numerous provincial suppliers as well as with numerous and highly autonomous middlemen in the field. Furthermore, centralizing purchasing significantly increases control over field operations and enhances efforts towards standardizing the methods and quality of our processes. Systems (monitoring, tracking, communications, and logistics) and procedures are also being constantly reviewed, changed and/or upgraded as part of the overall effort to minimize and eliminate inefficiencies in the supply chain.

- d) The Company faces the risk of inadequate supply in the event of inclement weather.

Inclement weather is traditionally a major source of uncertainty in the agriculture industry. Its inherent volatility and the occurrence of extreme weather events due to global climate change impacts greatly the performance and management of the Company's farming and trading operations. For example, the El Niño and La Niña phenomenon, characterized by alternating cycles of inadequate and excessive rainfall, respectively, has in the past posed significant challenges to growers and traders alike.

To manage this risk, ANI implements a geographical diversification strategy where its operations are spread across the country, depending on the existing season (wet or dry) to ensure continued production and trading. As such, the Company is able to step up operations in farms, buying stations and raw material trading posts in the Visayas and Mindanao to offset the cutback in the Luzon area before the typhoon season begins. The Company believes that its nationwide presence has allowed for a stable and reliable conduct of operations all year round.

Moreover, as a farming practice, ANI adapts to the current season to determine the crops to be planted and produced (i.e. rice production during wet season), thus enabling its farms to remain productive every month of the year. In addition, this crop rotation method is able to prevent depletion of nutrients of the soil and immunity of domestic pest.

- e) The Company faces risks arising from pest and insect infestation.

Pest and disease infestation affect both the quantity and quality of commodities available for the market. If not addressed appropriately, infestation may translate to decreased crop yield and farm output, as well as uncertainty in commodity prices. Infestation may also render the Company's products unacceptable to both domestic and export markets, and could adversely affect its results of operations.

The Company mitigates this risk by adopting a mix of modern pest control systems, GAP (such as crop rotation), the use of a mixture of organic fertilizers in its production farms, and the use of biotech products especially those that are resistant to pests and diseases. ANI also sources its supply requirements from farms and buying stations located in different provinces and regions of the country. This way, no widespread infestation would drastically weaken the Company's supply chain at any time. ANI's nationwide diversified geographical locations allow its farm production and trading activities to easily shift the bulk of its key operations from one region to another should the need arise.

2. Risks Relating to the Philippines

The Company's operations are concentrated in the Philippines, and therefore any downturn in general economic conditions in the Philippines could have a material and adverse impact on the Company.

Historically, the results of the Company's operations have been influenced, and will continue to be influenced to a certain degree, by the general state of the Philippine economy. In the past, the Philippines had experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls. However, given that the Company's primary business is basic food, it enjoys a certain degree of insulation from the negative effects of economic stagnation or recession.

- a. Any political instability in the Philippines may adversely affect the Company.

As a developing economy with a democratic political structure and environment, the Philippines has from time to time, experienced political instability. Any occurrence of instability in the future could result in unforeseen or sudden changes in the business, regulatory and policy environment that could have an adverse impact on the operations and financial condition of Philippine corporations and businesses, including our Company.

Item 2. Properties

The Company is the registered owner of a parcel of land located at Pulilan, Bulacan, Philippines with an area of approximately 4,995 square meters. It has acquired other parcels of land in the same location with an area of approximately 8,117 square meters, 4,934 square meters and 3,034 square meters, respectively. The Company also owns 4 office units with an area of approximately 300 square meters located at Ortigas Business District, Pasig City.

The Company owns blast freezers, cold storage, filling and canning machineries and equipment and a water treatment facility located along the National Highway, Barangay Dampol 2A, Pulilan, Bulacan and Balongis, Balulang, Cagayan de Oro City.

The Company's lots in Pulilan, Bulacan, were used to secure a long-term loan.

Subsidiaries

- a. First Class Agriculture Corporation

The Company's subsidiary, FCAC, is the registered owner of a parcel of land located at Barangay San Antonio (formerly Arenas), Arayat, Pampanga, Philippines with an area of approximately 10,000 square meters. The aforementioned land is presently improved with seven (7) buildings, namely: (i) Office Building with a total floor area of 240 square meters; (ii) Rice Mill with a total floor area of 1,875 square meters; (iii) Mixing Area/Warehouse; (iv) Husk collector; (v) Generator House; (vi) Residential Building with a total floor area of 181 square meters; and (vii) Guardhouse with a total floor area of 37

square meters.

b. Fruitilicious, Inc.

Fruitilicious, Inc., another subsidiary of the Company, owns and operates a food processing and blast freezing facility with land area of about 2,000 square meters to produce frozen and dried fruit products and by-products in Cagayan de Oro. It has a cold storage facility, and a house and lot.

Item 3. Legal Proceedings

The Company is not aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph (C) of Annex “C”, as amended, of the SRC Rule 12 with respect to the Company and/or its subsidiaries. However, while not material, the pending proceedings involving the Company and/or its subsidiaries are as follows:

i. *“Agrinurture, Inc. vs. Commissioner of Internal Revenue” docketed as C.T.A. Case No. 10-240, Court of Tax Appeals*

The Company filed a *Petition for Review* under Section 11 of Republic Act No. 1125 (as amended by Republic Act No. 9282) seeking to reverse the decision of the Commissioner of Internal Revenue (“CIR”) affirming the assessment issued against the Company in the amount of Two Million Forty Three Thousand Three Hundred Thirty Five and 5/100 Pesos (Php 2,043,335.05) for alleged deficiency taxes for taxable year 2007. On 27 January 2011, the Company received the Final Assessment Notice (the “*Assessment*”) dated 30 December 2010 issued by the Bureau of Internal Revenues (BIR) demanding that it pay the alleged deficiency Income Tax and Value Added Tax (VAT) for the calendar year 2007 predicated solely on the alleged discrepancy in the Reconciliation of Listing of Enforcement (RELIEF) and Third-Party Matching of the Bureau of Customs (BOC) declared in the Company’s tax return. On 18 February 2011, or within the reglementary period, the Company filed a letter dated 15 February 2011 with the CIR protesting the *Assessment* and requesting that the latter be cancelled for lack of merit both in fact and in law (the “*Protest*”). The Company noted that the *Assessment* is patently void for failing to state the facts, laws, rules and regulations, or jurisprudence on which it is based. Despite repeated requests by the Company, the details of the alleged discrepancy in the RELIEF and Third-Party Matching BOC were never supplied by the BIR. The Company further noted that even assuming arguendo that there was indeed a discrepancy, it pertains to a purported purchase transaction of the Company which would result in a lower Income Tax, *i.e.*, an expense item that can be claimed as an allowable deduction, and lower VAT payable, *i.e.*, an expense item from which VAT Input Tax may be claimed.

After the lapse of one hundred eighty days (180) from its filing, or as of 17 August 2011, no action was taken by the CIR on the *Protest*. Thus, under Section 11 of Republic Act No. 1125 (as amended by Republic Act No. 9282), the Company had a period of thirty (30) days from 17 August 2011, or until 16 September 2011, within which to file the *Petition* with the Court of Tax Appeals (the “Court”). In the hearings held on 30 January 2012 and 15 February 2012, the Company presented its two (2) witnesses, Ms. Ma. Lizette B. Navea and Mr. Rafaelito M. Soliza. On 13 March 2012, the Company filed its “Formal Offer of Evidence”. On 13 December 2012, the Company filed a “Supplemental Formal Offer of Evidence”. In a Resolution dated 30 January 2013, the Court ordered the parties to file their respective Memoranda after which the case shall be submitted for decision.

On 29 May 2013, the Court rendered a Decision granting the Company’s *Petition for Review* and ordering the cancellation and withdrawal of the assessments for deficiency income tax and deficiency value added tax against the Company for the taxable year 2007. On 10 June 2013, the CIR filed a Motion for Reconsideration (“MR”) on the Decision of the Court. The Court ordered the Company to file its Comment to the MR (“Comment”). On 4 July 2013, the Company timely filed its Comment. On 5 August 2013, the Court issued its Resolution denying the MR of the CIR.

The CIR filed a Petition for Review dated 5 September 2013 before the Court En Banc ("Petition"). On 18 December 2013, the Court En Banc issued a Resolution giving due course to the Petition and required the parties to file their Memoranda within a non-extendible period of thirty (30) days from receipt of the Resolution, after which the Court En Banc will consider the Petition submitted for decision. The Company timely filed its Memorandum. On 9 January 2014, the CIR filed a Manifestation dated 8 January 2014 adopting the arguments raised in its Petition as its Memorandum.

On 26 February 2014, the Court En Banc issued a Resolution declaring that the Petition is now submitted for decision.

The Court of Tax Appeals ("CTA") en banc DENIED the Commissioner of Internal Revenue's Petition for Review. The Bureau of Internal Revenue filed its Motion for Reconsideration dated 3 February 2015 and the Company already filed its comment thereto.

The Court of Tax Appeals ("CTA") en banc denied the Commissioner of Internal Revenue's Motion for Reconsideration in a Resolution dated 24 June 2015. Hence, the Commissioner of Internal Revenue elevated the matter to the Supreme Court.

To date, the Commissioner of Internal Revenue filed a Petition for Review on Certiorari before the Supreme Court, and the Company filed its Comment thereto.

- ii. *"AgriNurture, Inc. vs. Robson Agro-Ventures Corporation"* docketed as Civil Case No. 114-M-2012, Regional Trial Court, Bulacan, Branch 9

On 22 February 2012, the Company filed a civil case for sum of money against Robson AgroVentures Corporation ("Robson"). Said civil case is entitled *"AgriNurture, Inc. vs. Robson AgroVentures Corporation"* docketed as Civil Case No.114-M-2012 pending before the Regional Trial Court of Bulacan, Branch 9. In said case, the Company prayed that the Court order Robson to pay the amount of \$28,105.00 or Php 1,219,223.00 plus 12% interest per annum as actual damages, and the amount of \$10,000.00 or Php 433,810.00 for unrealized profits. The case stemmed from a Purchase Agreement dated 21 March 2011 between the Company and Robson wherein Robson promised to deliver and supply fresh and premium quality cavendish bananas to the Company upon its order within four (4) days from receipt of the payment. On 2 April 2011, the Company ordered from Robson 7,700 boxes of cavendish banana amounting to \$56,210.00. On 6 April 2011, the Company paid Robson the amount of \$28,105.00 representing 50% of the total purchase price and bank and wire charges. However, on 8 April 2011, despite having received the advance payment of the 50% of the purchase price, Robson failed to deliver the goods. The Company made repeated verbal and written demands upon Robson for the latter to return the advance payment in the amount of \$28,105.00, but Robson failed to do so. Hence, the Company was constrained to file a civil case for sum of money against Robson to protect its interest.

On 28 February 2012, the Court issued the Summons, which was, however, returned unserved on the ground that the defendant "had been closed for almost 2 years". The case is presently archived pursuant to the Order of the Court dated 28 December 2012, to be reinstated whenever the same is ready for trial or further proceedings.

To date, the Court already issued summons anew to the Directors and Officers of Robson.

- iii. *"Global Baristas LLC vs. DK Retail Co. Ltd., Agrinurture, Inc., Tully's Coffee Asia Pacific Partners, LP, Tully's Coffee International Pte. Ltd.", Superior Court of Washington in and for King County*

The Company has received notice that on 18 October 2013, Global Baristas LLC ("GB"), a Washington limited liability company filed a Complaint for Declaratory Judgment and Injunctive Relief (the "Complaint") against DK Retail Co. Ltd. (a South Korean corporation), Tully's Coffee Asia Pacific Inc. (a Nevada corporation), Tully's Coffee Asia Pacific Partners LP (a Washington

limited partnership), Tully's Coffee International Pte Ltd. (a Singaporean corporation), and the Company in the Superior Court of Washington (U.S.A) in and for King County.

In the Complaint, GB seeks to terminate the said companies' right to use the "Tully's" brand and affiliated trade names, trademarks and service marks in Asian countries (excluding Japan) such as South Korea and the Philippines under the pertinent international license agreements. On 24 October 2013, the Company received the Complaint/Petition together with a copy of the Order Setting Case Schedule ("Schedule"). Based on the Schedule, the last day for filing a Statement of Arbitrability without a Showing a Good Cause for Late Filing is on 28 March 2014.

The Company received notice that a summons was reissued by the United States Bankruptcy Court on 10 January 2014. Summons was attempted to be served by a representative of the Roy & Syquia Law Office (the "Server") upon the Company on 12 February 2014. The service of summons was refused by the Company on the ground that at the time of the service, there was no authorized representative of the Company that can receive the summons on its behalf. After refusing to accept the summons, the Server left a copy of the same in the premises of the Company's office.

*iv. In the Matter of the Request for Assistance ("RFA")
of Jens Sorensen vs. Agrinulture, Inc. and/or Antonio
L. Tiu*

A Request for Assistance was filed on 19 March 2014 by Mr. Jens Sorensen against the Company and/or Antonio L. Tiu in the National Labor Relations Commission- NCR Arbitration Branch, for illegal dismissal with money claims, docketed as SEAD-NLRC-NCR-2014-03-04065. Based on the DOLE-SENA Form No. 1 attached to the Notice of Conference, Mr. Sorensen is seeking the following reliefs: (1) payment of money claims; (2) reinstatement; (3) backwages (4) damages in the amount of \$500,000.00 and (5) attorney's fees in the amount of Php 500,000.00.

The last mediation conference was held on 23 April 2014. There being no possibility for the parties to reach an amicable settlement, the mediation officer terminated the mediation proceedings.

Mr. Sorensen filed a formal complaint with the National Labor Relations Commission and both Parties already submitted their respective position papers and replies thereto. The case is now submitted for Resolution.

The Labor Arbiter rendered a decision finding that there was illegal dismissal, but with modification as to the amount being claimed for back pay and damages. Both Parties filed their respective Motions for Partial Reconsideration.

Both Parties appealed the decision to the Commission, but the latter sustained the findings of the Labor Arbiter. Subsequent motions for reconsideration were denied.

Both Parties appealed the Decision with the Court of Appeals. The Company prayed for a temporary restraining order for the execution of the award of the Labor Arbiter pending appeal, but no resolution has been received.

To date, the case is no undergoing pre execution conference before the Labor Arbiter.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

The Company's 621,683,570 issued and outstanding common shares have been approved for listing on the Second Board of the Philippine Stock Exchange (PSE) as of the date of this Report.

Pursuant to its intention to be de-listed from the National Stock Exchange of Australia (NSX), the Company was voluntarily de-listed from the NSX effective on 30 June 2011.

The following is a summary of the high and low closing trading prices at the PSE for each of the quarterly periods from 2015 to 2016:

	2016		2015	
In Php	High	Low	High	Low
1 st Quarter	5.05	4.70	2.11	1.61
2 nd Quarter	3.77	3.62	1.74	1.25
3 rd Quarter	3.70	3.42	1.76	1.31
4 th Quarter	4.65	4.52	5.15	1.50
<i>Source: Philippine Stock Exchange</i>				

The high and low daily closing prices for the first quarter of 2017 are Php 5.40 and Php 5.27 respectively.

As of 31 March 2017, the shares of the Company are being traded at the PSE at a price of Php 5.35 per share.

2. Holders

As of 31 March 2017, the Company has a total outstanding common stock of 621,683,570 common shares held by thirty-six (36) individual and corporate stockholders on record.

Based on the Company's stock and transfer book, the top twenty (20) stockholders of the Company on record as of 31 March 2017 are as follows:

	NAME	NO. OF SHARES	PERCENTAGE
1	PCD NOMINEE CORPORATION (FILIPINO)	314,353,469	50.5649%
2	PCD NOMINEE CORPORATION (FOREIGN)	187,042,713	30.0865%
3	GREENERGY HOLDINGS INC.	85,990,533	13.8319%
4	TIU, ANTONIO LEE	27,733,933	4.4611%
5	DUCA, MARK KENRICH O.	3,000,000	0.4826%
6	CHUNG MING YANG	1,566,200	0.2519%
7	NGO, DEBBIE CHRISTINE D.	600,000	0.0965%
8	DUCA, QUEENIE JANE O.	600,000	0.0965%
9	DUCA, KATHY JOY O.	600,000	0.0965%
10	CRISOSTOMO, JOSE MARIANO	96,000	0.0154%
11	DEAN, GERARDO L.	62,700	0.0101%
12	QUALITY INVESTMENT & SECURITIES CORPORATION	19,600	0.0032%
13	FERRIOLS, JOSE A. &/OR EDUARDO A. FERRIOLS	5,000	0.0008%
14	BUSMEON, CHARLIE Y.	4,800	0.0008%
15	LIM, NIEVES Q. &/OR ALEXANDER D. LIM	2,640	0.0004%
16	SAYRE, JAMES DAVID	1,200	0.0002%
17	LACSON, MARICEL C.	1,200	0.0002%
18	LIN, TAI-CHUAN	1,199	0.0002%
19	YOUNG, BARTHOLOMEW DY BUNCIO	1,000	0.0002%
20	SANVICTORES, JULIUS VICTOR EMMANUEL DE JESUS	1,000	0.0002%

The following stockholders own more than 5% of the outstanding capital stock under the PCD Nominee Corp.:

Common	Greenery Holdings, Inc. 54 National Road, Dampol II-A, Pulilan, Bulacan Stockholder	PCD Nominee Corp. (Filipino) is the record owner Eagle Equities Inc. is the beneficial owner of 89,427,950 and Nieves Securities Inc. is the beneficial owner of 12,706,896. [for Greenery Holdings, Inc.]	Filipino	102,134,846	16.43%
Common	Earthright Holdings, Inc. ² Unit 3C, Valuepoint Executive Building, 227 Salcedo St. Legazpi Village, Makati City Stockholder	PCD Nominee Corp. (Filipino) is the record owner Eagle Equities Inc. is the beneficial owner of 63,505,050 and AB Capital Securities Inc. is the beneficial owner of 29,170,800. [for Earthright Holdings, Inc.]	Filipino	92,675,850	14.91%
Common	PCD Nominee Corp. (Foreign) ³ G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	PCD Nominee Corp. (Foreign) is the record owner Standard Chartered Bank is the beneficial owner. [for Solveigh Philippines Agri Investments 2 BV]	Dutch	160,000,000	25.74%

3. Dividends

The Company is authorized to declare and distribute dividends to the extent that 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,

² The shares held by Earthright Holdings, Inc. in the Company shall be voted or disposed by the person who shall be duly authorized by the record owner (Earthright) for the purpose. The natural person that has the power to vote on the shares of Earthright shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

³ PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCD Nominee Corporation are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in the Company are to be voted. The participants of PCD who own more than 5% of the Company's outstanding capital is/are as follows:

The natural person that has the power to vote on the shares of Black River shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

dividends declared in the form of additional shares are also subject to the approval of the Company's shareholders representing at least two-thirds (2/3) of the outstanding capital stock. Holders of outstanding common shares as of a dividend record date will be entitled to full dividends declared without regard to any subsequent transfer of such Shares. SEC approval is required before any property or stock dividends can be distributed. While there is no need for SEC approval for distribution of cash dividends, the SEC must be notified within five (5) days from its declaration.

On 11 April 2012, the Board of Directors of the Company approved the declaration of a 20% stock dividend with a record date of 15 June 2012 and payment date of 11 July 2012. The said 20% stock dividend declaration was ratified by the stockholders on 21 May 2012.

Aside from the foregoing, the Company has not declared any other dividends during the year 2015 and 2016.

4. Recent Issuance of Shares Constituting Exempt Transaction

On 8 April 2014, the Company filed a Notice of Exempt Transaction with the SEC in relation to the Promissory Note by the Company dated 31 March 2014 in favor of Black River was issued for the principal amount of Forty Nine Million Pesos (Php 49,000,000) with interest at the rate of three per cent (3%) per annum and term of until December 19, 2016 from issue date.

To ensure that a sufficient number of shares for the exercise of the Conversion Option and/or the Subscription Option by Black River as described above, the Company will set aside, at least, 17,342,566 authorized but unissued shares, which number of shares shall be adjusted upon any exercise of the Conversion Option or Subscription Option.

The form of payment for the Note is in cash and no underwriter or selling agent was involved in any of the sales. Exemption from registration was based on Section 10.1 (k) of the Securities and Regulations Code, to wit:

"(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during the twelve-month period."

The 119,760,666 authorized but unissued shares set aside by the Company were already registered with the SEC at the time of the sale, pursuant to the SEC Order of Registration and Certificate of Permit to offer Securities for Sale dated 19 May 2009. The Notice of Exemption was filed by the Company in compliance with the directive of the Philippine Stock Exchange (PSE), as part of the post-approval requirements for private listing of the Issuer.

On 9 July 2014, the Company filed a Notice of Exempt Transaction with the SEC in relation to the Subscription Agreement executed by Agrinurture, Inc. and Greenergy Holdings Incorporated for Eighty Five Million Nine Hundred Ninety Thousand Five Hundred Thirty Three (85,990,533) primary common shares of ANI

The transaction pertains to the subscription by Greenergy Holdings Incorporated to Eighty Five Million Nine Hundred Ninety Thousand Five Hundred Thirty Three (85,990,533) primary common shares of the Company at the issue price of Three Pesos (Php 3.00) per share or a total subscription price of Two Hundred Fifty Seven Million Nine Hundred Seventy One Thousand Five Hundred Ninety Nine Pesos (Php 257,971,599.00).

The regulatory requirements are:

- a. The listing of the Subscription Shares must be applied with and approved by the Philippine Stock Exchange;
- b. Documentary stamp tax on original issuance of shares of stock must be paid to the Bureau of Internal Revenue on or before the 5th day of the month immediately following the date of the issuance of the subscription shares (i.e. execution of the subscription agreement);

c. Pursuant to Section 9(1) Article II of the By-Laws of the Company , the Company must secure the approval of stockholders representing at least 75% of the outstanding capital stock of the Corporation; and

d. The requirements under Section 5, Part A, Article V of the PSE Revised Listing Rules must be obtained by the Company, namely:

i. Approval and/or ratification by the stockholders of the transaction; and

ii. Securing the grant of a waiver of the requirement to conduct a rights or public offering to the shares subscribed by a majority vote representing the outstanding shares held by the minority stockholders presented or represented.

The Company has complied with the requirements and obtained the requisite approvals under paragraphs (c) and (d) above during the Annual Stockholders' Meeting on 23 June 2014.

Item 6. Management's Discussion and Analysis

The following Management Discussion and Analysis should be read in conjunction with the attached audited consolidated financial statements of AgriNuture, Inc. and Subsidiaries for the fiscal year ended December 31, 2016.

Business Overview

AgriNuture, Inc. (the "Company" or ANI), formerly known as Mabuhay 2000 Enterprises, Inc., was founded in 1997 as an importer, trader and fabricator of post-harvest agricultural machineries. The Company eventually diversified into various agro-commercial businesses specifically focusing on the export trading of fresh Philippine carabao mangoes.

Currently, the Company conducts its business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into two (2) groups, namely: (i) Philippine Operations and (ii) Foreign Operations.

The Philippine Operations Group is organized into three business units: (1) Exports, (2) Local Distribution, and (3) Retail & Franchising. Meanwhile, Foreign Operations is principally fruits and vegetable trading in Hong Kong/China.

At present, ANI exports bananas, coco-water/juice, mangoes and pineapple to customers in Mainland China, Hong Kong, the Middle East, North America and to different European regions.

ANI Group's revenues for 2016, 2015 and 2014 by each of the principal business segments are as follows:

	2016	2015	2014
Philippine operations			
Export	67,672,390	281,450,682	370,543,407
Local Distribution	251,955,527	320,205,619	285,196,446
Retail & Franchising	74,531,899	81,947,203	80,274,209
Sub-total	394,159,816	683,903,504	736,014,062
Foreign operations			
Hong Kong/China	176,683,432	541,849,334	412,176,093
Sub-total	176,683,432	541,849,334	412,176,093
TOTAL REVENUE (CONSO)	570,843,248	1,225,752,838	1,148,190,155

Year ended December 31, 2016 versus December 31, 2015

Results of Operations

Net Sales

ANI Group sustained a consolidated sale of goods and services at Php 570.84 million for the year ended December 31, 2016 compared to Php 1,225.75 million for same period last year. For the year ended December 31, 2016, Philippine operations contributed 69.05% while sales from foreign operations accounted for 30.95% of consolidated sales. Sale of goods and services by business segment follows:

- Export sales posted a decrease of 76% year-on-year to Php 67.67 million for the calendar year 2016 from Php 281.45 million for 2015, primarily due to (i) decrease in supply of bananas due to no permanent source of bananas as compared to previous years wherein the Company's established banana plantation joint-venture under Tagum Resources Agri Industries, Inc. (TRAIN) which was divested in 2014 (ii) decrease in number of customers due to a political issues linked to one of the major stockholder and (iii) unstable selling price in the international markets.
- Domestic distribution sales posted a decrease of 21.31% to Php 251.96 million for the year ended December 31, 2016 from 320.21 million for 2015 mainly due to the decrease of rice trading business in 2015. Rice trading sales in 2015 posted a Php 220 million revenue while Php 108 million in 2016 but other distribution channels such as wholesale of fresh fruits and vegetables to leading supermarkets and sale of fruit purees registered an increase in revenue during the year due to improve in operations.
- Retail and franchising sales registered a decline of 9.05% to Php 74.53 million for calendar year 2016 from Php 81.95 million for 2015, primarily due to rationalization of backroom and store operations. This was also affected by the closing of some sub performing outlets.
- Combined Foreign trading operations posted a decrease of 67.39 % to Php 176.68 million for 2016 from Php 541.85 million for 2015, mainly because of the decrease in mango sales for both Hong Kong/China, closure of one of the stores in HK Airport and Joyful BVI covers only 5 months of operations in 2016.

Cost of sales consists of:

- Cost of purchasing fruits and vegetables and raw material from growers and other traders and suppliers including freight in charges;
- Personnel expenses, which include salary and wages, employee benefits and retirement costs for employees involved in the production process;
- Repairs/maintenance costs, depreciation costs relating to production equipment, vehicles, facilities and buildings;
- Fuel and oil costs relating to the production and distribution process;

For the year ended December 31, 2016, ANI Group's cost of sales and services amounted to Php 479.60 million down by 59.75% from Php 1,191.58 million for the year 2015 mainly due to lower amount of purchases in line with the decrease in sales.

Gross Profit

Consolidated gross profit up by Php 91.24 million or 166.97% for the year ended December 31, 2016. The gross profit up by from Php 34.18 million in 2015 to Php 91.24 million in 2016. Gross profit increases in distribution, retail and foreign trading in 2016.

Operating Expenses

The Company's operating expenses consist of selling expenses and administrative expenses which include the following major items:

- Salaries, wages and other employee benefits
- Rental
- Depreciation and amortization
- Freight and handling
- Communication, light and water

Consolidated operating expenses for the 2016 amounted to Php 229.99 million down from Php 280.10 million for 2015 due mainly to the reduction of manpower cost for regular employees and contracted services, decrease in depreciation due to disposal of assets, decrease in freight and handling, taxes and licenses and supplies relative to the decrease in sales during the year.

Other Expenses

There were a total of Php 17.36 million in 2016 and Php 65.85 million in 2015. The decrease is due to decrease in number of write offs and impairment of assets in 2016 compared last year.

The write-offs and impairments were in relation to receivables, goodwill, intangibles, investments, advance, biological assets and other assets.

Finance Costs

Finance Costs for the years 2016 and 2015 are Php 59.09 million and Php 93.33 million, respectively. The decrease is mainly due to the recapitalization and reduction of debt.

Net Income

Net income for fiscal year 2016 amounted to (Php 145.19) million of which (Php 149.62) million is attributable to equity holders of the parent while Php 4.43 million is attributable to non-controlling interest.

The Group shall continue to expand its core business and increase coverage in the distribution (fruits, vegetable, rice), retail and export sales channels. Its retail arm is expanding the franchise network with plans to cover not only the Philippines on a national basis but overseas as well. The Company has started an active campaign to gain new and recover clients through marketing and selling activities in the Philippines and overseas. Part of these activities includes looking for more opportunities in the greater China and Asian market. In addition, the Group shall continue the rationalization, consolidation and reorganization of operations it has initiated last 2015 to improve efficiency, lower cost of sales and operating expenses.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2016 amounted to Php 2,340.65 million, a decrease of 18.90% from Php 2,886.14 million at December 31, 2015. The following explain the significant movements in the asset accounts:

- The Group's cash balance decreased by Php 9.52 million primarily due to day to day operations of the Company and settlement of liabilities.
- Receivables decreased by Php75.39 million mainly due to improved collections.
- Advances to stockholder decreased from Php 1,417.78 million in 2016 to Php 708.23 million in 2015 due to settlement and liquidations of advances.
- Inventory balance decreased from a year end 2015 balance of Php 44.82 million to Php 28.05 in 2016 million due to quick turnover of inventories into cash.
- Property and equipment and intangible assets decreased by Php 69.27 million due to the divestments of some subsidiaries and disposal in 2016.

Liabilities

Consolidated liabilities amounted to Php 1,578.23 million as of December 31, 2016.

Total current liabilities amounted to Php 1,400.81 million and Php 1,869.46 million as of December 31, 2016 and December 31, 2015 respectively. The 25.07% decrease is mainly due to payments of loans and borrowings and trade payables.

Total non-current liabilities decreased to Php 177.41 million includes noncurrent portion of loans and lease payable, pension liability and deferred tax asset.

Equity

Consolidated stockholders' equity as of December 31, 2016 amount to Php 762.43 million.

Liquidity and Capital Resources

Net cash flows used in operating activities for the year 2016 was Php144.07 million.

Net cash flow from investing activities is Php 102.87 million mainly in relation to the settlement and liquidation of advances to stockholder.

Net cash flows provided in financing activities amounting to Php 31.71 million, which is mainly due to payment of loans.

Year ended December 31, 2015 versus December 31, 2014

Results of Operations

Net Sales

ANI Group sustained a consolidated sale of goods and services at Php 1,225.75 million for the year ended December 31, 2015 compared to Php 1,148.19 million for same period last year. For the year ended December 31, 2015, Philippine operations contributed 55.79% while sales from foreign operations accounted for 44.21% of consolidated sales. Sale of goods and services by business segment follows:

- Export sales posted a decrease of 24.0% year-on-year to Php 281.45 million for the calendar year 2015 from Php 370.54 million for 2014, primarily due to (i) decrease in supply of bananas due to no permanent source of bananas as compared to previous years wherein the Company's established banana plantation joint-venture under Tagum Resources Agri Industries, Inc. (TRAIN) which was divested in 2014 and (ii) unstable selling price in the international markets.
- Domestic distribution sales posted an increase of 12.28% to Php 320.21 million for the year ended December 31, 2015 from Php 285.20 million for 2014, mainly due to the addition of the rice trading business. The closure of non performing supermarket outlets contributed to improve the overall profitability.
- Retail and franchising sales registered a minimal increase by 2.08% to Php 81.95 million for fiscal year 2015 from Php80.27 million for 2014, primarily due to rationalization of backroom and store

operations. This was also affected by the closing of some sub performing outlets which improves profit and additions of franchisees during the year.

- Combined Foreign trading operations posted an increase of 1.38% to Php 541.85 million for 2015 from Php 412.18 million for 2014, mainly because of the decrease in mango sales for both Hong Kong/China.

Cost of Sales

Cost of sales consists of:

- Cost of purchasing fruits and vegetables and raw material from growers and other traders and suppliers;
- Personnel expenses, which include salary and wages, employee benefits and retirement costs for employees involved in the production process;
- Repairs/maintenance costs, relating to production equipment, vehicles, facilities and buildings;
- Fuel and oil costs relating to the production and distribution process;

For the year ended December 31, 2015, ANI Group's cost of sales and services amounted to Php 1,191.58 million up by 5.78% from Php 1,264.72 million for the year 2014.

Gross Profit

Consolidated gross profit fell by Php 306.71million or 89.97% for the year ended December 31, 2015. The gross profit fell from Php 340.89 million in 2014 to Php 34.18 million in 2015.

Gross profit ratio declined to 6.53% for 2015 from 12.5% for the previous year. The decline in the margin of the Banana Plantation/Farming business from 4.2% in 2014 to -38.6% in 2015 contributed to this decrease and parallel decline in sales under both Philippines and Foreign operations.

Operating Expenses

The Company's operating expenses consist of selling expenses and administrative expenses which include the following major items:

- Salaries, wages and other employee benefits
- Freight out and handling cost
- Contracted services mainly for sales operations
- Rental
- Depreciation and amortization

Consolidated operating expenses for the 2015 amounted to Php 280.10 million down from Php 532.74 million for 2014 due mainly to the reduction of manpower cost for regular employees and contracted services, decrease in freight and handling relative to the decrease in sales during the year and reduction of office rental expense.

Other Charges

There were a total of Php 65.85 million in 2015 and Php 837.88 million write-offs in 2014.

The write-offs in 2015 and 2014 were in relation to receivables, goodwill, intangibles, investments, advance, biological assets and other assets.

Finance Costs

Finance Costs for the years 2015 and 2014 are Php 93.33 million and Php 82.22 million, respectively. The decrease is mainly due to the recapitalization and reduction of debt and interest rate.

Net Income

Net income for fiscal year 2015 amounted to (Php 485.78) million of which (Php 437.82) million is attributable to equity holders of the parent while (Php 47.96) million is attributable to non-controlling interest.

Financial Condition

Assets

ANI Group's consolidated total assets as of December 31, 2015 amounted to Php 2,886.14 million, a decrease of 25.79% from Php 3,889.12 million at December 31, 2014. The following explain the significant movements in the asset accounts:

- The Group's cash balance decreased by Php 50.33 million primarily due to day to day operations of the Company and settlement of liabilities.
- Receivables decreased by Php 111.70 million mainly due to improved collections.
- Advances to related parties decreased from Php 1,426.68 million in 2015 to Php 1,621.54 million in 2014 due to payments.
- Inventory balance decreased from a year end 2015 balance of Php 44.82 million to Php 70.41 million due to quick turnover of inventories into cash.
- Property and equipment decreased by Php 189.20 million due to the divestments of some subsidiaries in 2015.

Liabilities

Consolidated liabilities amounted to Php 2.17 billion as of December 31, 2015.

Total current liabilities amounted to Php 1,847.50 million and Php 2,430.40 billion as of December 31, 2015 and December 31, 2014, respectively. The 23.98% decrease is mainly due to payments of loans and borrowings and trade payables.

Total non-current liabilities increased to Php 326.93 million in 2015.

Equity

Consolidated stockholders' equity as of December 31, 2015 amount to Php 711.70 million.

Liquidity and Capital Resources

Net cash flows used in operating activities for fiscal year 2015 was Php 365.48 million.

Net cash flow from investing activities is Php 531.25 million mainly in relation to the proceeds from divestment of subsidiaries.

Net cash flows used in financing activities are Php 216.07 million, which is mainly due to payment of loans and application of the convertible loans.

KEY PERFORMANCE INDICATORS

Following below are the major performance measures that the Company uses. The Company employs analyses using comparisons and measurements based on the financial data for current periods against the same period of the previous year.

		Year ended December 31,		
		2016	2015	2014
Liquidity:				
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.71	0.58	0.96
Financial Leverage:				
Debt-to-equity ratio	$\frac{\text{Total Liabilities (Current+Non-current)}}{\text{Stockholder's Equity}}$	2.07	3.06	2.13
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	3.07	4.05	3.13
Profitability:				
Return on average equity	$\frac{\text{Net Income}}{\text{Average Stockholder's Equity of the company}}$	(0.19)	(0.50)	(0.64)
Operating efficiency:				
Revenue growth	$\left[\frac{\text{Current period Net Sales}}{\text{Prior period Net Sales}} - 1 \right]$	(0.53)	(0.02)	(0.02)

Accounting Standard, Interpretations and Amendment Effective in 2008

The Company adopted the following relevant standard, amendment and interpretations to existing standards, which are effective for annual periods beginning on or after 01 January 2008:

Philippine Interpretation IFRIC 11, PFRS 2 – Group and Treasury Share Transactions

This interpretation was effective on 01 January 2008. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or (b) the shareholders of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instrument of the parent. The Group currently does not have any stock option plan and therefore, this interpretation did not have any impact to its interim financial statements.

Philippine Interpretation IFRIC 12, Service Concession Agreements

This interpretation was issued in November 2006 and became effective for annual periods beginning on or after 01 January 2008. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession agreements. The Group does not have any service concession arrangements and hence this interpretation does not have any impact to the Group.

Philippine Interpretation IFRIC 14, PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction

This interpretation was issued in July 2007 and became effective for annual periods beginning on or after 01 January 2008. This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. This interpretation did not have any impact on the financial position of the Group, as it does not have any pension asset.

Item 7. Financial Statements

A copy of the Company's Audited Financial Statements for the year ended 31 December 2016 is attached hereto as **Annex "A"**.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The external auditor of the Company and its subsidiaries for 2012 was BDO Alba Romeo & Co., with Mr. Antonio V. Cruz named as principal accountant.

Pursuant to the authority granted by the Board of Directors to the Audit Committee to nominate and appoint the external auditor of the Company for the year 2013, the Company executed on 13 December 2013 an engagement agreement with SyCip Gorres Velayo (SGV) & Co. (Ernst & Young Philippines) for the latter to act as the external auditor/certifying accountant of the Company and its subsidiaries for the year 2013, with Alicia O. Lu named as principal accountant. The external auditor examined, verified and reported on the earnings and expenses of the Company.

Sycip Gorres Velayo & Co. had been appointed as external auditor for the calendar years 2014, 2015, and 2016. The principal accountant for the years 2014, 2015, and 2016 is Jose Pepito E. Zabat III.

Apart from the audit and audit-related fees in the amounts of Php 2,240,000 in 2012, Php 3,400,000 for 2013; Php 3,460,000 for 2014, Php 2,900,000 for 2015, and Php 3,000,000 for 2016 no other services such as assurance or related services, tax accounting, compliance, advice, planning, or other kinds of services were rendered and no other fees were billed by the Company's auditors as of the said years.

Representatives of SyCip Gorres Velayo (SGV) & Co. are expected to be present at the meeting, and they will have the opportunity to make a statement if the desire to do so. They are expected to be available to respond to appropriate questions. To the knowledge of the Management, SyCip Gorres Velayo (SGV) & Co. will observe the required rotation of their assigned external auditors to the Company.

There has not been any disagreement between the Company and (i.) its independent accountant/external auditor for 2012, BDO Alba Romeo & Co.; as well as (ii.) its independent accountant/external auditor for 2013 and 2014, SyCip Gorres Velayo (SGV) & Co., with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1. Directors and Principal Officers of the Company:

(a) Directors and Principal Officers of the Company

The following are the incumbent members of the Board of Directors who are also nominated herein:

The Directors of the Company as of 31 March 2017 are as follows:

Name	Age	Citizenship	Term of Office
Antonio L. Tiu	41	Filipino	2004 – present
Chung Ming Yang	43	Chinese ROC	1997 – present
Kenneth S. Tan	44	Filipino	2015 – present
Lisette M. Arboleda	36	Filipino	2015 – present
Martin C. Subido	40	Filipino	2013 – present
Antonio Peter R. Galvez	57	Filipino	2014 – present
James L. Tiu	33	Filipino	2016 – present
Ciara Mae Lim	31	Filipino	2016 – present
Tomas B. Lopez (Independent Director)	66	Filipino	2013 – present
Atty. Alfonso Go (Independent Director)	78	Filipino	2008 – present
Atty. Esteban Mendoza (Independent Director)		Filipino	2016 – present

ANTONIO L. TIU, 40, Filipino, Director, Chairman. Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenery Holdings Incorporated. He was a part time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

YANG, CHUNG MING, 43, Chinese R.O.C., Director. Mr. Yang is the General Manager of Grateful Strategic Marketing Consultants Co., Ltd, and Tong Shen Enterprises, which are both Taiwan based firms. He has a degree in B.S. Computer Science from Chiang Kai Shek College, Philippines and has a Master's degree in Business Administration from the National Chengchi University in Taiwan. He is currently taking the Executive MBA program at the Xiamen University.

KENNETH S. TAN, 44, Filipino, Director.

Mr. Kenneth S. Tan concurrently serves as the Chief Financial Officer of Greenery Holdings Incorporated and has been its Treasurer since June 2013. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer at Greenery Holdings Incorporated since December 23, 2010. Mr. Tan served as the Vice President for Admin/Chief Information Officer and Compliance Officer of AgriNurture Inc. until 2013. He served as an Officer of Citibank and Manulife Financial and was a Part-Time Lecturer in Economics at an international school in Manila.

ATTY. LISETTE M. ARBOLEDA, 36, Filipino, Director.

Atty. Lisette M. Arboleda graduated from the University of the Philippines in 2002 with a degree in Political Science and obtained her Bachelor of Laws degree from San Beda College of Law in 2008 and was admitted to the Bar in 2009. She worked as a Political Affairs Officer in the House of Representatives from 2007-2010, worked as a Senior Legal Officer at Rapu-Rapu Processing, Inc. from 2011-2012 and was a Senior Associate of Navarro Law Offices from 2012-2014. She joined Agrinurture, Inc. in April, 2014.

ATTY. MARTIN C. SUBIDO, 40, Filipino, Director. Atty. Martin Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a B.S. Accountancy degree from De La Salle University and obtained his Juris Doctor degree, with honors, from the School of Law of Ateneo de Manila University. He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming managing partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay.

ANTONIO PETER R. GALVEZ, 56, Filipino,

Mr. Galvez is a holder of an Executive Master's in Business Administration from the Asian Institute of Management. He graduated from the Ateneo de Manila University with a Bachelor's Degree in Economics. At present, he is an Executive and Leadership Coach, Business Coach with the University of Asia and Pacific. He is also a licensed facilitator of Get Clients Now, licensed instructor of GRID International and Director of Pastra.Net. His previous employments include various stints with the Securities Transfer Services, Inc., First Philippine Holdings Corporation and its subsidiaries, Department of Trade and Industry and the Board of Investments.

JAMES L. TIU, 33, Filipino. Mr. Tiu earned his Bachelor's Degree in Commerce Major in Marketing from Chiang Kai Shek College. He first worked as a Chinese Interpreter for Philippine Airlines. He previously served as Treasurer of Greenery Holdings Inc. and General Manager of Fresh and Green Harvest Agricultural Corp.

CIARA MAE LIM, 31, Filipino. Ms. Lim is a Certified Public Accountant, with a double degree in Applied Economics and Accountancy from De La Salle University. She started her career as a Corporate Auditor of Philippine Airlines and eventually ventured into corporate finance prior to joining the AgriNurture Inc. in 2011 as Finance Manager, and eventually as Assistant Vice President for Finance. In 2014, she was appointed Comptroller of Greenery Holdings, Inc.

TOMAS B. LOPEZ, 66, Independent Director, Filipino. Mr. Lopez is the President of the University of Makati (UMAK). He has been a member of the board of directors of PAG-IBIG since 2010 and of STI since 2001. He was the President and Chief Executive Officer of Club Noah Group of Companies from 1997-2007. From 1988-1992, he served as an Undersecretary of the Department of Agriculture. He is a professional lecturer in the Ateneo Graduate Schools of Business. Mr. Lopez obtained his Bachelor's Degree from the Ateneo de Manila University in 1970 and his Master's Degree from the Asian Institute of Management in 1983, where he graduated with distinction.

ATTY. ALFONSO Y. GO, 78, Filipino, Independent Director. Atty. Go was born on May 5, 1938 in Manila, Philippines. He graduated from University of the East in 1964 with a degree in Bachelor of Laws. Currently, he is a member of the Integrated Bar of the Philippines, and Philippine Institute of Certified Public Accountants. He is a practicing lawyer, accountant, realty developer and former banker.

ATTY. ESTEBAN MENDOZA, Filipino, Independent Director. Atty. Esteban Y. Mendoza graduated from the University of the Philippines in 1987 with a degree in Social Sciences, obtained his Juris Doctor degree from Ateneo de Manila University in 1992 and was admitted to the Bar in 1993. He earned his Master of Laws (Banking, Corporate & Finance Law) from Fordham University School of Law in 1997. He worked as a Senior Associate at Ponce Enrile Cayetano Reyes & Manalastas from 1992-1998, Middle Level Associate at Quisumbing Torres from 1998-2000, Partner at Martinez & Mendoza from 2000-2006, Partner at Gonzales, Batiller David Leabres & Reyes from 2007 to 2010 and is presently a Partner at Mendoza & Pangan from 2010 to present.

The Principal Officers of the Company as of 31 March 2017 are as follows:

ANTONIO L. TIU, 40, Filipino, President.

Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenery Holdings Incorporated. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

KENNETH S. TAN, 44, Filipino, Chief Financial Officer and Treasurer.

Mr. Kenneth S. Tan serves as the Chief Financial Officer of Greenery Holdings Incorporated and has been its Treasurer since June 2013. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer at Greenery Holdings Incorporated since December 23, 2010. Mr. Tan served as the Vice President for Admin/Chief Information Officer and Compliance Officer of AgriNurture Inc. until 2013. He served as an Officer of Citibank and Manulife Financial and was a Part-Time Lecturer in Economics at an international school in Manila.

ATTY. LISETTE M. ARBOLEDA, 36, Filipino, Corporate Secretary, Compliance Officer and Corporate Information Officer

Atty. Lisette M. Arboleda graduated from the University of the Philippines in 2002 with a degree in Political Science and obtained her Bachelor of Laws degree from San Beda College of Law in 2008 and was admitted to the Bar in 2009. She worked as a Political Affairs Officer in the House of Representatives from 2007-2010, worked as a Senior Legal Officer at Rapu-Rapu Processing, Inc. from 2011-2012 and was a Senior Associate of Navarro Law Offices from 2012-2014. She joined Agrinurture, Inc. in April, 2014.

2. 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.

3. Family Relationships

There are no existing family relationships within the fourth civil degree either by consanguinity or affinity among the directors and officers of ANI.

4. Involvement in Certain Legal Proceedings

None of the following events have occurred during the past five (5) years preceding the filing of this Annual Report that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the Company:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;
- any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

5. Certain Relationships and Related Transactions

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

See Note 16 (Related Party Transactions) of the Notes to the 2016 Audited Financial Statements.

Item 10. 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 2014, 2015 and 2016. It also summarizes the aggregate compensation received by all the officers and directors, unnamed.

Amounts in '000	Year	Salaries	Bonuses	Other Income
CEO and the four (4) most highly compensated officers	2014	Php 15,049	-	NONE
	2015	Php 6,490	-	NONE
	2016	Php 4,708	-	NONE
Aggregate compensation paid to all other officers and directors as a group unnamed	2014	Php 7,525	-	NONE
	2015	Php 6,512	-	NONE
	2016	Php 2,300	-	NONE

The directors have served without compensation, nor have they received any amount or form of compensation for committee participation or special assignments. Under Section 8, Article III of the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable *per diem* allowance for their attendance at each meeting of the Board. Also provided therein is the compensation of directors, which shall not be more than 10% of the net income before income tax of the Company during the preceding year, which shall be determined and apportioned among the directors in such manner as the

Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. As of this date, no standard or other arrangements have been made in respect of director's compensation.

COMPENSATION PLANS

The Board approved a Stock Ownership Plan (the "Plan") during its meeting on 17 December 2014. The following are the salient provisions of the Plan, among others:

- a. All REGULAR employees of ANI and its subsidiaries are eligible under the Plan.
- b. The Plan shall be effective for a period of ten (10) years to commence upon ratification of the Stockholders' of the terms and conditions and upon approval of concerned governmental regulatory bodies. However, the grant of stocks shall be "purely gratuitous" such that ANI's Compensation and Remuneration Committee (hereinafter referred to as the "Committee") has the sole discretion whether to grant stocks for the year based on the financial performance of ANI during the preceding year.
- c. ANI will grant common shares in favor of all regular employees equivalent to an employee's one (1) month salary, which will be evidenced by an Award Agreement. The Award Agreement shall contain the terms and conditions of the Plan which must be complied with by the employee during the vesting period, otherwise the employee forfeits his/her rights over the shares of stock.
- d. There will be a 3-year vesting period during which the employee is not yet considered as the owner of the shares, and his/her rights over the shares are restricted, including the right to dispose of the shares, receive dividends and/or vote as a shareholder.
- e. Upon the lapse of the vesting period, the Committee shall instruct the Corporate Secretary to issue the Stock Certificates to the employees who have complied with the terms as stated in the Award Agreement. An employee forfeits his/her shares when the said employee resigns or is found guilty of an offense defined as less grave or grave offense as per ANI Employee Handbook.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

As of 31 March 2017, the following are the record owners and beneficial owners of more than five percent (5%) of the Company's total issued common shares of 621,683,570 based on the stock and transfer book of the Company:

Title Of Class	Name, Address Of Record Owner And Relationship With Issuer	Name Of Beneficial Owner And Relationship With Record Owner	Citizenship	No. Of Shares Held	Percentage
Common	PCD Nominee Corp. (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	PCD Nominee Corp. is the record owner	Filipino	287,315,927	46.22%
Common	PCD Nominee Corp. (Foreign) G/F Makati Stock Exchange Bldg., 6767	PCD Nominee Corp. is the record owner	Foreign	179,410,211	28.86%

	Ayala Avenue, Makati City				
	Stockholder				
Common	Greenergy Holdings Inc. 54 National Road, Dampol II-A, Pulilan, Bulacan	Greenergy Holdings Inc. is the record owner	Filipino	85,990,533	13.83%
	Stockholder				
Common	ANTONIO L. TIU 24 Green Street, Capitol Hills Golf Subd., Old Balara, Quezon City	Antonio L. Tiu is the record owner	Filipino	55,032,388 ⁴	8.85%
	Stockholder				

As of 31 March 2017, the following are the beneficial owners of more than five percent (5%) of the outstanding capital stock under the PCD Nominee Corp:

Common	Greenergy Holdings, Inc. 54 National Road, Dampol II-A, Pulilan, Bulacan	PCD Nominee Corp. (Filipino) is the record owner Eagle Equities Inc. is the beneficial owner of 89,427,950 and Nieves Securities Inc. is the beneficial owner of 12,706,896. [for Greenergy Holdings, Inc.]	Filipino	102,134,846	16.43%
	Stockholder				
Common	Earthright Holdings, Inc. ⁵ Unit 3C, Valuepoint Executive Building, 227 Salcedo St. Legazpi Village, Makati City	PCD Nominee Corp. (Filipino) is the record owner Eagle Equities Inc. is the beneficial owner of 63,505,050 and AB Capital Securities Inc. is the beneficial owner of 29,170,800. [for Earthright Holdings, Inc.]	Filipino	92,675,850	14.91%
	Stockholder				
Common	PCD Nominee Corp.	PCD Nominee Corp.	Dutch	165,641,645	26.64%

⁴ Of these shares, 53,873,932 are recorded in the name of Antonio L. Tiu while 1,158,456 appear under PCD Nominee Corp. (Filipino).

⁵ The shares held by Earthright Holdings, Inc. in the Company shall be voted or disposed by the person who shall be duly authorized by the record owner (Earthright) for the purpose. The natural person that has the power to vote on the shares of Earthright shall be determined upon the submission of its proxy to the

Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

	(Foreign)⁶ G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City Stockholder	(Foreign) is the record owner Standard Chartered Bank is the beneficial owner. [for Black River Capital Partners Food Fund Holders (Singapore) Pte. Ltd.]			
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2. Security Ownership of Management

As of 31 March 2017, the following are the security ownership of the directors and principal officers of the Company⁷:

Title Of Class	Name Of Beneficial Owner; Relationship With Issuer	Amount And Nature Of Beneficial Ownership (Direct & Indirect)	Citizenship	Percentage
Common	Antonio L. Tiu Chairman and President	30,032,388 (Direct)	Filipino	8.85%
		305,801,229 ⁸ (Indirect)		45.17%
Common	Chung Ming Yang Director	1,567,400 (Direct)	Chinese ROC	0.25%
Common	Kenneth S. Tan Director, Chief Financial Officer and Treasurer	1,000 (Indirect)	Filipino	Less than 0.01%
Common	Lisette M. Arboleda Director, Corporate Secretary,	1,000 (Indirect)	Filipino	Less than 0.01%
Common	Martin C. Subido Director	342,202 (Indirect)	Filipino	0.06%
Common	Antonio Peter R. Galvez Independent Director	1 (Direct)	Filipino	Less than 0.01%
Common	James L. Tiu	0 (Direct)	Filipino	Less than 0.01%
Common	Ciara Mae Lim	1 (Direct) <hr/> 59,999 (Indirect)	Filipino	Less than 0.01%
Common	Tomas B. Lopez Jr. Head of Nomination & Compensation Committee	1 (Direct)	Filipino	Less than 0.01%
Common	Alfonso Go Independent Director, Head of Audit Committee	1 (Direct)	Filipino	Less than 0.01%
Common	Esteban Mendoza	0		

⁶PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCD Nominee Corporation are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in the Company are to be voted. The participants of PCD who own more than 5% of the Company's outstanding capital is/are as follows:

STANDARD CHARTERED BANK- Black River Capital Partners Food Fund Holders (Singapore) Pte. Ltd. (Black River) – 30.92%

The natural person that has the power to vote on the shares of Black River shall be determined upon the submission of its proxy to the Company, which, under the by-laws of the Company, must be submitted before the time set for the meeting.

⁷ Mr. James Tiu and Atty. Esteban Mendoza are yet to obtain their qualifying shares

⁸ Mr. Antonio L. Tiu indirectly holds 92,675,850 shares through Earthright, Holdings, Inc.

		(Direct)	Filipino	0.0%
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The total security ownership of the directors and principal officers of the Company as a group as of 31st of March 2017 is 337,805,222 common shares which is equivalent to 54.33% of the outstanding capital stock of the Company.

As of 31 March 2017, a total of 188,611,313 common shares are foreign-owned shares.

3. Voting Trust Holders of 5% or More

There are no persons holding 5% or more of a class under a voting trust or similar arrangement.

4. Changes in Control

The Company is not aware of any change in control or any arrangement that may result in a change in control of the Company.

5. Level of Public Float

As of 31 March 2017, there are 621,683,570 issued and outstanding shares that have all been approved for listing in the Philippine Stock Exchange.

As of 31 March 2017, the public ownership percentage of the Company is 18.22%. The required public ownership percentage is 10%.

As of 31 March 2017, the number of foreign-owned shares is 188,611,313. The foreign ownership level is 30.34%. The foreign-ownership limit of the Company is 40%.

Item 12. Certain Relationships and Related Transactions

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

See Note 16 (Related Party Transactions) of the Notes to the 2016 Audited Financial Statements.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To measure or determine the level of compliance of the Board of Directors and top-level management with its Manual on Corporate Governance (the "Manual"), the Company shall establish an evaluation system composed of the following:

- Self-assessment system to be done by Management;
- Yearly certification of the Compliance Officer on the extent of the Company's compliance to the Manual;
- Regular committee report to the Board of Directors; and
- Independent audit mechanism wherein an audit committee, composed of three (3) members of the Board, regularly meets to discuss and evaluate the financial statements before submission to the Board, reviews results of internal and external audits to ensure compliance with accounting standards, tax, legal and other regulatory requirements.

To ensure compliance with the adopted practices and principles on good corporate governance, the Company has designated a Compliance Officer. The Compliance Officer shall: (i) monitor compliance with the provisions and requirements of the Manual; (ii) perform evaluation to examine the Company's level of

compliance; and (iii) determine violations of the Manual and recommend penalties for violations thereof for further review and approval by the Board of Directors.

Aside from this, the Company has an established plan of compliance which forms part of the Manual. The plan enumerates the following means to ensure full compliance:

- Establishing the specific duties, responsibilities and functions of the Board of Directors;
- Constituting committees by the Board and identifying each committee's functions;
- Establishing the role of the Corporate Secretary;
- Establishing the role of the external and internal auditors; and
- Instituting penalties in case of violation of any of the provisions of the Manual.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

The following are the reports on SEC Form 17-C as amended, which were filed during 2014 until March 2017:

a. SEC Form 17-C dated 20 January 2015

Acquisition of 1,565,000 common shares by Mr. Yang Chung Ming on 8 January 2015

b. SEC Form 17-C dated 2 March 2015

Agrinurture, Inc. (the "Company") wishes to disclose to the Philippine Stock Exchange and the investing public that Atty. Lisette M. Arboleda shall assume the functions of Mr. Larry R. Lacson, PhD as Corporate Information Officer effective close of business day of 27 February 2015, until a replacement shall be appointed by the Board. Mr. Larry R. Lacson, PhD will dedicate more time to his other functions in the Company.

Atty. Lisette M. Arboleda is the current Corporate Secretary and Compliance Officer of the Company.

c. SEC Form 17-C dated 10 April 2015

AGRINURTURE, INC. (the "Company") received the letter of the Securities and Exchange Commission ("Commission") dated 7 April 2015 imposing a penalty in the amount of One Hundred Ninety Two Thousand Pesos (Php 192,000.00) for alleged material disclosure deficiencies with the financial reporting requirements of the Commission relative to the Companies 2013 Consolidated Audited Financial Statements (CAFS) and Consolidated Unaudited Interim Financial Statements (CUIFS) as of 30 June 2014.

d. SEC Form 17-C dated 20 April 2015

Matters approved during the meeting of the Board of Directors of Agrinurture, Inc. held on 20 April 2015.

1. Confirmation of the Appointment of Sycip Gorres Velayo & Co. as external auditor for fiscal year 2014.
2. Postponement of the Annual Stockholder's Meeting from 18 May 2015 to 29 May 2015 with a record date of 15 May 2015 to give the Company sufficient time to prepare for the matters to be submitted for stockholders' approval.
3. Approval and ratification of Black River Capital Partners Food Fund Holdings (Singapore) Pte Ltd.'s assignment of Convertible Notes to the Company's subsidiary Best Choice Harvest Agricultural Corp. of the Convertible/Promissory Note dated 31 March 2014 with the face value of Php49M and partially of the Convertible/Promissory Note dated 19 December 2013 in the amount of Php101M.

e. SEC Form 17-C dated 21 April 2015

Notice of Annual Stockholders' Meeting

f. SEC Form 17-C dated 14 May 2015

Reply to the Philippine Stock Exchange's correspondence dated 14 May 2015 requesting for information as to the impact to the Company, if any, of the Court of Appeals Order freezing the accounts of Greenergy Holdings Incorporated, being a shareholder of the Company.

g. SEC Form 17-C dated 26 May 2015

Agrinurture, Inc. (the "Corporation") received today the resignations of Mr. James Sayre, Mr. Tai Chuan Lin and Edmund Zheng as Directors of the Corporation. Mr. James Sayre, Mr. Tai Chuan Lin and Edmund Zheng resigned from the Board to pursue other business pursuits.

The Company likewise received the resignations of Mr. Pablo B. Capati Jr. as President and Chief Executive Officer and Mr. Romeo L. Bato as Treasurer and Chief Financial Officer of the Company and its subsidiaries effective close of business day of 31 May 2015. Mr. Capati and Mr. Bato submitted their resignations to focus on other professional and personal commitments.

h. SEC Form 17-C dated 27 May 2015

Reply to the Philippine Stock Exchange's correspondence dated 27 May 2015 requesting for additional information pertaining to the resignation of certain directors and officers of the Company and the Preliminary Information Statement for the Annual Shareholders' Meeting..

i. SEC Form 17-C dated 27 May 2015

The Board of Directors of Agrinurture, Inc. (the "Company") during the Special Meeting on 27 May 2015 elected Mr. Kenneth S. Tan, Mr. Romeo L. Bato and Atty. Lisette M. Arboleda as Directors to serve the unexpired portion of the terms of Mr. James Sayre, Mr. Tai Chuan Lin and Mr. Edmund Zheng. Mr. Tan, Mr. Bato and Atty. Arboleda will assume their functions as members of the Board immediately upon their qualification.

Likewise, during the same Special Meeting, Mr. Antonio L. Tiu was appointed to replace Mr. Pablo B. Capati Jr. as President & Chief Executive Officer and Mr. Kenneth S. Tan was appointed to replace Mr. Romeo L. Bato as Treasurer. Mr. Tiu and Mr. Tan will assume the positions upon effectivity of the resignations of Mr. Capati and Mr. Bato.

j. SEC Form 17-C dated 4 June 2015

Acquisition of 1000 common share by Mr. Kenneth S. Tan Jr. on 1 June 2015

k. SEC Form 17-C dated 4 June 2015

This amendment is being made to correct the clerical error in the earlier submission particularly in the Background/Description of the disclosure to reflect that the acquisition made by Mr. Kenneth S. Tan on 1 June 2015 was 1000 common shares instead of 1 common share

l. SEC Form 17-C dated 19 June 2015

Acquisition of 1000 common shares by Atty. Lisette M. Arboleda on 18 June 2015

m. SEC Form 17-C dated 30 June 2015

Results of the Annual Shareholders' Meeting of Agrinurture, Inc. on 30 June 2015

n. SEC Form 17-C dated 30 June 2015

Results of the Organizational Meeting of the Board of Directors of Agrinurture, Inc. on 30 June 2015

o. SEC Form 17-C dated 31 July 2015

Agrinurture, Inc. (the "Company") wishes to inform the investing public that it received advice today that an agreement was executed by and between Black River Capital Partners Food Fund Holdings (Singapore) PTE. LTD. and Solveigh Philippines Agri Investments 2 B.V for the sale of 160,000,000 common shares in the Company for the total purchase price of P331,200,000.00 or P2.07 per share.

p. SEC Form 17-C dated 7 August 2015

AgriNurture, Inc. (the "Company") wishes to inform the investing public that it was advised by the concerned parties that the Deed of Assignment of Convertible Note between Black River Capital Partners Food Fund Holdings (Singapore) PTE. LTD. and Antonio L. Tiu was executed today covering the convertible note equivalent to P234,000,000.00 for the purchase price of P150,000,000.00.

The Company gave its consent to the assignment of the Convertible Note as authorized and empowered by its Board of Directors on 20 April 2015 Board Meeting.

q. SEC Form 17-C dated 21 October 2015

Further to the previous disclosure by the Company dated 25 March 2014 and 5 June 2014 regarding the Request for Assistance docketed as SEAD-NLRC-NCR-2014-03-04065 filed by Mr. Jens Sorensen against the Company and/or Antonio L. Tiu in the National Labor Relations Commission- NCR Arbitration Branch, the parties therein failed to amicably settle said case. Likewise, there was failure to reach an amicable settlement in the mandatory conciliation proceedings before the Labor Arbiter, thus, the legal proceedings described below ensued.

r. SEC Form 17-C dated 11 December 2015

Agrinurture, Inc. (the "Company") wishes to disclose to the Philippine Stock Exchange and the public that it has changed its business address and contact number.

s. SEC Form 17-C dated 11 December 2015

Matters approved during the Regular Meeting of the Board of Directors on 11 December 2015

t. SEC Form 17-C dated 11 December 2015

The Board of Directors of Agrinurture, Inc. (the "Company"), during the Regular Meeting on 11 December 2015, elected Ernst Jan Kruis and Cees van der Hoeven to fill in the vacancies.

u. SEC Form 17-C dated 11 December 2015

Agrinurture Inc. ("ANI") wishes to inform the investing public that its wholly-owned foreign subsidiary Agrinurture HK Holdings, Ltd. ("ANI HK"), entered into an agreement for the sale of the entire interest of ANI HK in its wholly-owned subsidiary, Freshness First Ltd Pty, in favour of Organic Path Limited.

Freshness First Ltd Pty is part of the Australian operations of the ANI Group and is primarily engaged in the business of processing fruits and vegetables. The total consideration of the sale is Two Million Five Hundred USD (\$2,500,000.00) (the "Purchase Price") paid in cash. The Purchase Price represents approximately four (4) times the net book value of Freshness First Ltd Pty.

v. SEC Form 17-C dated 16 December 2015

Reply to the Philippine Stock Exchange's correspondence dated 15 December 2015 requesting for additional information pertaining to the Board Approval of partial conversion of Convertible Note.

w. SEC Form 17-C dated 23 December 2015

The Board of Directors of Agrinurture, Inc. (the "Company") during its Board Meeting on 11 December 2015 approved the issuance of warrants to Solveigh Philippines Agri Investments 2 BV

x. SEC Form 17-C dated 23 December 2015

The Board of Directors of Agrinurture, Inc. (the "Company") during its Board Meeting on 11 December 2015 approved the issuance of Warrants to qualified employees of the Company as determined by the Management.

y. SEC Form 17-C dated 2 May 2016

Matters approved during the Regular Meeting of the Board of Directors of Agrinurture, Inc. on 29 April 2016.

z. SEC Form 17-C dated 16 May 2016

Matter/s approved by the Board during the Special Meeting on 13 May 2016.

aa. SEC Form 17-C dated 27 June 2016

Results of the Annual Shareholders' Meeting.

bb. SEC Form 17-C dated 27 June 2016

Results of the Organizational Meeting of the Board of Directors.

cc. SEC Form 17-C dated 7 October 2017

Matters approved during the Regular Meeting of the Board of Directors of Agrinurture, Inc. on 07 October 2016.

Approval of the acquisition of 49% equity in Zongshan Fucang Trade Co., Ltd.

dd. SEC Form 17-C dated 23 January 2017

Agrinurture, Inc. ("ANI") wishes to inform the investing public that the Board of Directors of The Big Chill Inc. ("TBC") during its meeting on 20 January 2017 approved the issuance of Warrants in favor of qualified shareholders of ANI with record date of 3 February 2017.

A shareholder of ANI owning at least Two Thousand (2000) shares shall have the right to avail of one (1) TBC warrant at the strike price of One (1) peso, or based on TBC par value, with 5 (five) year

American Call Option from date of Board approval or will expire on 19 January 2022.
The ratio will be 1:1, or 1 (one) warrant equivalent to 1 (one) TBC share.

ee. SEC Form 17-C dated 26 January 2017

This amendment is being made to reflect the correction with respect to the qualifying ANI shares from Two Thousand (2000) to Twenty (20) shares.

ff. SEC Form 17-C dated 2 May 2017

Matter/s approved by the Board during the Regular Meeting on 1 May 2017.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 9 2017.



ANTONIO L. TIU
Chairman of the Board and President



KENNETH S. TAN
Chief Financial Officer



LISETTE M. ARBOLEDA
Corporate Secretary



GLENE G. SUYO
Head, Financial Services

SUBSCRIBED AND SWORN to before me this 02 MAY 2017, affiants exhibiting to me their competent proof of identity as follow:

NAME	ID	DATE OF ISSUE	PLACE OF ISSUE
Antonio L. Tiu	DL 1104-93-245467	02 Aug 2014	
Kenneth S. Tan	PP EB 846 3839	24 Jan 2013	OTA MANILA
Lisette M. Arboleda	DL 1102-99-405922	8 July '15	
Glene G. Suyo	PP EC 779 2887	24 May '14	OTA NCR EAST

Doc. No. 605
Page No. 61
Book No. 144
Series of 2017 78

ATTY. LUIS M. DE VERA
Notary Public, Until Dec. 31, 2017
PTR No. 02-12127-1 (10/1/2017)
IBP No. 107-1-1211115/2013
5th MOLE No. 40095/12
Congressional Arcene Edan Q.O.
TIN No. 218-145-241



AGRINURTURE, INC.

National Road, Dampol 2nd A, Pulilan, Bulacan 3005, Philippines

Telefax: (632) 299-8305 • www.ani.com.ph

Manila Office: (632) 846-8309 / 556-9660 • Fax (632) 804-0382

The Securities and Exchange Commission
SECBuilding, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

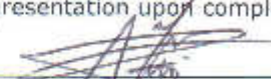
The management of **Agrinurture Inc and Its Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting 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.

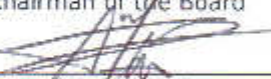
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the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

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

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

Sycip Gorres Velayo and Co, the independent auditor appointed by the stockholders has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ANTONIO L. TIW
Chairman of the Board


ANTONIO L. TIW
President



KENNETH S. TAN
Chief Financial Officer

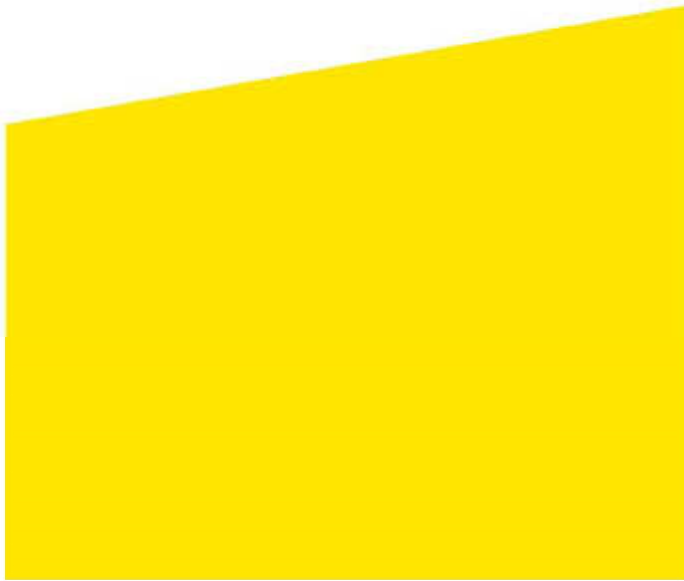
Signed this MAY 02 2017

02 MAY 2017

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiant exhibiting to me his Community Tax Certificate No. _____, issued at _____ on _____.

Doc. No. 602
Page No. 61
Book No. PHI-8
Series of 12


ATTY. LUIS M. DE VERA
Notary Public, Until Dec. 31, 2017
PTR No. 8023427 / 1/03/2017
IBP No. 1854 • 8 / 12/19/2016
Ref. No. 20161
5th MCLE No. 0003602
Congressional Arcade Edsa Q.C.
TIN No. 218-145-247



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
AgriNurture, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of AgriNurture, Inc. and its subsidiaries (the Group) which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 our audits 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Group incurred a net loss of ₱145,185,689 during the year ended December 31, 2016 and, as of that date, has deficit of ₱2,263,466,987. As at December 31, 2016, the Group's current liabilities exceeded its current assets by ₱399,899,313. As stated in Note 1, this condition, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Investments in Foreign Subsidiaries

The Group has investments in foreign subsidiaries which account for 8% of the Group's total assets, 33% of the Group's total revenues and 20% of total cost and expenses. The accounting for these investments is significant to our audit because of the relative size of the amounts included in the consolidated financial statements and the involvement of component auditors.

Audit response

We sent instructions to the statutory auditors of the foreign subsidiaries to perform an audit on the relevant financial information for the purpose of the Group's consolidated financial statements. These instructions contained a discussion on their scope of work, risk assessment procedures, audit strategy and reporting requirements. We discussed with the foreign subsidiaries statutory auditors about their key audit areas, planning and execution of audit procedures, significant areas of estimation and judgment, and results of their work for the year ended December 31, 2016. We conducted site visit of the foreign subsidiaries and arranged discussions with the foreign subsidiaries statutory auditors on the result of their audit. We reviewed their audit deliverables and obtained relevant conclusion statements related to their audit procedures.

Recoverability of Advances to a Stockholder

As at December 31, 2016, the Group has advances to a stockholder amounting to ₱708.23 million. This is significant to our audit because the balance of the advances to a stockholder represents 30% of the Group's total assets. In addition, the assessment of recoverability of the advances requires a high level of management judgment and the estimation of future cash repayments. The Group's disclosure about the transaction and recoverability of the amounts are included in Note 16 to the consolidated financial statements.



Audit response

Our audit procedures focused on the evaluation of management's assessment on the recoverability of the advances to a stockholder. We tested the assumptions used by management by comparing forecasts of future cash flows with the historical collection, including any collections after year-end, and repayment agreement that covers the timing and manner of payment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's 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.

Auditor's Responsibilities for the Audits 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 auditor's 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



- 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 auditor's 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 auditor's 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 the 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 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.

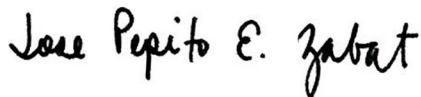
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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 auditor's 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 auditor's report is
Jose Pepito E. Zabat III.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat III
Partner

CPA Certificate No. 85501

SEC Accreditation No. 0328-AR-3 (Group A),

May 1, 2015, valid until April 30, 2018

Tax Identification No. 102-100-830

BIR Accreditation No. 08-001998-60-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 5908781, January 3, 2017, Makati City

May 2, 2017



AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash (Note 4)	₱23,754,845	₱33,278,930
Trade and other receivables - net (Note 5)	106,941,416	182,335,197
Advances to related parties (Note 16)	44,609,267	8,889,594
Advances to a stockholder (Note 16)	708,229,601	714,555,017
Inventories (Note 6)	28,045,844	44,820,529
Prepayments and other current assets (Note 7)	89,333,485	89,212,359
Total Current Assets	1,000,914,458	1,073,091,626
Noncurrent Assets		
Deposit for future investment (Note 8)	308,219,578	—
Property and equipment (Note 9)	609,042,348	666,925,826
Intangible assets (Note 10)	181,882,996	193,266,995
Deferred tax assets (Note 22)	—	7,300,732
Advances to a stockholder - net of current portion (Note 16)	—	703,226,545
Other noncurrent assets (Note 11)	240,591,414	242,327,095
Total Noncurrent Assets	1,339,736,336	1,813,047,193
TOTAL ASSETS	₱2,340,650,794	₱2,886,138,819
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	₱461,580,537	₱624,212,969
Loans and borrowings (Note 13)	867,384,260	1,037,033,866
Advances from related parties (Note 16)	39,759,361	177,101,534
Lease payable (Note 25)	30,249,125	30,508,369
Income tax payable	1,840,488	598,915
Total Current Liabilities	1,400,813,771	1,869,455,653
Noncurrent Liabilities		
Noncurrent portions of:		
Loans and borrowings (Note 13)	109,641,312	220,797,845
Lease payable (Note 25)	56,495,691	75,414,093
Pension liability (Note 21)	9,613,733	8,767,447
Deferred tax liabilities (Note 22)	1,660,536	—
Total Noncurrent Liabilities	177,411,272	304,979,385
Total Liabilities	1,578,225,043	2,174,435,038
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	621,683,570	621,683,570
Additional paid-in capital	2,330,723,527	2,330,723,527
Foreign currency translation reserve	29,126,072	(60,792,816)
Deficit	(2,263,466,987)	(2,114,135,261)
	718,066,182	777,479,020
Non-controlling Interests	44,359,569	(65,775,239)
Total Equity	762,425,751	711,703,781
TOTAL LIABILITIES AND EQUITY	₱2,340,650,794	₱2,886,138,819

See accompanying Notes to Consolidated Financial Statements.



AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31			
	2016	2015 (Restated, see Note 26)	2014 (Restated, see Note 26)
REVENUES	₱570,843,248	₱1,225,752,838	₱1,148,190,155
COST OF SALES (Note 17)	479,598,269	1,191,575,054	807,299,425
GROSS PROFIT	91,244,979	34,177,784	340,890,730
General and administrative expenses (Note 18)	(229,992,287)	(280,103,225)	(532,735,290)
OPERATING LOSS	(138,747,308)	(245,925,441)	(191,844,560)
Interest income (Note 4)	5,676	21,034	295,969
Finance costs (Notes 13 and 25)	(59,088,367)	(93,329,457)	(82,221,167)
Other expense - net (Note 20)	(17,360,879)	(65,851,552)	(837,876,197)
LOSS BEFORE INCOME TAX	215,190,878	405,085,416	1,111,645,955
PROVISION FOR INCOME TAX (Note 22)			
Current	1,433,419	2,394,988	6,325,141
Deferred	8,838,124	24,174,828	12,459,893
	10,271,543	26,569,816	18,785,034
NET LOSS FROM CONTINUING OPERATIONS	225,462,421	431,655,232	1,130,430,989
DISCONTINUED OPERATIONS, NET OF TAX (Note 26)			
Loss (income) from discontinued operations	(80,276,732)	54,128,006	63,601,978
NET LOSS	₱145,185,689	₱485,783,238	₱1,194,032,967
Net loss attributable to:			
Equity holders of the parent			
Loss from continuing operations	₱229,895,797	₱399,691,245	₱1,147,628,100
Loss (income) from discontinued operations	(80,276,732)	38,132,966	27,494,598
	149,619,065	437,824,211	1,175,122,698
Non-controlling interests			
Loss (income) from continuing operations	(4,433,376)	31,963,988	(17,197,110)
Loss from discontinued operations	—	15,995,039	36,107,379
	(4,433,376)	47,959,027	18,910,269
	₱145,185,689	₱485,783,238	₱1,194,032,967
Basic and diluted loss per share attributable to equity holders of the Parent Company (Note 15)	₱0.24	₱0.70	₱2.03
Basic and diluted loss per share attributable to equity holders of the Parent Company from continuing operations (Note 15)	₱0.37	₱0.64	₱1.98

See accompanying Notes to Consolidated Financial Statements.



AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015 (Restated, see Note 26)	2014 (Restated, see Note 26)
NET LOSS	₱145,185,689	₱485,783,238	₱1,194,032,967
OTHER COMPREHENSIVE LOSS (INCOME)			
<i>Other comprehensive loss (income) to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	(86,182,553)	59,936,936	(31,113,187)
Income tax effect	—	—	—
	(86,182,553)	59,936,936	(31,113,187)
<i>Other comprehensive loss (income) not to be reclassified to profit or loss in subsequent periods (Note 21):</i>			
Remeasurement losses (gains) on pension obligation plans	(410,485)	(7,354,541)	2,291,748
Income tax effect	123,146	2,206,362	(687,524)
	(287,339)	(5,148,179)	1,604,224
TOTAL OTHER COMPREHENSIVE LOSS (INCOME)	(86,469,892)	54,788,757	(29,508,963)
TOTAL COMPREHENSIVE LOSS	₱58,715,797	₱540,571,995	₱1,164,524,004
Total comprehensive loss (income) attributable to:			
Equity holders of the parent			
Loss from continuing operations	₱139,689,570	₱476,420,764	₱1,122,078,715
Loss (income) from discontinued operations	(80,276,732)	38,132,966	27,494,598
	59,412,838	514,553,730	1,149,573,313
Non-controlling interests			
Loss (income) from continuing operations	(697,041)	10,023,226	(21,156,688)
Loss from discontinued operations	—	15,995,039	36,107,379
	(697,041)	26,018,265	14,950,691
	₱58,715,797	₱540,571,995	₱1,164,524,004

See accompanying Notes to Consolidated Financial Statements.



AGRINURTURE, INC. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

	Equity Attributable to Equity Holders of the Parent					Non-controlling Interests	Total
	Capital Stock (Note 14)	Additional Paid-in Capital	Translation Reserve	Deficit	Subtotal		
Balances at December 31, 2013	₱535,693,037	₱2,158,742,461	(₱6,068,727)	(₱504,732,307)	₱2,183,634,464	₱299,786,959	₱2,483,421,423
Net loss from continuing operations	—	—	—	(1,147,628,100)	(1,147,628,100)	17,197,110	(1,130,430,990)
Net loss from discontinued operations	—	—	—	(27,494,598)	(27,494,598)	(36,107,379)	(63,601,977)
Other comprehensive income (loss), net of tax	—	—	27,153,609	(1,604,224)	25,549,385	3,959,578	29,508,963
Total comprehensive loss	—	—	27,153,609	(1,176,726,922)	(1,149,573,313)	(14,950,691)	(1,164,524,004)
Issuance of common shares (Note 14)	85,990,533	171,981,066	—	—	257,971,599	—	257,971,599
Effect of deconsolidation due to loss of control	—	—	—	—	—	(332,969,870)	(332,969,870)
Balances at December 31, 2014	621,683,570	2,330,723,527	21,084,882	(1,681,459,229)	1,292,032,750	(48,133,602)	1,243,899,148
Net loss from continuing operations	—	—	—	(399,691,245)	(399,691,245)	(31,963,988)	(431,655,233)
Net loss from discontinued operations	—	—	—	(38,132,966)	(38,132,966)	(15,995,039)	(54,128,005)
Other comprehensive income (loss), net of tax	—	—	(81,877,698)	5,148,179	(76,729,519)	21,940,762	(54,788,757)
Total comprehensive loss	—	—	(81,877,698)	(432,676,032)	(514,553,730)	(26,018,265)	(540,571,995)
Effect of deconsolidation due to loss of control	—	—	—	—	—	8,376,628	8,376,628
Balances at December 31, 2015	621,683,570	2,330,723,527	(60,792,816)	(2,114,135,261)	777,479,020	(65,775,239)	711,703,781
Net (loss) income from continuing operations	—	—	—	(229,895,797)	(229,895,797)	4,433,376	(225,462,421)
Net income from discontinued operations	—	—	—	80,276,732	80,276,732	—	80,276,732
Other comprehensive income (loss), net of tax	—	—	89,918,888	287,339	90,206,227	(3,736,335)	86,469,892
Total comprehensive loss	—	—	89,918,888	(149,331,726)	(59,412,838)	697,041	(58,715,797)
Effect of deconsolidation due to loss of control	—	—	—	—	—	109,437,767	109,437,767
Balances at December 31, 2016	₱621,683,570	₱2,330,723,527	₱29,126,072	(₱2,263,466,987)	₱718,066,182	₱44,359,569	₱762,425,751

See accompanying Notes to Consolidated Financial Statements.



AGRINURTURE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss from continuing operations before income tax	(P215,190,878)	(P405,085,416)	(P1,111,645,955)
Income (loss) from discontinued operations before income tax (Note 26)	80,276,732	(55,517,653)	(61,480,543)
Loss before income tax	(134,914,146)	(460,603,069)	(1,173,126,498)
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 17 and 18)	80,744,583	102,117,651	124,541,645
Gain from discontinued operations (Note 26)	(80,276,732)	(7,099,657)	(5,435,000)
Interest expense (Notes 13 and 25)	59,088,367	93,329,457	82,221,167
Unrealized foreign exchange losses (gains) - net	12,616,974	14,399,747	(4,385,916)
Impairment of assets (Notes 5, 7 and 10)	11,283,045	64,527,983	792,427,500
Loss on extinguishment of debt – net (Notes 20 and 25)	1,577,333	–	–
Pension costs (Note 21)	1,256,771	3,088,731	1,577,788
Interest income (Note 4)	(5,676)	(21,034)	(295,969)
Losses on sale of property and equipment	–	29,533,498	272,986
Operating losses before working capital changes	(48,629,481)	(160,726,693)	(182,202,297)
Decrease (increase) in:			
Trade and other receivables	62,976,992	46,915,436	(31,978,678)
Biological assets	–	–	(112,341,006)
Inventories	16,774,685	25,585,338	47,404,289
Prepayments and other current assets	(12,798,071)	11,261,011	47,540,041
Increase (decrease) in trade and other payables	(162,208,913)	(303,034,633)	698,749,242
Net cash generated from (used in) operations	(143,884,788)	(379,999,541)	467,171,591
Income taxes paid	(191,846)	(317,825)	(23,013,078)
Interest received	5,676	21,034	295,969
Net cash flows from (used in) operating activities	(144,070,958)	(380,296,332)	444,454,482
CASH FLOWS FROM INVESTING ACTIVITIES			
ACTIVITIES			
Changes in:			
Advances to a stockholder	167,332,383	203,762,151	–
Advances to related parties	(35,719,673)	8,889,594	(441,464,588)
Other noncurrent assets	1,735,681	248,137,548	(48,112,109)
Additions to:			
Property and equipment	(12,155,522)	(762,150)	(511,294,561)
Intangible assets	–	(628,253)	(2,537,382)
Net cash inflow (outflow) from deconsolidation of a subsidiary (Note 26)	(18,868,171)	103,667,854	(21,585,591)
Proceeds from sale of property and equipment (Note 9)	540,650	2,893,095	18,724,082
Net cash flows from (used in) investing activities	102,865,348	565,959,839	(1,006,270,149)

(Forward)



	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in:			
Advances from related parties	₱191,170,994	₱104,095,916	₱71,756,368
Lease payable	(20,754,979)	(35,697,536)	24,624,810
Payments of loans and borrowings	(79,613,452)	(89,446,087)	(150,154,485)
Interest paid	(59,088,367)	(64,917,176)	(65,519,500)
Application of convertible and redeemable loan (Note 13)	—	(150,000,000)	—
Proceeds from:			
Issuance of capital stock	—	—	257,971,599
Availment of loans	—	—	169,000,000
Net cash flows from (used in) financing activities	31,714,196	(235,964,883)	307,678,792
NET DECREASE IN CASH	(9,491,414)	(50,301,376)	(254,136,875)
CASH AT BEGINNING OF YEAR	33,278,930	83,602,967	339,310,829
EFFECT OF EXCHANGE RATE CHANGES IN CASH	(32,671)	(22,661)	(1,570,987)
CASH AT END OF YEAR (Note 4)	₱23,754,845	₱33,278,930	₱83,602,967

See accompanying Notes to Consolidated Financial Statements



AGRINURTURE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Financial Statements

Corporate Information

AgriNurture, Inc. (the Parent Company or ANI) was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on February 4, 1997 primarily to engage in the manufacturing, producing, growing, buying, selling, distributing, marketing at wholesale only insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description and to enter into all kinds of contracts for the export, import, purchase, acquisition, sale at wholesale only and other disposition for its own account as principal or in representative capacity as manufacturer's representative, up consignment of all kinds of goods, wares, merchandise or products, whether natural or artificial. In 2009, the SEC approved the change in the Parent Company's primary purpose to engage in corporate farming, in all its branches for the planting, growing, cultivating and producing of crops, plants and fruit bearing trees, of all kinds and in connection to engage in agri-tourism and other pleasurable pursuits for the enjoyments and appreciation of mother nature and ecology and to engage in the establishment, operation and maintenance of equipment, structures and facilities for the preservation, conservation and storage of foods, grains and supplies, like cold storage and refrigeration plants.

The Parent Company's secondary purpose include, among others, to purchase, acquire, lease, sell and convey real properties such as lands, buildings, factories and warehouses and machines, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient for any business or property acquired by the Parent Company.

The Parent Company and its subsidiaries (collectively referred to as the Group) are involved in various agro-commercial businesses such as export trading and distribution of fruits and vegetables, and retail and franchising.

The Group has incurred net losses of ₱145.19 million and ₱485.78 million in 2016 and 2015, respectively, resulting in negative retained earnings amounting to ₱2,263.47 million and ₱2,114.14 million as at December 31, 2016 and 2015, respectively. As at December 31, 2016, the Group's current liabilities exceeded its current assets by ₱399.90 million. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. To address this, the Group shall continue to expand its core business and increase coverage in the distribution (fruits and vegetables, rice), retail and export sales channels. Its retail arm is expanding the franchise network with plans to cover not only the Philippines on a national basis but overseas as well. The Group has started an active campaign to gain new and recover clients through marketing and selling activities in the Philippines and overseas. Part of these activities include looking for more opportunities in the greater China and Asian market. In addition, the Group shall continue the rationalization, consolidation and reorganization of operations it has initiated last 2015 to improve efficiency, lower cost of sales and operating expenses. Further, the Group's management has currently an ongoing discussion for the conversion of short term loans to term loans in order to increase the flexibility of the Group's capital and minimize the immediate impact on operational cash flows.

The Group's registered principal office address is No. 54 National Road, Dampol II-A, Pulilan, Bulacan. The Group's business address is at Unit 111 Cedar Mansions II, #7 Escriva Drive, Ortigas Center, Barangay San Antonio, Pasig City.



The consolidated financial statements as at and for the years ended December 31, 2016 and 2015 were authorized for issuance by the Group's Board of Directors on May 2, 2017.

2. Summary of Significant Accounting Policies and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements and these notes are presented in Philippine peso, the Parent Company's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs includes the statements named PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following amended PFRSs and Philippine Accounting Standards (PASs) and Philippine Interpretations, based on International Financial Reporting Interpretations Committee (IFRIC) interpretations, which were adopted as of January 1, 2016. Adoption of these amendments did not have any significant impact on the Group's financial position or performance.

- PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception* (Amendments)
- PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- PAS 1, *Disclosure Initiative* (Amendments)
- PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
- PAS 16 and PAS 41, *Agriculture: Bearer Plants* (Amendments)
- PAS 27, *Equity Method in Separate Financial Statements* (Amendments)
- Annual Improvements to PFRSs 2012 - 2014 Cycle
 - PFRS 5, *Changes in Methods of Disposal* (Amendment)
 - PFRS 7, *Servicing Contracts* (Amendment)
 - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements* (Amendment)
 - PAS 19, *Discount Rate: Regional Market Issue* (Amendment)
 - PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'* (Amendment)

Standards and Interpretations Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt these standards when they become effective. Adoption of these standards and interpretations are not expected to have any impact significant impact on the consolidated financial statements of the Group.



Effective beginning on or after January 1, 2017

- PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*) (Amendments)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments do not have any impact on the Group's financial position and results of operation.

- PAS 7, *Statement of Cash Flows, Disclosure Initiative* (Amendments)

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2017 financial statements of the Group.

- PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses* (Amendments)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Group.

Effective beginning on or after January 1, 2018

- PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions* (Amendments)

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.



On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The amendments are not expected to have any impact on the Group.

- PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4 (Amendments)*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since the Group does not have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is 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. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Group is currently assessing the impact of this standard in the Group's financial position and performance.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities.



The Group is currently assessing the impact of adopting this standard.

- PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*) (Amendments)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

The Group is currently assessing the impact of adopting this standard.

- PAS 40, *Investment Property, Transfers of Investment Property* (Amendments)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

The Group is currently assessing the impact of adopting this standard.

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

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The interpretation is not expected to have any impact on the Group.



Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of the new standard.

Deferred effectivity

- PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities. The comparative consolidated statement of income and consolidated statement of comprehensive income has been restated as if an operation discontinued during the current year had been discontinued from the start of the comparative years (see Note 26).



Basis of Consolidation

The consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred to as the Group):

	Country of Incorporation	Nature of Business	Effective Ownership	
			2016	2015
First Class Agriculture Corporation (FCAC)	Philippines	Trading (Agricultural goods)	100%	100%
M2000 IMEX Company, Inc. (IMEX)	Philippines	Manufacturing and export	100%	100%
Best Choice Harvest Agricultural Corp. (BCHAC)	Philippines	Farm management	100%	100%
*Fresh and Green Harvest Agricultural Company, Inc. (FG)	Philippines	Trading (Agricultural goods)	100%	100%
*Lucky Fruit & Vegetable Products, Inc. (LFVPI)	Philippines	Trading (Agricultural goods)	100%	100%
Fruitilicious Company, Inc. (FI)	Philippines	Manufacturing/processing/ trading frozen agricultural products	100%	90%
Farmville Farming Co., Inc. (FFCI)	Philippines	Trading (Agricultural goods)	51%	51%
*Fresh and Green Palawan Agriventures, Inc. (FGP)	Philippines	Farm management	51%	51%
The Big Chill (TBC)	Philippines	Food and beverage retailing and franchising	80%	80%
*Heppy Corporation (HC)	Philippines	Food and beverage retailing and franchising	80%	80%
*Goods and Nutrition for All, Inc. (GANA)	Philippines	Retail and wholesale	100%	100%
Agrinurture HK Holdings Ltd. (ANI HK)	Hong Kong	Holding Company	100%	100%
*Agrinurture Int'l Ltd. (ANI IL)	Hong Kong	Trading and retail	100%	100%
*Joyful Fairy (Fruits) Limited (JFF)	British Virgin Islands	Trading (Agricultural goods)	51%	51%
**Joyful Fairy HK (JF HK)	Hong Kong	Trading (Agricultural goods)	—	51%
**ANI China	China	Trading (Agricultural goods)	—	100%
*Direct and indirect ownership				
**Divested in 2016				

Subsidiaries

Subsidiaries are entities over which the Group has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss.



Non-controlling interest

Non-controlling interest represents interest in a subsidiary that is not owned, directly or indirectly, by the Group. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Group and to the non-controlling interest. Total comprehensive income is attributed to the equity holders of the Group and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest represents the portion of profit or loss and the net assets not held by the Group. Transactions with non-controlling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

Foreign Currency Translation of Foreign Operations

Each subsidiary in the Group determines its own functional currency and items included in the consolidated financial statement of each subsidiary are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate on the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at consolidated statement of financial position date. All exchange differences are recognized in consolidated statements of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

For purposes of consolidation, the financial statements of ANI HK, JF HK, ANI IL and JFF which are expressed in Hong Kong dollar (HKD) amounts and financial statements of ANI China which is expressed in Chinese Yuan (CNY) amounts, have been translated to Peso amounts as follows:

- a. assets and liabilities for each statement of financial position presented (i.e., including comparatives) are translated at the closing rate at the date of the consolidated statement of financial position;
- b. income and expenses for each statement of income (i.e., including comparatives) are translated at exchange rates at the average monthly prevailing rates for the year; and
- c. all resulting exchange differences are taken in the consolidated statement of other comprehensive income.

Foreign Currency Translation

The consolidated financial statements are presented in Philippine Peso (₱), which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional and presentation currency of the entities in the Group (except for ANI HK, ANI IL, JF HK, and JFF) is the Philippine peso.

Transactions in foreign currencies are initially recorded by entities under the Group at the respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency closing rate of exchange at the end of reporting period. All differences arising on settlement or translation of monetary items are recognized in the consolidated statement of income except for foreign exchange differences that qualify as capitalizable borrowing cost for qualifying assets. Nonmonetary items that are measured



in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Presentation of Financial Statements

The Group has elected to present all items of recognized income and expenses in two statements: a statement displaying components of profit or loss in the consolidated statement of income and a second statement beginning with a profit or loss and displaying components of other comprehensive income (OCI).

Cash

Cash includes cash on hand and with banks, which earns interest at their respective bank deposit rates.

Financial Instruments

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 the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Initial recognition and measurement of financial instruments

Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments at FVPL.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Financial assets within the scope of PAS 39 are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets or as derivatives designated as hedging instrument in an effective hedge, as appropriate. Financial liabilities are classified as financial liabilities at FVPL, derivatives designated as hedging instruments in an effective hedge, or other financial liabilities. The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates such designation at each end of the reporting period.

The Group's financial instruments are in the nature of loans and receivables and other financial liabilities. As at December 31, 2016 and 2015, the Group has no financial assets and liabilities classified as at FVPL, HTM investments and AFS financial assets and derivatives designated as hedging instruments in an effective hedge, as appropriate.



Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate short-term resale and are not classified or designated as AFS financial assets or financial assets at FVPL. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The amortization is included under “Finance costs” in the consolidated statement of income. The losses arising from impairment are recognized in the consolidated statement of income as “Finance costs”.

Loans and receivables are included in current assets if maturity is within twelve (12) months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2016 and 2015, the Group’s loans and receivables include cash with banks, trade and other receivables, deposits under other current and noncurrent assets, advances to a stockholder and advances to related parties in the consolidated statement of financial position (see Notes 4, 5 and 16).

Other financial liabilities

Loans and borrowings pertain to consolidated financial liabilities that are not held for trading nor designated as at FVPL upon the inception of the liability. These include financial liabilities arising from operations. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization or accretion for any related premium, discount and any directly attributable transaction cost. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized or impaired, as well as through the amortization process.

Other financial liabilities are classified as current if it is due within twelve (12) months from the end of the reporting date otherwise they are classified as noncurrent liabilities

This accounting policy applies primarily to the Group’s trade and other payables, loans and borrowings, redeemable and convertible loan, advances from related parties and lease payables that meet the above definition (other than liabilities that are covered by other accounting standards, such as income tax payable and pension) (see Notes 12, 13, 16 and 25).

Offsetting of Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Impairment of Financial Assets

The Group assesses at each financial reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result



of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. When the Group determines that a specific account or group of accounts continue to be impaired or can no longer be recovered based on its regular review and assessment and after exhausting all actions and means to recover, these specifically identified accounts are written-off.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets’ original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

Interest income continues to be recognized based on the original EIR of the asset. The interest income is recorded as part of “Finance income” in the consolidated statement of income. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of income. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Instruments

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



Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In such case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where 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 of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income.

Inventories

Inventories are stated at lower of cost or net realizable value (NRV). Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- | | | |
|--|---|---|
| Packaging materials and other supplies | - | at purchase cost on a first-in, first-out (FIFO) method |
| Finished goods | - | at manufacturing or purchase cost on a FIFO method |

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell. For packaging materials and other supplies, NRV is the current replacement cost.

Prepayments and Other Current Assets

Prepayments and other current assets include input-valued added tax (VAT), deposits, prepaid insurance, creditable withholding taxes (CWTs) and other current assets in which the Group expects to realize or consume the assets within twelve (12) months after the end of the reporting period.

Value Added Tax (VAT)

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

Input VAT representing claims for refund from the taxation authorities after twelve (12) months from the end of the reporting period is recognized as current asset. Input VAT is stated at its estimated net realizable value.

Revenues, expenses and assets are recognized, net of the amount of VAT, except:

- when the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- when receivables and payables that are stated with the amount of VAT are included.



Deposits

Deposits are advance payments made to suppliers that are expected to be applied within twelve (12) months after the end of the reporting period.

Prepaid income taxes

Prepaid income taxes which are claimed against income tax due represents excess of the tax payable and are carried over in the succeeding period for the same purpose.

Prepaid expense

Prepaid expense includes prepayments for insurance, rent, supplies and repairs and maintenance which the Group expects to realize or consume within twelve (12) months after each reporting period and carried at cost.

Business Combinations and Goodwill

Business combinations, except for business combination between entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial 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. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any gain or loss on remeasurement is recognized in the consolidated statement of income. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in the consolidated statement of income, or in the consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill annually every December 31.

Property and Equipment

Property and equipment, except for land are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and accumulated impairment loss, if any. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Land is stated at cost less any impairment in value. Subsequent expenditures relating to an item of property and equipment such as additions, major improvements and renewals are added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. Expenditures for repairs and maintenance are charged to operating expenses in the Group's consolidated statement of income during the period in which these are incurred.

Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets:

Category	Number of Years
Building	15
Store and warehouse equipment	3 - 5
Delivery and transportation equipment	3 - 12
Machinery and equipment	3 - 12
Office furniture and fixtures	3 - 12
Leasehold improvements	5

Leasehold improvements are amortized over the term of the lease or estimated useful lives of the improvements, whichever is shorter.

An amount is written-down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

The useful lives, residual value and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment. An item of property and equipment is derecognized upon disposal or when no future economic benefits that are expected to arise from its continued use.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to consolidated statement of income.



Investment Properties

The investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties are depreciated using the straight line method over a period of fifteen (15) years. Investment properties are derecognized when either they have been disposed of, when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition 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 statement of income when the asset is derecognized.

Trademarks

Trademarks acquired separately are recognized at cost. Following initial recognition, trademarks are carried at cost less accumulated amortization and any impairment losses. The Group assesses for impairment whenever there is an indication that these assets may be impaired. The Group has assessed that certain trademark acquired in a business combination in the past has indefinite useful



lives, thus are not amortized, but tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The remaining trademark at current year has finite useful life and is amortized over straight line basis over its estimated useful life of twenty (20) years. The amortization period and the amortization method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income under “Depreciation and amortization” account in the expense category consistent with the function of the intangible asset.

Computer software

Acquired computer software is capitalized on the basis of costs incurred to acquire and bring to use the specific software. Computer software is amortized on a straight-line basis over its estimated useful life of five (5) years. Costs associated with the development or maintenance of computer software programs are recognized as expense when incurred.

Goodwill

Goodwill represents the excess of the purchase consideration of an acquisition over the fair value of the Group’s share of the net identifiable assets acquired at the date of acquisition. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that might be impaired, and is carried at cost less accumulated impairment losses, if any. Any impairment losses recognized for goodwill are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. When the recoverable amount of cash-generating units is less than the carrying amount, an impairment loss is recognized. The Group performs its impairment testing at the reporting date using a value-in-use, discounted cash flow methodology.

Franchise

The Group recognizes franchise as part of its intangible assets when the franchise produces revenue to the Group and the cost is measurable. At initial recognition, franchise is valued at cost which is the amount incurred in acquiring the franchise. Franchise whose life has been determined to be finite is amortized over the years identified. If the life of the franchise is determined to be indefinite, such franchise is not amortized but tested for impairment. Franchise is derecognized upon sale or retirement. The difference between the carrying value and the proceeds shall be recognized in the profit or loss. Franchise is amortized on a straight-line basis over its estimated useful life of ten (10) years.

Other Noncurrent Assets

Other noncurrent assets include long-term deposit and advances for land acquisition. Long-term deposit and others are stated at cost and are classified as noncurrent assets since the Group expects to utilize these beyond twelve (12) months from the end of the reporting period.

Impairment of Nonfinancial Assets

Inventories

The Group assesses the inventories for impairment by comparing the carrying value of inventories with its NRV. If inventory is impaired, its carrying value is reduced to NRV and an impairment loss is recognized in the consolidated statement of income.



An assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset, or in the case of inventories, NRV, since the last impairment loss was recognized. If that is the case, the carrying value of the asset is increased to its recoverable amount, or in the case of inventories, NRV. That increased amount cannot exceed the carrying value that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Property and equipment, trademark and other current and noncurrent assets

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or CGU is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognized under "Other expense - net" in the consolidated statements of income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depletion, depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill and trademark by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill or trademark relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill or trademark has been allocated, an impairment loss is recognized in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill and trademark with indefinite useful lives annually every December 31.

Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognized at fair value of the consideration received, less directly attributable transaction costs, and have not been designated as at FVPL. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Portion of interest-bearing loans and borrowings with maturity of twelve (12) months or less after the financial reporting date is classified as current and the remaining is classified as noncurrent. Gains or losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.



Fair Value

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices in active markets for identical asset or liability
- Level 2 - Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 - Those with inputs for asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Other Comprehensive Income (OCI)

OCI comprises items of income and expense (including items previously presented under the consolidated statements of changes in equity) that are not recognized in the consolidated statements of income for the year in accordance with PFRS.

Capital Stock

Ordinary or common shares are classified as equity. The proceeds from the issuance of the ordinary or common shares are presented in equity as capital stock to the extent of the par value of issued shares.



When the shares are sold at premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance are chargeable to 'Additional paid-in capital' account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Dividends

Dividend distribution to the Group's stockholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved or declared by the Group's BOD. Dividends are recognized as a liability and deducted from equity when they are approved by the stockholders of the Group. Dividends for the year that are approved after the reporting period are dealt with as an event after the reporting period.

Cumulative Translation Adjustments

This arises from exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation. In the consolidated financial statements, such exchange differences shall be recognized initially in OCI. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in OCI and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

Retained Earnings (Deficit)

Retained earnings represents the cumulative balance of periodic net income or loss to the Parent Company's equity holders, dividend distributions, prior period adjustments and effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called "Deficit". A deficit is not an asset but a deduction from equity.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods in the course of ordinary course of activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains the continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental

Revenue is recognized based on a straight-line basis over the term of the lease agreement. Contingent revenue is recognized in the period in which the contingent event occurs.



Interest

Revenue is recognized as interest accrues (using the EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs of sales

Costs of sales are recognized when the goods are sold to the customers, cost of sales includes the cost of inventories. Cost of services are recognized when the related services have been rendered.

General, administrative and selling expenses

Expenses incurred in the direction and general administration of day-to-day operations of the Group are generally recognized when the service is used or the expense arises.

Other income (charges)

Other income (charges) include other income and expenses which are incidental to the Group's business operations and are recognized in the consolidated statement of income.

Discontinued Operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, (b) is a part of a single coordinated plan to dispose of a major line of business of geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior years' consolidated statement of income and consolidated statement of cash flows are re-presented. Results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in statement of income and statement of cash flows as items associated with discontinued operations.

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, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

Determination of whether an arrangement contains a lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and 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 that 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 a 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) above, and at the date of renewal or extension period for scenario (b).

Finance lease commitments - Group as a lessee

The Group has entered into commercial leases of transportation and warehousing equipment. The Group has determined that it acquires all the significant risks and rewards of ownership on these equipment and therefore accounts for these under finance lease.

Operating lease commitments - Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and finance leases. Operating lease payments are amortized as an expense in consolidated statement of income on a straight-line basis over the lease term.

Pension Liability

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.



The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Basic/Diluted Earnings Per Share

Basic Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year.

Diluted EPS

Diluted EPS amounts are calculated by dividing the net income attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income tax relating to items recognized directly in the consolidated statement of changes in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the end of reporting period 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, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period 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 the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interest in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax relating to items recognized outside consolidated statement of income is recognized outside consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in other income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Segment Reporting

For management purposes, the Group is organized into operating segments according to the nature of the sales and the services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 27 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a 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. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.



Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the 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 disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The consolidated financial statements prepared in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Assessing Going Concern

The Group has incurred net losses of ₱145.19 million and ₱485.78 million in 2016 and 2015, respectively, resulting in deficit amounting to ₱2,263.47 million and ₱2,114.14 million as at December 31, 2016 and 2015, respectively. As at December 31, 2016, the Group's current liabilities also exceeded its current assets. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Group's management assesses that the going concern assumption remains to be appropriate as it continues to expand its core business and increase coverage in the distribution, retail and export sales channels. Its retail arm is expanding the franchise network with plans to cover not only the Philippines but overseas as well. The Group has started an active campaign to gain new and recover clients through marketing and selling activities locally and overseas. Part of these activities include looking for more opportunities in the greater China and Asian market. In addition, the Group shall continue the rationalization, consolidation and reorganization of operations it has initiated last 2015 to improve efficiency, lower cost of sales and operating expenses. Further, the Group's management has currently ongoing discussions for the conversion of short term loans to term loans in order to increase the flexibility on the Group's capital and minimize immediate impact on operational cash flows.



Determining functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine peso. Each subsidiary in the Group also determines its own functional currency. The functional currency of the subsidiaries in the Group is also the Philippine peso. The functional currency is the currency of the primary economic environment in which the Group and its subsidiaries operates. It is the currency that mainly influences the costs and expenses, in which funds from financing activities are generated, and in which receipts from operating activities are generally retained.

Determining finance lease commitments - group as a lessee

The Group has entered into commercial leases of machineries and equipment. The Group has determined that it acquires all the significant risks and rewards of ownership on these equipment and therefore accounts for these under finance lease.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty as at the end of the reporting period, that have the most significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are as follows:

Assessing recoverability of advances to a stockholder

The Group conducts a regular review and evaluation of the recoverability of the amounts due from a major stockholder. The evaluation of management is based on the factors that affect the collectibility of the account. These factors include, but are not limited to, historical collection and the capability of the stockholder to pay the amounts outstanding.

No provision for impairment losses was recognized in 2016, 2015 and 2014. The carrying values of current portion of advances to stockholder amounted to ₱708.23 million and ₱714.56 million as at December 31, 2016 and 2015, respectively, while the noncurrent portion amounted to nil and ₱703.23 million as at December 31, 2016 and 2015, respectively (see Note 16).

Estimating allowance for impairment losses on trade and other receivables and advances to related parties

The Group maintains an allowance for impairment losses on trade and other receivables and advances to related parties at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management based on the factors that affect the collectibility of the accounts. These factors include, but are not limited to, the Group's relationship with its customer, customer's current credit status and other known market factors. The Group reviews the age and status of receivables and identifies accounts that are to be provided with allowance either individually or collectively. When the Group determines that a specific account or group of accounts continue to be impaired or can no longer be recovered based on its regular review and assessment and after exhausting all actions and means to recover, these specifically identified accounts are written-off.

The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates. An increase in the Group's allowance for impairment losses will increase the Group's recorded expenses and decrease trade and other receivables and advances to related parties.

Provision for impairment losses on receivables amounted to ₱11.28 million, ₱64.53 million and nil in 2016, 2015 and 2014, respectively, while receivables written-off directly from the accounts, amounted to ₱5.94 million, nil and ₱370.51 million in 2016, 2015 and 2014, respectively. The carrying values of trade and other receivables amounted to ₱106.94 million and ₱182.34 million,



net of allowance for impairment losses of ₱75.66 million and ₱70.31 million as at December 31, 2016 and 2015, respectively (see Note 5).

Estimating impairment losses on other current and noncurrent assets

The Group provides allowance for impairment losses on other current assets and noncurrent assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease its other current assets and other noncurrent assets.

There were no provision for impairment losses on the Group's other current assets in 2016, 2015 and 2014. Other current assets directly written off amounted to nil in 2016 and 2015, and ₱27.05 million in 2014. The carrying values of its other current assets amounted to ₱89.33 million and ₱89.21 million as at December 31, 2016 and 2015, respectively (see Note 7).

There were no provision for impairment losses on the Group's other noncurrent assets in 2016, 2015 and 2014. Other noncurrent assets directly written off amounted to nil in 2016 and 2015, and ₱13.0 million in 2014. The carrying values of other noncurrent assets amounted to ₱240.59 million and ₱242.33 million as at December 31, 2016 and 2015, respectively (see Note 11).

Estimating impairment of property and equipment

The Group assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows.

The aggregate net book values of property and equipment amounted to ₱609.04 million and ₱666.93 million, net of accumulated depreciation of ₱436.38 million and ₱369.18 million as at December 31, 2016 and 2015, respectively (see Note 9).



Estimating useful lives of intangible assets

The Group estimates the useful lives of its computer software, franchise and certain trademark based on the period over which the assets are expected to be available for use. The Group reviews only when there is an indicator of change in the estimated residual values and useful lives of intangible assets based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in the Group's estimates brought about by changes in the factors mentioned. A reduction in the estimated residual values and useful lives of intangible assets would increase the recorded amortization expense and decrease intangible assets.

The carrying values of computer software amounted to ₱0.76 million and ₱1.24 million as at December 31, 2016 and 2015, respectively (see Note 10).

Estimation of impairment of goodwill and certain trademarks

The Group reviews the carrying values of goodwill and certain trademarks for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for other intangible assets by assessing the recoverable amount of the CGU or group of CGUs to which the trademarks relate. Assessments require the use of estimates and assumptions such as market evaluation and trends, discount rates, future capital requirements and operating performance. If the recoverable amount of the unit exceeds the carrying amount of the CGU, the CGU and the goodwill and trademarks allocated to that CGU shall be regarded as not impaired. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill and trademarks has been allocated, an impairment loss is recognized.

Impairment of goodwill recognized in the consolidated statement of income amounted to nil in 2016 and 2015, and ₱312.62 million in 2014, while the impairment of trademarks recognized in the consolidated statement of income amounted to nil in 2016 and 2015, and ₱50.68 million in 2014 (see Note 10).

Estimating pension costs

The costs of defined benefit pension plans and the present value of pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, turnover rate and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the market yields on government bonds with terms consistent with the expected employee benefit payout as at end of the reporting period. The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Retirement benefit cost amounted to ₱1.26 million, ₱3.09 million and ₱1.58 million in 2016, 2015 and 2014, respectively, while pension liability amounted to ₱9.61 million and ₱8.77 million as at December 31, 2016 and 2015, respectively (see Note 21).

Assessing recoverability of deferred tax assets

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.



Deferred tax assets recognized by the Group amounted to nil and ₱7.30 million as at December 31, 2016 and 2015, respectively (see Note 22).

The Group has temporary difference amounting to ₱623.35 million and ₱476.28 million as at December 31, 2016 and 2015, respectively, for which no deferred tax asset was recognized because it is more likely than not that the carryforward benefit will not be realized on or prior to its expiration (see Note 22).

Contingencies

The Group has contingent liabilities which are either pending decision by the courts or being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these claims, if any, will not have material or adverse effect on the financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome or the Group's position with respect to these matters.

4. Cash

	2016	2015
Cash on hand	₱2,096,073	₱1,145,825
Cash with banks	21,658,772	32,133,105
	₱23,754,845	₱33,278,930

Cash with banks earn interest at the respective bank deposit rates. Interest income earned from cash with banks amounted to ₱5,676, ₱21,034 and ₱295,969 in 2016, 2015 and 2014, respectively.

5. Trade and Other Receivables - net

	2016	2015
Trade receivables	₱129,458,847	₱201,617,992
Deposit to suppliers	5,995,694	6,911,224
Others	47,145,332	44,117,634
	182,599,873	252,646,850
Less allowance for impairment losses	75,658,457	70,311,653
	₱106,941,416	₱182,335,197

Trade receivables are noninterest-bearing and are generally due and demandable. These are generally settled through cash payment or application of customer's deposit.

Other receivables include receivables from previous related parties.

Movements in allowance for impairment losses pertaining to trade receivables are as follows:

	2016	2015
Beginning balances	₱70,311,653	₱5,783,670
Provision (Note 20)	11,283,045	64,527,983
Write off	(5,936,241)	—
Ending balances	₱75,658,457	₱70,311,653



The Company's impaired trade receivables have been specifically identified. Receivables that were written-off directly from the accounts amounted to nil in 2016 and 2015, and ₱370.51 million in 2014, which was recorded under "Other expense - net" in the consolidated statements of income (see Note 20).

6. Inventories

	2016	2015
At cost:		
Vegetables and fruits	₱21,499,320	₱26,546,825
Packaging materials and other supplies	6,546,524	18,273,704
	₱28,045,844	₱44,820,529

The cost of inventories recognized and included in "Cost of sales" in the consolidated statements of income amounted to ₱479.60 million, ₱1,191.58 million and ₱807.30 million in 2016, 2015, and 2014, respectively (see Note 17).

Inventories are measured at cost since it is lower than the net realizable value.

There were no purchase commitments, accrued net losses and provisions for impairment losses on inventories as at December 31, 2016 and 2015.

7. Prepayments and Other Current Assets

	2016	2015
Input VAT	₱66,077,437	₱61,507,195
Deposits	19,057,918	9,595,121
Prepaid insurance	2,479,201	13,704,796
Prepaid income taxes	1,544,745	1,616,765
Others	174,184	2,788,482
	₱89,333,485	₱89,212,359

Input tax represents the VAT paid on purchases of applicable goods and services, net of output tax, which can be recovered as tax credit against future tax liability of the Group upon approval by the Philippine Bureau of Internal Revenue (BIR) and/or the Philippine Bureau of Customs.

Deposits include advance payments to suppliers that represent advance payment for future delivery of goods and performance of services.

Prepaid insurance refers to insurances of vehicles and equipment which are paid in advance and which will be amortized within twelve (12) months after the end of the financial reporting date.

Prepaid income taxes pertains to excess corporate income tax paid by the Group and is expected to be utilized as payment for income taxes within 12 months after reporting period.

No provision for impairment losses was recognized in 2016, 2015 and 2014. The Group has written-off other current assets amounting to nil in 2016 and 2015, and ₱27.05 million in 2014, as management has assessed that the said other current assets are deemed unrecoverable (see Note 20).



8. Deposit for Future Investment

ANI entered into a purchase agreement with a third party in September 2016 involving the purchase of 49% equity interest in Zongshan Fucang Trade Co. Ltd. (Fucang), a company registered in China. Fucang is engaged in agri commodity trading and with investments in real estate development and agri trading. ANI made a deposit for the acquisition of 49% equity investment in Fucang amounting to RMB42.63 million or ₱308.22 million, subject to the fulfilment of conditions precedent as set forth in the agreement of the parties. As at December 31, 2016 and to date, certain conditions precedent as set forth in the agreement are still in the process of being finalized. This account is reflected as deposit for future investment in the 2016 consolidated statement of financial position.



9. Property and Equipment

December 31, 2016:

	Land	Building	Store and warehouse equipment	Delivery and transportation equipment	Machinery and equipment	Office furniture and fixtures	Leasehold improvement	Total
Cost:								
Balances at January 1	₱149,152,330	₱117,141,942	₱110,880,435	₱33,491,893	₱490,860,660	₱31,970,379	₱102,605,968	₱1,036,103,607
Additions	—	—	710,763	—	1,417,200	9,521,386	506,173	12,155,522
Disposals	—	—	—	—	—	(1,333,900)	—	(1,333,900)
Reclassifications	—	—	1,111,611	—	(1,111,611)	—	—	—
Effect of deconsolidation due to loss of control (Note 26)	—	—	—	—	—	(1,506,140)	—	(1,506,140)
Balances at December 31	149,152,330	117,141,942	112,702,809	33,491,893	491,166,249	38,651,725	103,112,141	1,045,419,089
Accumulated depreciation and amortization:								
Balances at January 1	—	30,543,902	59,904,241	21,619,623	145,423,952	27,085,430	84,600,633	369,177,781
Depreciation and amortization (Notes 17 and 18)	—	6,083,584	8,540,593	1,997,706	40,117,646	5,364,041	7,257,014	69,360,584
Reclassifications	—	—	1,111,611	—	(1,111,611)	—	—	—
Disposals	—	—	—	—	—	(793,250)	—	(793,250)
Effect of deconsolidation due to loss of control (Note 26)	—	—	—	—	—	(1,368,374)	—	(1,368,374)
Balances at December 31	—	36,627,486	69,556,445	23,617,329	184,429,987	30,287,847	91,857,647	436,376,741
Net book values	₱149,152,330	₱80,514,456	₱43,146,364	₱9,874,564	₱306,736,262	₱8,363,878	₱11,254,494	₱609,042,348



December 31, 2015:

	Land	Building	Store and warehouse equipment	Delivery and transportation equipment	Machinery and equipment	Office furniture and fixtures	Leasehold improvement	Total
Cost:								
Balances at January 1	₱149,152,330	₱103,504,139	₱147,914,078	₱58,309,610	₱564,944,577	₱49,255,383	₱129,207,657	₱1,202,287,774
Additions	—	—	694,733	—	—	67,417	—	762,150
Disposals	—	—	—	(440,000)	(52,965,000)	(888,422)	—	(54,293,422)
Effect of deconsolidation due to loss of control (Note 26)	—	4,943,803	(37,728,376)	(24,377,717)	(21,118,917)	(16,426,009)	(16,823,195)	(111,530,411)
Reclassification	—	8,694,000	—	—	—	—	—	8,694,000
Write-off	—	—	—	—	—	(37,990)	(9,778,494)	(9,816,484)
Balances at December 31	149,152,330	117,141,942	110,880,435	33,491,893	490,860,660	31,970,379	102,605,968	1,036,103,607
Accumulated depreciation and amortization:								
Balances at January 1	—	22,310,116	54,674,362	30,039,591	129,035,639	30,760,118	79,342,436	346,162,262
Depreciation and amortization (Notes 17 and 18)	—	4,496,288	13,190,030	2,354,854	43,581,159	5,128,224	18,370,511	87,121,066
Disposals	—	—	—	(94,723)	(21,401,933)	(380,921)	—	(21,877,577)
Effect of deconsolidation due to loss of control (Note 26)	—	3,737,498	(7,960,151)	(10,680,099)	(5,790,913)	(8,415,659)	(6,941,717)	(36,051,041)
Write-off	—	—	—	—	—	(6,332)	(6,170,597)	(6,176,929)
Balances at December 31	—	30,543,902	59,904,241	21,619,623	145,423,952	27,085,430	84,600,633	369,177,781
Net book values	₱149,152,330	₱86,598,040	₱50,976,194	₱11,872,270	₱345,436,708	₱4,884,949	₱18,005,335	₱666,925,826



Depreciation of property and equipment were charged to the following:

	2016	2015	2014
Cost of sales (Note 17)	₱29,828,072	₱28,923,046	₱31,585,957
General and administrative expenses (Note 18)	39,532,512	58,198,020	83,911,533
Total depreciation	₱69,360,584	₱87,121,066	₱115,497,490

Fully depreciated property and equipment are retained in the books until they are no longer in use. As at December 31, 2016 and 2015, the cost of fully depreciated property and equipment still being used in operations amounted to ₱110.91 million and ₱97.86 million, respectively. Certain assets are covered by insurance such as delivery and transportation equipment and buildings. Cost of land and building located in Pulilan, Bulacan amounting to ₱23.85 million is used as a collateral for certain loans and borrowings (see Note 13).

In December 2015, the Company reclassified commercial condominium units amounting to ₱8.69 million which was initially classified as an investment property used for capital appreciation and measured using cost model. Management decided to use its condominium units as owner-occupied property for general and administrative use. As such, the investment property was reclassified in 2015 to property and equipment amounting to ₱8.69 million, net of accumulated depreciation of ₱4.91 million.

As at December 31, 2016 and 2015, property and equipment held under finance lease amounted to ₱30.23 million (see Note 25).

10. Intangible Assets

Computer Software

The compositions of computer software are as follows:

	2016	2015
Cost:		
Beginning balances	₱7,535,160	₱6,906,907
Additions	–	628,253
Ending balances	7,535,160	7,535,160
Accumulated amortization:		
Beginning balances	6,293,040	5,533,030
Amortization (Note 18)	479,024	760,010
Ending balances	6,772,064	6,293,040
Net book values	₱763,096	₱1,242,120

Franchise

On January 17, 2011, the Group entered into a Master Licensing Agreement with Tully's Coffee International Pte. Ltd. for the operation of coffee shops and sale of coffee products under the brand "Tully's". The term of the license is for a period of ten (10) years but maybe extended for another 10 years. Under the agreement, the Group paid \$200,000 equivalent to ₱9.05 million as a sign-up fee.



The net book values of the franchise account amounted to ₱3.62 million and ₱4.53 million as of December 31, 2016 and 2015, respectively, net of accumulated amortization of ₱5.42 million and ₱4.52 million in 2016 and 2015.

Goodwill

The goodwill of the Group is attributable mainly to the business acquisitions made in prior years to expand the Group's operations. The net carrying values of the goodwill as of December 31, 2016 and 2015 amounted to nil. These balances are net of goodwill derecognized from the consolidated accounts amounting to ₱76.75 million and nil in 2015 and 2014 as a result of disposal of the entities where the goodwill relate to. Provision for impairment losses on goodwill amounted to nil in 2016 and 2015, and ₱312.62 million in 2014.

Trademark

The trademark includes that related to the acquisition of TBC, Inc. in 2011. During the acquisition of TBC, net assets acquired includes trademark for the use of "The Big Chill" brand, amounting to ₱200 million which was included in the purchase price. The net carrying value of the Group's trademark account amounted to ₱177.50 million and ₱187.50 million as of December 31, 2016 and 2015 respectively, net of amortization amounting to ₱10.0 million and ₱12.86 million in 2016 and 2015, respectively.

11. Other Noncurrent Assets

	2016	2015
Advances and deposits	₱132,041,113	₱132,041,113
Advances for land acquisition	95,333,628	95,333,628
Rental deposits and others	13,216,673	14,952,354
	₱240,591,414	₱242,327,095

Other noncurrent assets are noninterest bearing and will be realized twelve months after the reporting period. Advances and deposits were made for future subscription of shares of stock of a third party. Advances for land acquisitions are payments made for future delivery of a land acquisition. Rental deposits and others include rental deposits made by the Group on the leased properties amounting to about ₱8.0 million which can be applied as rental payments at the end of the leased term. The Group has written off other noncurrent assets amounting to ₱13.0 million in 2014.

12. Trade and Other Payables

	2016	2015
Trade payables	₱398,621,530	₱537,735,055
Accrued expenses	19,585,474	50,219,049
Customers' deposits	15,552,447	12,094,869
Withholding tax payable	483,874	3,553,479
Others	27,337,212	20,610,517
	₱461,580,537	₱624,212,969

The Group's trade and other payables include payables to suppliers which are non-interest bearing and due on demand.



Accrued expenses consist of accrued salaries, rentals, utilities, interests and other expenses which are usual in the business operations of the Group. This account also includes accrual for professional fees that were already incurred but unpaid. These payables are generally settled within twelve (12) months from end of the reporting period.

Customers' deposit pertains to advanced payments of customers for goods to be purchased.

Withholding tax payable includes taxes withheld from salaries of employees which will be remitted in the next month.

Others represent other operating expenses that are payable to various suppliers and contractors.

13. Loans and Borrowings and Redeemable Convertible Loan

	2016	2015
Banks:		
<i>Foreign Currency</i>		
Bank 1	₱113,123,997	₱110,366,108
Bank 2	107,287,271	101,547,445
<i>Peso Currency</i>		
Bank 3	349,800,000	349,800,000
Bank 4	213,400,000	213,408,158
Bank 5	90,000,000	90,000,000
Bank 6	49,150,000	63,350,000
Bank 7	43,350,000	44,000,000
	966,111,268	972,471,711
Less long-term portion	109,641,312	220,797,845
Current portion of bank loans	856,469,956	751,673,866
Redeemable and convertible loan	—	234,000,000
Others	10,914,304	51,360,000
	₱867,384,260	₱1,037,033,866

Foreign Currency Loans

Bank 1

The Parent Company has a current loan facility from Bank 1 in which it availed a USD loan, bearing an interest rate of 5.8% to 6.3% per annum, with the interest payable on a monthly basis. The loan is secured with a Surety Agreement in the amount of ₱150.0 million by a major stockholder in case of default by the Parent Company.

Bank 2

The Parent Company acquired a USD loan from Bank 2, bearing an interest rate of 3.5% per annum, with the interest payable on a monthly basis. In 2015, an agreement was entered by the Parent Company with the bank renegotiating the terms of the loan. Principal payments of US\$55,000 plus interests are due monthly for thirty five (35) months starting August 1, 2015 with the remaining balance payable by the end of the 35th.

Peso Currency Loans

Bank 3

The Parent Company availed various short-term loans from Bank 3, bearing an interest rate of 3% to 4% per annum, with the interest payable on a monthly basis. The loan is to be repriced every thirty (30) to one hundred eight (180) days upon mutual agreement of both parties.



Bank 4

The Parent Company has various short-term loans from Bank 4, which pertains to its Short-term Loan Line (STLL), Export Packing Credit Line (EPCL), Trust Receipt Lines (TR Lines) and other bank loans that are currently maturing as at the end of the reporting period. The loans bear interest rate of 6% per annum, with the interest payable on a monthly basis.

The loans are secured by an existing real estate mortgage over its land and building located in Pulilan, Bulacan. The aggregate amount of net book values of the land and building mortgage amounted to ₱187.67 million.

Bank 5

The Parent Company has an existing credit facility from Bank 5 composed of STLL, ECPL, and TR Lines, bearing interest rate of 5.0% per annum, with interest payable on a monthly basis and subject to a monthly repricing based on prevailing rate as determined by the lender. The loans has terms ranging from ninety (90) to one hundred eight (180) days.

Bank 6

The Parent Company has a current loan facility from Bank 6 with loans bearing interest rate of 5.5% per annum, with interest payable on a monthly basis. The loans has terms ranging from thirty (30) to ninety (90) days and is under a Joint Surety Security (JSS) with a major stockholder and a corporate guaranty from the Parent Company. Upon maturity of the loans in January 2016, a renewal agreement was entered into by the Parent Company to avail medium term loan with the same interest rate with monthly repayment of principal until December 2018.

Bank 7

The Parent Company has a current loan facility from Bank 7 with loans bearing interest rate of 8.5% per annum, with interest payable on a monthly basis. The loan has a term of thirty-two (32) months, and is payable via twenty-four (24) monthly amortization of principal and interest, payable from January 2016 to December 2017, inclusive of a grace period of eight (8) months on the payment of the principal from May 2015 to December 2015.

The schedules of future principal payments for loans mentioned above are as follows:

2017	₱867,384,260
2018	109,641,312
	<u>₱977,025,572</u>

Interest expense incurred on the above loans amounted to ₱49.79 million, ₱63.16 million and ₱70.09 million in 2016, 2015 and 2014, respectively.

Redeemable and Convertible Loan

The Parent Company has entered into a note subscription agreement, dated December 19, 2013 by and between Black River Capital Partners Food Fund Holdings (Singapore) Pte. Ltd. The Parent Company issued a promissory note attached to the agreement amounting to ₱335.0 million.

Under the same agreement, Black River has the option which may be exercised at any time, and from time to time, after December 19, 2015, to convert the note in part or in full, into either:

- Common shares of the Parent Company at the applicable conversion price depending on the net income of the Group.
- Equity shares in New Holding Company equivalent to the Shares, by issuing to the Parent Company a notice of conversion.



In, addition, the Fund shall have the option to require the Parent Company to redeem the note, in part or in full for the redemption price (sum of the principal plus the interest accrued on the note from the issue date until and including the date of the exercise of the Redemption Option), by issuing to the Parent Company a notice of exercise of the Redemption Option ninety (90) days prior to the proposed date of redemption. On March 1, 2014, the Parent Company issued additional note subscription agreement amounting to ₱49.0 million with the same party, terms and conditions.

On February 3, 2015, part of the redeemable and convertible note amounting to ₱150.0 million was used to settle the sale of interest over Tagum Resources Agri-Industries, Inc. to the Fund.

In May 2015, the Fund and a major stockholder of the Parent Company entered into a purchase agreement for the sale of the remaining balance of the convertible loan to the stockholder. In 2016, the Parent Company and the major stockholder entered into an arrangement to reduce the advances to the stockholder through the convertible loan (see Note 16).

Interest expense incurred on the above loan amounted to ₱7.02 million and ₱11.55 million in 2016 and 2015, respectively.

14. Capital Stock

	2016		2015	
	Number of shares	Amount	Number of shares	Amount
Authorized - ₱1 par value per share	₱1,000,000,000	₱1,000,000,000	1,000,000,000	₱1,000,000,000
Issued and outstanding	621,683,570	621,683,570	621,683,570	621,683,570

On July 3, 2014, the Group executed a subscription agreement with Greenergy Holdings, Inc. (GHI) for 85,990,533 primary common shares of the Group at the issue price of ₱3 per share or a total subscription price of ₱257.97 million resulting to a premium amounting to ₱171.98 million, payable in full upon execution. The subscription was approved by the Board on May 26, 2014. The 13.8% of the increased capital shares was subscribed and fully paid by GHI in 2014.

15. Basic/Diluted Loss Per Share

Basic earnings (loss) per share is calculated by dividing the net loss attributable to stockholders of the Group by the weighted average number of ordinary shares in issue during the year.

Loss per share attributable to the equity holders of the Parent Company

	2016	2015	2014
Net loss from continuing operations attributable to equity holders of the Parent Company	₱229,895,797	₱399,691,245	₱1,147,628,100
Net loss (income) from discontinued operations attributable to equity holders of the Parent Company	(80,276,732)	38,132,966	27,494,598
	₱149,619,065	₱437,824,211	₱1,175,122,698
Weighted average number of common shares	621,683,570	621,683,570	578,688,304
Basic and diluted loss per share	₱0.24	₱0.70	₱2.03

**The weighted average number of shares takes into account the weighted average effect of the new subscriptions during the year.*



	2016	2015	2014
Number of shares beginning of year	₱621,683,570	₱621,683,570	₱535,693,037
Weighted average number of shares issued during the year	—	—	42,995,267
Weighted average number of outstanding common shares	₱621,683,570	₱621,683,570	₱578,688,304

Loss per share attributable to the equity holders of the Parent Company from continuing operations

	2016	2015	2014
Net loss from continuing operations attributable to equity holders of the Parent Company	₱229,895,797	₱399,691,245	₱1,147,628,100
Weighted average number of common shares	621,683,570	621,683,570	578,688,304
Basic and diluted loss per share	₱0.37	₱0.64	₱1.98

**The weighted average number of shares takes into account the weighted average effect of the new subscriptions during the year.*

16. Related Party Transactions

Parties are considered to be related if one party has the ability to directly, indirectly, control, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant stakeholders and/or their close family members) or other entities and include entities that are under the significant influence of related parties of the Group where those parties are individuals or any entities that is a related party of the Group.

The Group's significant transactions and outstanding balances with its related parties as at December 31, 2016 and 2015 are as follows:

Related Parties	Year	Volume/ Amount	Outstanding Balance	Terms	Conditions
<i>Advances to a stockholder</i>					
Current	2016	₱85,376,313	₱708,229,601	Collectible in cash;	Unsecured;
	2015	—	714,555,017	Offsetting with corresponding payable; non-interest bearing	not guaranteed; no impairment.
Noncurrent	2016	—	—	Collectible in cash;	Unsecured;
	2015	—	703,226,545	Offsetting with corresponding payable; non-interest bearing.	not guaranteed; no impairment.
<i>Advances to related parties</i>					
Advances to officers and employees	2016	₱—	₱916,080	Collectible in cash; on demand;	Unsecured; not guaranteed;
	2015	—	8,889,594	non-interest bearing -do-	no impairment -do-
<i>Under Common Control</i>					
Greenergy Holdings, Inc. (GHI)	2016	26,912,915	26,912,915	Collectible in cash; on demand;	Unsecured; not guaranteed;
	2015	—	—	non-interest bearing -do-	no impairment -do-

(Forward)



Related Parties	Year	Volume/ Amount	Outstanding Balance	Terms	Conditions
ANI Holland	2016	₱16,555,369	₱16,555,369	Collectible in cash; on demand; non-interest bearing	Unsecured; not guaranteed; no impairment
	2015	—	—	-do-	-do-
Sunchamp Real Estate Development Corp. (SREDC)	2016	87,394	87,394	Collectible in cash; on demand; non-interest bearing	Unsecured; not guaranteed; no impairment
	2015	—	—	-do-	-do-
Coco Tropics	2016	137,509	137,509	Collectible in cash; on demand; non-interest bearing	Unsecured; not guaranteed; no impairment
	2015	—	—	-do-	-do-
	2016	₱43,693,187	₱44,609,267		
	2015	—	8,889,594		
<i>Advances from related parties</i>					
Advances from officers and employees	2016	₱—	₱—	Payable in cash; on demand; non-interest bearing	Unsecured; not guaranteed;
	2015	—	138,335,552	-do-	-do-
<i>Under Common Control</i>					
GHI	2016	—	16,233,915	Payable in cash; on demand; non-interest bearing	Unsecured; not guaranteed;
	2015	—	18,542,107	-do-	-do-
Cheesecake Etc Inc.	2016	71,181	71,181	Payable in cash; on demand; non-interest bearing	Unsecured; not guaranteed;
	2015	—	—	-do-	-do-
Earthright Holdings, Inc.	2016	—	4,158,148	Payable in cash; on demand; non-interest bearing	Unsecured; not guaranteed;
	2015	—	8,223,875	-do-	-do-
SREDC	2016	18,957,146	18,957,146	Payable in cash; on demand; non-interest bearing	Unsecured; not guaranteed;
	2015	—	—	-do-	-do-
ANI Foundation Inc.	2016	338,971	338,971	Payable in cash; on demand; non-interest bearing	Unsecured; not guaranteed;
	2015	—	—	-do-	-do-
Agricultural Bank of the Philippines, Inc.	2016	—	—	Payable in cash; on demand; non-interest bearing	Unsecured; not guaranteed;
	2015	—	12,000,000	-do-	-do-
	2016	₱19,367,298	₱39,759,361		
	2015	—	177,101,534		

In the normal course of business, the Group has advances to/from related parties to finance the operating expenses of the related parties under common control and also for the working capital requirements of the Group. During the year there were no impairment on advances to related parties. Advances to/from related party are non-interest bearing.



Advances to a Stockholder

The advances to stockholder are generally collectible in cash, or offsetting with corresponding payable. The advances are noninterest-bearing, unsecured, not guaranteed and no impairment. In 2015, there were modifications of terms entered into by the Group and major stockholder, changing the terms from collectible on demand to settlement within a two (2) - year period. The balance beyond 12 months under the new terms amounted to ₱742.57 million. In 2016, the balances due from the stockholder are all current.

As at December 31, 2016 and 2015, the difference between the principal amount and the present value of the advances to a stockholder amounted to ₱22.89 million and ₱39.35 million, respectively. In 2016, interest accretion recognized in the consolidated statement of income amounted to ₱16.46 million.

In 2016, the Parent Company and the major stockholder entered into an arrangement to reduce the advances to the stockholder through the convertible loan held by the latter (see Note 13).

Compensation of Key Management Personnel

The Group considers its President, Executive Vice President and Chief Finance Officer as key management personnel. Total remuneration of key management personnel, composed mainly of short-term employee benefits and provision for retirement benefits for executive officers, were included under “Personnel costs” in the statement of comprehensive income amounted to ₱6.70 million, ₱6.68 million and ₱15.05 million in 2016, 2015 and 2014, respectively. There were no other benefits aside from the salaries and other short- term benefits.

17. Cost of Sales

	2016	2015	2014
Inventories at January 1	₱44,820,529	₱70,405,867	₱121,137,973
Purchases and conversion cost	462,823,584	1,165,989,716	756,567,319
Cost of goods available for sale	507,644,113	1,236,395,583	877,705,292
Inventories at December 31			
(Note 6)	(28,045,844)	(44,820,529)	(70,405,867)
	₱479,598,269	₱1,191,575,054	₱807,299,425

Depreciation included as part of cost of sales amounted to ₱29.83 million, ₱28.92 million, and ₱31.59 million in 2016, 2015 and 2014, respectively.

18. General and Administrative Expenses

	2016	2015	2014
Personnel costs (Note 19)	₱71,589,164	₱83,647,786	₱138,458,413
Depreciation and amortization			
(Notes 9 and 10)	50,916,511	73,194,605	107,698,454
Rentals (Note 25)	49,831,326	31,089,233	69,865,098
Freight and handling cost	8,971,046	9,067,412	79,026,518
Communication, light and water	8,187,623	8,341,456	16,394,407
Taxes and licenses	7,662,747	12,987,900	11,820,305
Supplies	7,720,758	19,300,513	28,275,096
Dues and subscription	4,922,880	13,702,104	2,505,622

(Forward)



	2016	2015	2014
Professional fees	₱4,238,457	₱5,238,580	₱12,017,074
Repairs and maintenance	3,435,812	2,186,714	6,431,477
Transportation and travel	2,894,626	7,808,488	12,411,456
Advertising	2,110,740	1,381,544	11,493,035
Contracted services	1,046,955	3,063,933	5,653,518
Insurance	961,408	940,457	3,600,355
Representation and entertainment	706,041	940,842	2,369,260
Bank charges	662,977	2,884,304	2,295,468
Commissions	—	949,803	15,779,364
Others	4,133,216	3,377,551	6,640,370
	₱229,992,287	₱280,103,225	₱532,735,290

19. Personnel Costs

	2016	2015	2014
Salaries and wages	₱50,063,001	₱60,103,991	₱95,540,051
Retirement benefits costs (Note 21)	1,256,771	3,088,731	1,577,788
Other employee benefits	20,269,392	20,455,064	41,340,574
	₱71,589,164	₱83,647,786	₱138,458,413

20. Other Expense - net

	2016	2015	2014
Other expenses:			
Impairment and write-off (Notes 5, 7 and 10)	₱11,283,045	₱64,527,983	₱792,427,500
Net foreign exchange losses	12,616,973	2,203,242	7,860,386
Loss on extinguishment of debt - net (Note 25)	1,577,333	—	—
Others	434,323	—	42,306,363
	25,911,674	66,731,225	842,594,249
Other income	8,550,795	879,673	4,718,052
Other expense - net	₱17,360,879	₱65,851,552	₱837,876,197

21. Pension Liability

The Group has unfunded, noncontributory defined benefit pension plans covering substantially all of its employees. Benefits are based on the employee's years of service and final plan salary.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.



The following table summarizes the components of pension costs recognized in the Group's statements of comprehensive income:

	2016	2015	2014
<i>Charged to profit and loss:</i>			
Current service cost	₱1,011,586	₱2,652,570	₱977,152
Net interest cost	245,185	436,161	165,881
Adjustment due to curtailment	–	–	434,755
	1,256,771	3,088,731	1,577,788
<i>Charged (credited) to other comprehensive income:</i>			
Net actuarial gains - defined benefit obligation	(410,485)	(7,354,541)	(44,732)
	₱846,286	(₱4,265,810)	₱1,533,056

Reconciliation of pension liability recognized in the statements of financial position are as follows:

	2016	2015
Balances at beginning of year	₱8,767,447	₱13,033,257
Pension costs	1,256,771	3,088,731
Amount recognized in other comprehensive income	(410,485)	(7,354,541)
Pension liability	₱9,613,733	₱8,767,447

The reconciliation of other comprehensive loss as at December 31, 2016 and 2015 follows:

	2016	2015
Balances at beginning of year	(₱5,609,878)	₱1,744,663
Actuarial gains	(410,485)	(7,354,541)
	(6,020,363)	(5,609,878)
Tax effect	1,806,109	1,682,963
Balances at end of year	(₱4,214,254)	(₱3,926,915)

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plans are shown below:

	2016	2015
Discount rate	5.60%	5.00%
Projected salary increase rate	5.00%	5.00%

The sensitivities regarding the principal assumptions used to measure the defined benefit liability is as follows:

Assumptions	Change in assumption - increase (decrease)	Effect on defined benefit liability
Discount rates	+0.50%	₱48,069
	-0.50%	(48,069)
Rate of salary increase	+0.50%	237,334
	-0.50%	(237,334)



The Group's latest actuarial valuation report is as at and for the year ended December 31, 2016.

Shown below is the maturity profile of the undiscounted benefit payments:

	Expected benefits payments
Less than one year to five years	₱140,829
More than five years to 10 years	3,832,529
More than 10 years to 15 years	3,121,240
More than 15 years	131,435,938

22. Income Taxes

The reconciliation of provision for income tax for 2016, 2015 and 2014 applicable to loss before income tax computed at the statutory income tax rates to provision for deferred tax follows:

	2016	2015	2014
Provision for income tax computed at the statutory tax rate	(₱64,557,263)	(₱121,525,625)	(₱333,493,786)
Tax effects of:			
Changes in unrecognized deferred tax assets	40,221,893	129,439,271	31,049,122
Expired NOLCO	14,515,646	—	—
Expired MCIT	6,701,230	—	—
Nondeductible expenses	13,573,598	19,358,395	335,762,281
Nontaxable income	—	(694,337)	(14,443,787)
Application of NOLCO	(181,858)	—	—
Interest income subject to final tax	(1,703)	(7,888)	(88,796)
	₱10,271,543	₱26,569,816	₱18,785,034

- a. As at December 31, 2016 and 2015, deferred tax liabilities arising from pension liability which is recognized under other comprehensive income amounted to ₱1,660,536.

No deferred tax assets were recognized on the following deductible temporary differences because management believes that it is not probable that sufficient taxable income will be available to allow part of the deferred tax assets to be utilized:

	2016	2015
NOLCO	₱523,107,854	₱372,423,837
Provision for impairment losses on accounts and other receivables	75,658,457	70,311,653
Unrealized foreign exchange loss	11,714,104	16,359,291
Pension obligation	3,698,611	2,441,840
	614,179,026	461,536,621
MCIT	9,175,467	14,746,296
	₱623,354,493	₱476,282,917



- b. As at December 31, 2016, NOLCO and MCIT of the Group for which no deferred tax assets were recognized are as follows:

Year Incurred	Expiration	NOLCO	Excess MCIT
2016	2019	₱199,675,695	₱1,130,401
2015	2018	183,429,976	2,271,846
2014	2017	140,002,183	5,773,220
		₱523,107,854	₱9,175,467

The movements in NOLCO are as follows:

	2016	2015
Beginning balances	₱372,423,837	₱188,993,861
Additions	199,675,695	183,429,976
Expiration	(48,385,486)	—
Application	(606,192)	—
Ending balances	₱523,107,854	₱372,423,837

The movements in MCIT are as follows:

	2016	2015
Beginning balances	₱14,746,296	₱12,474,450
Additions	1,130,401	2,271,846
Expiration	(6,701,230)	—
Ending balances	₱9,175,467	₱14,746,296

- c. The Group did not avail of the optional standard deduction in 2016 and 2015.

23. Financial Risk Management and Capital Management Objectives and Policies

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash, restricted cash and advances from a related party. The main purpose of these financial instruments is to finance the Group's normal course of its operating activities. The Group has various other financial assets and financial liabilities such as receivables, refundable deposits under "Other current assets" and accounts payable and other liabilities which arise directly from its operations.

The Group is exposed to liquidity risk, credit risk and foreign currency risk. The main objective of the Group's financial risk management is to identify and monitor said risks in an ongoing basis and to minimize and mitigate such risks.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit the risk, the Group maintains sufficient cash to meet operating capital requirements. The Group also monitors the maturities of its financial assets and financial liabilities and ensures that it has sufficient current assets to settle the current liabilities.



The tables below summarize the maturity profile of the Group's financial liabilities and assets as at December 31, 2016 and 2015 based on undiscounted payments:

2016	On demand	Three to twelve months	One to five years	Total
<i>Other financial liabilities</i>				
Trade and other payables:				
Trade	₱389,452,352	₱21,669,178	₱–	₱411,121,530
Other	50,459,007	–	–	50,459,007
Advances from related parties	39,759,361	–	–	39,759,361
Loans and borrowings				
Principal	572,350,000	295,034,260	109,641,312	977,025,572
Interest	14,884,259	15,447,081	46,341,244	76,672,584
Lease payable	2,906,201	27,342,924	56,495,691	86,744,816
	₱1,069,811,180	₱359,493,443	₱212,478,247	₱1,641,782,870
<i>Financial assets</i>				
Cash	₱23,754,845	₱–	₱–	₱23,754,845
Trade and other receivables:				
Trade	62,970,010	66,488,837	–	129,458,847
Other	32,492,935	14,652,397	–	47,145,332
Deposits	5,995,694	–	–	5,995,694
Advances to related parties	44,609,267	–	–	44,609,267
Advances to stockholder	725,331,543	–	–	725,331,543
	₱895,154,294	₱81,141,234	₱–	₱976,295,528
<i>2015</i>				
	On demand	Three to twelve months	One to five years	Total
<i>Other financial liabilities</i>				
Trade and other payables:				
Trade	₱341,806,639	₱8,909,000	₱–	₱350,715,639
Other	18,005,057	125,378,505	–	143,383,562
Advances from related parties	177,101,534	–	–	177,101,534
Loans and borrowings				
Principal	1,037,033,866	–	220,797,845	1,257,831,711
Interest	–	205,420	765,510	970,930
Lease payable	–	30,508,369	75,414,093	105,922,462
	₱1,573,947,096	₱165,001,294	₱296,977,448	₱2,035,925,838
<i>Financial assets</i>				
Cash	₱33,278,930	₱–	₱–	₱33,278,930
Trade and other receivables:				
Trade	82,222,877	44,083,462	–	126,306,339
Other	40,549,744	3,567,889	–	44,117,633
Deposits	14,952,354	–	–	14,952,354
Advances to related parties	8,889,594	–	–	8,889,594
Advances to stockholder	723,444,611	–	703,226,545	1,426,671,156
	₱903,338,110	₱47,651,351	₱703,226,545	₱1,654,216,006

The interest portion of loans payable and redeemable and convertible note which amounted to ₱14.88 million and ₱0.21 million as at December 31, 2016 and 2015, respectively, and is accounted for under “Trade and other payables” (see Note 12).

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions.



The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics. Credit risk on financial assets which comprise cash, receivables and refundable deposits included in “Other current assets” arising from the default of the counterparty has a maximum exposure equal to the carrying amount of these financial instruments.

The table below shows the maximum exposure to credit risk for the Group’s financial assets, without taking into account any collateral and other credit enhancements as at December 31, 2016 and 2015:

	2016	2015
Cash with banks	₱21,658,772	₱32,133,105
Trade and other receivables	176,604,179	170,423,972
Deposits	5,995,694	14,952,354
Advances to related parties	44,609,267	8,889,594
Advances to stockholder	725,331,543	1,426,671,156
	₱974,199,455	₱1,653,070,181

The table below summarizes the credit quality of the Group’s financial assets based on its historical experience with the corresponding parties as at December 31, 2016 and 2015:

2016	Neither past due nor impaired		Past due or impaired	Total
	High Grade	Standard Grade		
Cash with banks	₱21,658,772	₱—	₱—	₱21,658,772
Trade and other receivables:				
Trade	9,718,323	43,291,183	76,449,341	129,458,847
Other	34,490,101	12,602,092	53,139	47,145,332
Deposits	—	5,995,694	—	5,995,694
Advances to related parties	—	—	44,609,267	44,609,267
Advances to stockholder	—	—	725,331,543	725,331,543
Total	₱65,867,196	₱61,888,969	₱846,443,290	₱974,199,455

2015	Neither past due nor impaired		Past due or impaired	Total
	High Grade	Standard Grade		
Cash with banks	₱32,133,105	₱—	₱—	₱32,133,105
Trade and other receivables:				
Trade	78,066,098	41,004,205	7,236,036	126,306,339
Other	30,805,305	13,312,328	—	44,117,633
Deposits	—	14,952,354	—	14,952,354
Advances to related parties	—	8,889,594	—	8,889,594
Advances to stockholder	485,068,193	941,602,963	—	1,426,671,156
Total	₱626,072,701	₱1,019,761,444	₱7,236,036	₱1,653,070,181

- Cash with banks are assessed as high grade since this is deposited in a reputable bank, which has a low probability of insolvency.
- High grade receivables pertain to receivables from employees and program partners who consistently pay before the maturity date. Standard grade receivables are receivables that are collected on their due dates even without an effort from the Group to follow them up. Both high grade and standard grade receivables currently have no history of default.
- Advances to related parties are assessed as standard grade since the Group practices offsetting of receivables and payables.



- Refundable security deposits were assessed as standard grade as these are refunded upon termination or fulfilment of agreement.

Foreign currency risk

The Group is exposed to foreign currency risk on its outstanding foreign currency denominated financial assets and financial liabilities. To address the risk associated with the volatility of the foreign exchange rate, the Group actively monitors its currency exposures.

The Group has the following US Dollar denominated financial assets and financial liabilities:

2016	HKD	Peso Equivalent	US\$	Peso Equivalent
Financial assets:				
Cash with banks	HK\$998,596	₱6,412,185	US\$16,167	₱803,808
Trade and other receivables	11,155	71,628	889,221	44,212,068
Advances from related parties	1,187,105	7,622,639	–	–
	2,196,856	14,106,452	905,388	45,015,876
Loans and borrowings:				
Trade and other payables	HK\$930,040	₱5,971,973	430,396	21,399,289
Loans payable	–	–	4,433,050	220,411,267
	930,040	5,971,973	4,863,446	241,810,556
Net financial liabilities	HK\$1,266,816	₱8,134,479	(US\$3,958,058)	(₱196,794,680)

2015	HKD	Peso Equivalent	US\$	Peso Equivalent
Financial Assets:				
Cash with banks	HK\$4,326,252	₱26,346,876	US\$35,005	₱1,647,335
Trade and other receivables	13,221,110	80,465,490	680,898	32,043,060
	17,547,362	106,812,366	715,903	33,690,395
Loans and borrowings:				
Trade and other payables	8,673,941	52,787,000	430,396	20,254,436
Loans payable	–	–	2,345,221	110,366,100
	8,673,941	52,787,000	2,775,617	130,620,536
Net financial liabilities	HK\$8,873,421	₱54,025,366	(US\$2,059,714)	(₱96,930,141)

The equivalent exchange rates of one foreign currency in Philippine peso as at December 31, 2016 and 2015 are as follow:

	2016	2015
HKD	6.42	6.09
USD	49.72	47.06

The sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's income before income tax in 2016 and 2015 are as follows:

	2016		2015	
Currency	Increase (decrease) in exchange rates	Effect on net loss income tax	Increase (decrease) in exchange rates	Effect on net loss income tax
HKD	4.00%	₱325,379	1.00%	₱540,254
	-4.00%	(325,379)	-1.00%	(540,254)
US\$	4.00%	(7,871,782)	0.50%	(484,650)
	-4.00%	7,871,782	-0.50%	484,650

There is no other impact on the Group's equity other than those already affecting the consolidated statement of income.



Capital Management Objectives and Policies

The primary objective of the Group's capital management policy is to ensure that the fund balance is maintained at an adequate level. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group's capital as at December 31, 2016 and 2015 are as follow:

	2016	2015
Capital stock	₱621,683,570	₱621,683,570
Additional paid-in capital	2,330,723,527	2,330,723,527
Advances from related parties	39,759,361	110,109,711
Loans and borrowings	977,025,572	1,090,823,535
Total capital	₱3,969,192,030	₱4,153,340,343

The Group has no externally imposed capital requirement. No changes were made in the objectives, policies or processes during the years ended December 31, 2016 and 2015.

24. Fair Value Measurement

The management assessed that the following financial instruments approximate their carrying amounts based on the methods and assumptions used to estimate the fair values:

Cash, trade and other receivables, advances to/from related parties and trade and other payables

The carrying amounts of cash, trade and other receivables, advances to/from related parties and trade and other payables approximate their fair values due to the short-term nature of these financial instruments.

Interest bearing advances from a related party

The carrying value of interest bearing advances from a related party approximates its fair value as its interest rate is based on market rate for debt with the same maturity profile at the end of the reporting period.

Loans and borrowings

The carrying value of loans and borrowings approximate their fair values as their interest rates are based on market rates for debt with the same maturity profiles at the end of the reporting period.

Lease payable

The fair values of lease payable are based on the present value of future cash flows discounted using the current rates available for debt with the same maturity profile as at the end of the reporting period.

25. Lease Agreements

Operating Lease Commitments

The Group leases the office spaces and store branches under lease agreements covering one (1) year, renewable every end of the lease term. Renewals are subject to the mutual consent of the lessor and the lessee. The Company agreed to pay monthly fixed payment additional payment for utilities and intercommunication service. As at December 31, 2016 and 2015, there are 31 and 28 store outlets, respectively, being held under operating lease agreements.



Rent expense pertaining to these leases amounted to ₱50.92 million, ₱73.19 million and ₱107.70 million 2016, 2015 and 2014, respectively.

The future minimum rentals payable for store branches under long-term operating leases are as follows:

	2016	2015
Within one (1) year	₱21,285,679	₱39,869,238
After 1 year but not more than five (5) years	—	36,033,689
	₱21,285,679	₱75,902,927

Finance Lease Commitments

Vehicles

In 2012, the Group has entered in ten (10) finance lease agreements for the acquisition of various vehicles for logistics and administrative purposes. The agreement bears an interest ranging from 4% to 7% for a lease term ranging from four (4) to six (6) years. In 2016, two (2) finance lease agreements were restructured by the Group. The renegotiation includes revised monthly payments and extension of the term up to 2019. In addition, the restructured leases bear interest ranging from 8% to 11%. Loss recognized on the restructuring amounted to ₱3.02 million (see Note 20).

Machineries

In 2012, the Group has entered in a finance lease agreement with Tetra Pak Philippines, Inc. for the acquisition of machinery for the coconut water. The machineries was acquired and will be paid on a quarterly basis for a period of eighty four (84) months with interest rate of 3.5%. The Group initially recognized this finance lease at its transaction price and subsequently carried at amortized costs less payment.

The components of the lease obligations as at December 31, 2016 and 2015 are as follows:

	2016	2015
Gross finance lease obligation		
Less than one year	₱28,590,247	₱21,975,314
Between one and five years	53,087,610	68,400,987
	81,677,857	90,376,301
Less interest	3,591,809	678,424
Present value of future minimum lease payments	78,086,048	89,697,877
Less current portion	28,148,063	15,807,362
	₱49,937,985	₱73,890,515

Rice mill and various milling equipment

In April 2013, the Group entered to a lease agreement covering a rice mill and various agricultural equipment with a monthly rate of ₱514,361 for the use in operations. The lease will be for forty eight (48) months from the date of acceptance unless sooner terminated by the contracting parties. In 2016, a restructuring agreement was entered by the Group to renegotiate the terms of the outstanding obligation. The renegotiation called for an interest rate of 10% per annum with revised monthly payments to be settled for (36) months. In addition, the agreement includes extension of the term up to 2019. Gain recognized on the restructuring amounted to ₱1.44 million (see Note 20).



The components of the lease obligations as at December 31, 2016 and 2015 are as follows:

	2016	2015
Gross finance lease obligation		
Less than one year	₱2,780,000	₱14,737,892
Between one and five years	8,676,768	1,536,513
	11,456,768	16,274,405
Less interest	2,798,000	49,820
Present value of future minimum lease payments	8,658,768	16,224,585
Less current portion	2,101,062	14,701,007
	₱6,557,706	₱1,523,578

Interest expense incurred on the above leases amounted to ₱2.28 million, ₱18.62 million and ₱12.13 million in 2016, 2015 and 2014, respectively.

26. Discontinued Operations

The Group has entered into several divestment transaction of its Investment in Subsidiaries account as follows:

a. JF HK

In 2016, the Parent Company through ANI IL entered in an agreement to sell its 51% ownership interest in JF HK for a total consideration of HKD75,000 or ₱478,511.

The results of the operations of the discontinued operations of JF HK, with comparative amounts 2015 and 2014 are as follows:

	2016	2015	2014
Revenue	₱—	₱1,111,863,152	₱1,218,989,334
Expenses	—	(1,143,272,484)	(1,292,753,633)
Income tax	—	—	—
Net loss	₱—	(₱31,409,332)	(₱73,764,299)

b. Hansung Agro Products Corporation (HAPC)

In June 2015, the Parent Company entered into a Memorandum of Agreement (MOA) to sell its 2,000,000 common shares with par value of ₱100 in HAPC. The closing date for the acquisition was on May 28, 2015. The HAPC accounts were deconsolidated from the Group as a result of the divestment.

The results of the operations of the discontinued operations of HAPC, with comparative amounts 2015 and 2014 are as follows:

	2015	2014
Revenue	₱—	₱—
Expenses	(8,663,648)	(12,003,437)
Income tax	—	—
Net loss after tax	(₱8,663,648)	(₱12,003,437)



c. Qualis Logistics and Transportation Services, Inc. (QLTS)

In December 2015, the Group entered into a MOA to sell all of its 51% ownership over QLTS. Under the MOA, the buyer, who also owned the 49% interest on the subsidiary, purchased the 51% ownership owned by the Group for a total consideration of ₱10,022,172. The loss on disposal amounted to ₱691,647. The results of the operations of the discontinued operations of HAPC, with comparative amounts 2015 and 2014 are as follows:

	2015	2014
Revenue	₱14,377,531	₱24,938,311
Expenses	(26,804,917)	(26,583,263)
Income tax	(1,067,734)	—
Net loss after tax	(₱13,495,120)	(₱1,644,952)

d. Freshness First Pty. Ltd. (FFPL), BSK Pty. Ltd. (BSK) and Mischul Pty. Ltd. (MPL)

On December 11, 2015, the Group entered into an agreement for the sales of the entire interest of ANI through its wholly owned subsidiaries, FFPL, BSK and MPL in favor of Organic Pathe Limited. The subsidiaries were part of the Australian operations and were primarily engaged in the business processing of fruits and vegetables. The total consideration of the sale amounted to USD2.5 million. The gain on disposal amounted to about ₱17.9 million.

The results of the operations of FFPL, BSK and MPL follow:

	2015	2014
Revenue	₱466,656,004	₱561,895,281
Expenses	(461,459,402)	(569,644,682)
Income tax	(321,913)	1,447,459
Net loss after tax	₱4,874,689	(₱6,301,942)

e. Sunshine Supplies International Co., Ltd. (SSIC)

On June 15, 2015, the Group entered into a MOA for the sale of its entire interest in SSIC for a total consideration of HKD10,000 free from all liens and encumbrances. Accordingly, the accounts were deconsolidated from the Group, as a result of the divestment. The loss on disposal amounted to about ₱17.6 million. The results of SSIC for the period ended May 28, 2015 follow:

	2015	2014
Revenue	₱61,358,301	₱199,709,945
Expenses	(59,693,239)	(197,949,885)
Income tax	—	(39,339)
Net income after tax	₱1,665,062	₱1,720,721

f. Tagum Resources Agri-Industrial Inc. (TRAIN)

On December 27, 2013, the Group and a third party incorporated TRAIN, with the Group having a share of 51% in equity interest. Upon incorporation, TRAIN received a group of assets from the co-incorporator as an initial contribution, which falls under in the definition of a business under PFRS 3, *Business Combination*. As such, the TRAIN accounts were included in the consolidation of the Group. There were no commercial operation in the period ended December 31, 2013.



On December 17, 2014, BCH entered into a Memorandum of Agreement (MOA) with Black River (the Fund) and Hijo Resources Corp. for the sale of BCH's 51% ownership interest in TRAIN. The results of the operations of TRAIN for the period ended December 19, 2014 follow:

	2014
Revenue	₱321,489,460
Expenses	(288,698,671)
Income tax	(9,833,857)
Net income after tax	₱22,956,932

Results of Discontinued Operations

Results of Discontinued Operations together with their comparative figures for 2016, 2015 and 2014 follow:

	2016	2015	2014
REVENUES			
Sales	₱—	₱1,654,254,988	₱2,325,882,597
Direct cost and expenses	—	(1,309,999,556)	(1,977,780,730)
Gross profit	—	344,255,432	348,101,867
General and administrative expenses	—	(423,233,318)	(435,475,959)
Interest expense	—	(449,858)	(4,710,805)
Interest income	—	18,660,776	4,641,214
Other income	—	12,348,972	20,528,140
Loss before income tax from discontinued operations	—	(48,417,996)	(66,915,543)
Provision from income tax	—	1,389,647	(2,121,435)
Net income (loss)	—	(47,028,349)	(69,036,978)
Net gain (loss) from loss of control	80,276,732	(7,099,657)	5,435,000
Total net income (loss)	₱80,276,732	(₱54,128,006)	(₱63,601,978)
Net income (loss) attributable to:			
Equity holders of the Parent Company	₱80,276,732	(₱38,132,967)	(₱27,494,599)
Noncontrolling interest	—	(15,995,039)	(36,107,379)
	₱80,276,732	(₱54,128,006)	(₱63,601,978)

Basic/diluted earnings per share attributable to equity holders of the Parent Company from discontinued operations follow:

	2016	2015	2014
Net income (loss) from discontinued operations attributable to equity holders of the Parent Company	₱80,276,732	(₱38,132,967)	(₱27,494,599)
Weighted average number of outstanding common shares	621,683,570	621,683,570	578,688,304
Basic earnings (loss) per share	₱0.13	(₱0.06)	(₱0.05)



Cash Flows of Discontinued Operations

The cash flows generated from (used in) discontinued operations for the years ended December 31, 2016, 2015 and 2014 follow:

	2016	2015	2014
Net cash flows from (used in):			
Operating activities	₱478,511	(₱337,752,620)	₱261,244,484
Investing activities	–	23,795,532	(416,184,401)
Financing	–	401,963,885	165,912,562
Net cash inflow	₱478,511	₱88,006,797	₱10,972,645

Effect of Disposals on the Group's Statement of Financial Position

The impact of the disposals of the subsidiaries on the consolidated statements of financial position of the Group as at December 31, 2016 and 2015 follows:

	2016	2015
Current Assets		
Cash	₱19,346,682	₱13,647,146
Trade and other receivables	1,133,744	100,659,308
Inventories	–	4,510,361
Other current assets	12,676,945	24,156,438
Noncurrent Assets		
Property and equipment	270,132	66,785,370
Other noncurrent assets	–	84,308,696
Current Liabilities		
Accounts and other payables	(210,159,564)	(48,575,845)
Loans and borrowings	(45,229,780)	(55,824,323)
Advances from related parties	(1,380,541)	(77,245,566)
Other current liability	–	(20,038,486)
Noncurrent Liability		
Lease payable	–	(730,284)
Net Assets (Liabilities)	(223,342,382)	91,652,815
Noncontrolling Interest	109,437,767	(13,909,446)
Goodwill and Cumulative Translation Adjustment	33,149,372	76,751,554
Net Assets (Liabilities) disposed of	(80,755,243)	154,494,923
Consideration	478,511	147,395,266
Loss (Gain) from divestment	(₱80,276,732)	₱7,099,657
Net cash outflow from disposal		
Cash consideration already received	₱478,511	₱117,315,000
Cash disposed of	(19,346,682)	(13,647,146)
	(₱18,868,171)	₱103,667,854

The consideration includes cash received of ₱0.48 million, ₱117.3 million and ₱25.00 million in 2016 and 2015, respectively.



27. Segment Information

The Group has identified its operating segments based on internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The operating segments identified by the management are as follows:

Exports

The Export segment is in charge of looking for markets abroad as well as sourcing the best quality produce possible to satisfy its growing number of clients abroad. Its main export products are fresh banana, fresh mango, and coco-water.

Distribution

The Distribution segment is responsible for the local sales and distribution of various produce that the Group offers to a number of supermarkets around Luzon.

Retail

The Retail segment is responsible for the management and operation of the Group's retail businesses.

Foreign Trading

The Foreign Trading segment is in charge of the international distribution operations of the Group in Hong Kong, China, and Australia.

Farming and Sourcing

The Farming and sourcing segment is engaged in commodity such as rice and corn and high value crops production, joint venture farming and contract growing. Agricultural goods produced by the Farming Group are supplied to the Distribution and Export Groups. In 2014, the Group discontinued with its farming activities with the Group's divestment of its controlling interest in TRAIN.

Others

This segment is an aggregation of the other businesses of the Group that does not fit in the other segments above.

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. In addition, the Group's reportable segments also include geographical areas for local and foreign operations. Foreign operations are included under "Foreign Trading" and local operations are included under the remaining reported segments



	December 31, 2016					
	Exports	Distribution	Retail	Foreign Trading	Eliminations	Total
External customers	₱67,672,390	₱241,697,201	₱84,790,226	₱176,683,431	₱—	₱570,843,248
Inter-segment revenues	—	—	1,453,259	—	(1,453,259)	—
Total revenues	67,672,390	241,697,201	86,243,485	176,683,431	(1,453,259)	570,843,248
Cost of sales	(133,853,697)	(206,468,033)	(36,248,593)	(125,420,155)	22,392,209	(479,598,269)
Segment operating earnings	(66,181,307)	35,229,168	49,994,892	51,263,276	20,938,950	91,244,979
General and administrative	(33,343,311)	(70,720,622)	(66,014,578)	(51,095,812)	(8,817,964)	(229,992,287)
Finance income	4,112	100	1,464	—	—	5,676
Finance expense	(21,474,471)	(36,328,695)	(80,540)	(563,839)	(640,822)	(59,088,367)
Other operating income (loss)	(434,323)	(1,342,564)	7,636,710	81,234,004	(104,454,706)	(17,360,879)
(Provision for) benefit from income tax	(2,174,335)	(5,910,500)	(1,883,690)	(303,018)	—	(10,271,543)
Net income (loss) attributable to equity holders of the parent	(123,603,635)	(79,073,113)	(10,345,742)	80,534,611	(92,974,542)	(225,462,421)
Segment assets	1,905,654,441	2,106,020,745	155,024,964	163,549,598	(1,989,598,954)	2,340,650,794
Deferred tax assets – net	—	—	—	—	—	—
Total assets	₱1,905,654,441	₱2,106,020,745	₱155,024,964	₱163,549,598	(₱1,989,598,954)	₱2,340,650,794
Segment liabilities	(₱1,209,884,252)	(₱1,583,229,229)	(₱158,345,274)	(₱295,442,855)	₱1,670,337,103	(₱1,576,564,507)
Deferred tax liabilities - net	—	(16,738)	(54,997)	—	(1,588,801)	(1,660,536)
Total liabilities	(₱1,209,884,252)	(₱1,583,245,967)	(₱158,400,271)	(₱295,442,855)	₱1,668,748,302	(₱1,578,225,043)
Capital expenditures						
Depreciation and amortization	32,269,125	15,088,0822	8,002,489	3,126,232	4,025,607	62,511,536
Income from discontinued operation						(80,276,732)



	December 31, 2015					
	Exports	Distribution	Retail	Foreign Trading	Eliminations	Total
External customers	₱281,450,682	₱292,496,227	₱81,947,203	₱569,858,726	₱—	₱1,225,752,838
Inter-segment revenues	—	—	—	687,036	(687,036)	—
Total revenues	281,450,682	292,496,227	81,947,203	570,545,762	(687,036)	1,225,752,838
Cost of sales	(237,679,711)	(268,617,427)	(61,343,469)	(623,934,447)	—	(1,191,575,054)
Segment operating earnings	43,770,971	23,878,800	20,603,734	(53,388,685)	(687,036)	34,177,784
General and administrative	(79,746,251)	(58,120,670)	(95,977,397)	(46,258,907)	—	(280,103,225)
Finance income	9,070	8,606	3,332	26	—	21,034
Finance expense	(25,407,366)	(32,056,955)	(3,024,786)	(16,751,946)	(16,088,404)	(93,329,457)
Other operating income	(16,338,133)	(27,940,769)	(1,567,550)	(10,025,160)	(9,979,940)	(65,851,552)
(Provision for) benefit from income tax	(537,123,690)	498,147,496	12,477,266	—	(70,888)	(26,569,816)
Net income (loss) attributable to equity holders of the parent	(614,835,399)	403,916,508	(67,485,401)	(126,424,672)	(26,826,268)	(431,655,232)
Segment assets	1,420,400,196	2,468,291,561	143,511,501	226,755,022	(1,380,227,713)	2,878,730,567
Deferred tax assets - net	2,772,403	4,271,167	364,683	—	—	7,408,253
Total assets	₱1,423,172,599	₱2,472,562,728	₱143,876,184	₱226,755,022	(₱1,380,227,713)	₱2,886,138,820
Segment liabilities	(₱771,523,970)	(₱1,678,278,915)	(₱120,649,926)	(₱520,886,388)	₱916,905,334	(₱2,174,433,865)
Deferred tax liabilities - net	—	(1,173)	—	—	—	(1,173)
Total liabilities	(₱771,523,970)	(₱1,678,280,088)	(₱120,649,926)	(₱520,886,388)	₱916,905,334	(₱2,174,435,038)
Capital expenditures						
Depreciation and amortization	21,010,128	48,725,079	14,072,722	2,303,582	—	86,111,511
Loss from discontinued operation						54,128,006



	December 31, 2014						
	Sourcing	Exports	Distribution	Retail	Foreign Trading	Eliminations	Total
External customers	₱2,463,844	₱179,730,474	₱135,869,457	₱38,936,657	₱791,189,723	₱-	₱1,148,190,155
Inter-segment revenues	36,448	71,024,909	30,701,686	-	-	(101,763,043)	-
Total revenues	2,500,292	250,755,383	166,571,143	38,936,657	791,189,723	(101,763,043)	1,148,190,155
Cost of sales	(4,120,240)	(126,463,555)	(93,083,434)	(13,273,981)	(538,358,887)	(31,999,328)	(807,299,425)
Segment operating earnings	(1,619,948)	124,291,828	73,487,709	25,662,676	252,830,836	(133,762,371)	340,890,730
General and administrative	(6,504,260)	(91,029,007)	(112,203,660)	(54,610,921)	(268,387,442)	-	(532,735,290)
Finance income	248,954	14,470	32,230	309	6	-	295,969
Finance expense	(5,202,228)	(51,145,452)	(25,462,051)	-	(411,436)	-	(82,221,167)
Other operating income	(60,746,949)	(13,975,289)	(13,134,002)	(200,415,841)	(183,286,521)	(366,317,595)	(837,876,197)
(Provision for) benefit from income tax	(13,631,594)	(456,975)	(1,493,958)	(81,561)	558,313	(3,679,260)	(18,785,034)
Net income (loss) attributable to equity holders of the parent	(87,456,025)	(32,300,425)	(78,773,732)	(229,445,338)	(198,696,244)	(503,759,225)	(1,130,430,989)
Segment assets	475,594,957	4,869,463,945	1,170,102,030	190,669,987	524,366,675	(3,405,038,375)	3,825,159,219
Deferred tax assets - net	-	37,694,652	21,555,079	2,152,612	2,555,442	-	63,957,785
Total assets	₱475,594,957	₱4,907,158,597	₱1,191,657,109	₱192,822,599	₱526,922,117	(₱3,405,038,375)	₱3,889,117,004
Segment liabilities	₱482,815,800	₱2,864,323,710	₱785,258,664	₱88,759,129	₱841,439,142	(₱2,418,066,113)	₱2,644,530,332
Deferred tax liabilities - net	686,610	-	914	-	-	-	687,524
Total liabilities	₱483,502,410	₱2,864,323,710	₱785,259,578	₱88,759,129	₱841,439,142	(₱2,418,066,113)	₱2,645,217,856
Capital expenditures	13,303,452	297,881,653	106,596,281	25,612,614	70,437,942	-	513,831,942
Depreciation and amortization	13,496,121	62,524,573	12,673,506	23,644,158	12,203,287	-	124,541,645
Loss from discontinued operation							63,601,978



28. Notes to Consolidated Statements of Cash Flows

Below are the non-cash activities of the Group follows:

	2016
Investing activities	
Deposit for future investment	₱308,219,578
Financing activities	
Redeemable and convertible loan	234,000,000

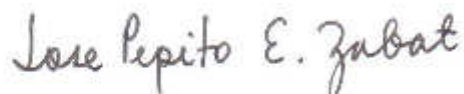


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
AgriNurture, Inc. and Subsidiaries
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of AgriNurture, Inc. and its subsidiaries as at December 31, 2016 and 2015 and for the three years then ended, included in this Form 17-A, and have issued our report thereon dated May 2, 2017. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
SEC Accreditation No. 0328-AR-3 (Group A),
May 1, 2015, valid until April 30, 2018
Tax Identification No. 102-100-830
BIR Accreditation No. 08-001998-60-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908781, January 3, 2017, Makati City

May 2, 2017



AGRINURTURE INC AND ITS SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2016

TABLE OF CONTENTS

Schedule	Title	Page
A	Financial Assets (Loans and Receivables, Fair Value Through Profit or Loss, Held-to-Maturity Investments and Available-for-Sale Securities)	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	Not Applicable
C	Long-term Debt	2
D	Indebtedness to Related Parties	Not applicable
E	Guarantees of Securities of Other Issuers	Not Applicable
F	Capital Stock	3
	Financial Soundness Indicators	4
	Top 20 Stockholders of Record	5
	Retained Earnings Available for Dividend Declaration	6
	Group Chart	7

AGRINURTURE INC AND ITS SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS

	Carrying Value	Fair Value
Cash with banks	21,658,772	21,658,772
Trade and other receivables	176,604,179	176,604,179
Deposits	5,995,694	5,995,694
Advances to related parties	44,609,267	44,609,267
Advances to stockholders	725,331,543	725,331,543
	974,199,455	1,081,942,349

AGRINURTURE INC AND ITS SUBSIDIARIES
SCHEDULE C – LONG-TERM DEBTS

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Availed	Outstanding balance	Short-term Debt	Long-term Debt		
					Current Portion of Long-term Debt	Noncurrent Portion of Long- term Debt	
						Maturity Date	Amount
RCBC	113,123,997	113,123,997	113,123,997	80,133,747	32,990,250		113,123,997
HSBC	107,287,271	107,287,271	107,287,271	30,536,209	76,651,062		107,287,271
BDO	349,800,000	349,800,000	349,800,000	349,800,000	-		349,800,000
LANDBANK	213,400,000	213,400,000	213,400,000	213,400,000	-		213,400,000
CHINATRUST	90,000,000	90,000,000	90,000,000	90,000,000	-		90,000,000
MFGA ICBC	49,150,000	49,150,000	49,150,000	49,150,000	-		49,150,000
MALAYAN BANK	43,350,000	43,350,000	43,350,000	43,350,000	-		43,350,000
VARIOUS LEASES	86,744,816	86,744,816	86,744,816	30,249,125	56,495,691		86,744,816
ACEF LOAN	10,914,304	10,914,304	10,914,304	10,914,304	-		10,914,304
	1,063,770,388	1,063,770,388	1,063,770,388	837,633,385	165,137,003		1,138,620,900

AGRINURTURE INC AND ITS SUBSIDIARIES
SCHEDULE F – CAPITAL STOCK

Title of Issue	Number of Shares		No. of Shares Reserved for Options, etc.	Number of Shares Held by		
	Authorized	Issued and Outstanding		Affiliates	Directors, Officers, and Employees	Others
Common share at P1 par value	1,000,000,000	621,683,570	-	-	-	-
	1,000,000,000	621,683,570	-	-	-	-

AGRINURTURE INC AND ITS SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FINANCIAL KEY PERFORMANCE INDICATOR	DEFINITION	FOR THE YEAR ENDED	
		2016	2015
Current/Liquidity Ratio			
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.71	0.57
Quick ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Prepayments}}{\text{Current Liabilities}}$	0.63	0.50
Solvency ratio / Debt to equity ratio	$\frac{\text{Total Liabilities}}{\text{Equity}}$	2.07	3.06
Asset to equity ratio	$\frac{\text{Total Assets}}{\text{Equity}}$	3.07	4.05
Interest rate coverage ratio	$\frac{\text{Income Before Tax}}{\text{Finance Cost}}$	(3.64)	(4.34)
Profitability Ratio			
Return on assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	(0.06)	(0.14)
Return on equity	$\frac{\text{Net Income}}{\text{Average Total Equity}}$	(0.20)	(0.50)

AGRINURTURE INC AND ITS SUBSIDIARIES

LIST OF TOP 20 STOCK HOLDERS

1. PCD Nominee Corporation – with 306,136,634 number of Shares covering 49.24 %.
2. PCD Nominee Corporation – with 176,829,791 number of Shares covering 28.44 %.
3. Greenergy Holdings Incorporated- with 85,990,533 number of Shares covering 13.83 %.
4. Antonio L. Tiu - with 37,733,933 number of Shares covering 6.07 %.
5. Southern Field Limited - with 8,429,757 number of Shares covering 1.36 %.
6. Mark Kenneth O. Duca - with 3,000,000 number of Shares covering 0.48 %.
7. Yang Chung Ming - with 1,566,200 number of Shares covering 0.25 %.
8. Ngo Debbie Christie- with 600,000 number of Shares covering 0.10 %.
9. Kathy Joy O. Duca- with 600,000 number of Shares covering 0.10 %.
10. Queenie Jane O. Duca- with 600,000 number of Shares covering 0.10 %.
11. Jose M. Crisostomo- with 96,000 number of Shares covering 0.02 %.
12. Gerardo L. Dean- with 62,700 number of Shares covering 0.01 %.
13. Quality Invest. & Securities Corp - with 19,600 number of Shares covering 0.00 %.
14. Jose A. Ferriols- with 5,000 number of Shares covering 0.00 %.
15. Charlie Y. Busmeon - with 4,800 number of Shares covering 0.00 %.
16. Nieves Q. Lim and/or Alexander D. Lim - with 2,640 number of Shares covering 0.00 %.
17. James David Sayre - with 1,200 number of Shares covering 0.00 %.
18. Maricel C. Lacson- with 1,200 number of Shares covering 0.00 %.
19. Tai Chuan Lin- with 1,199 number of Shares covering 0.00 %.
20. OTHERS (Indicate the number of the remaining Stockholders) - with 2,383 number of Shares covering 0.00 %.

AGRINURTURE INC AND ITS SUBSIDIARIES
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2016

Unappropriated Retained Earnings, beginning	P	(2,114,135,261)
Add (Deduct): Non-actual losses (Net profit on the face of audited financial statements)		(149,331,726)
Less: Non-actual/unrealized income net of tax		
• Equity in net income of associate/joint venture		-
• Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) unrealized actuarial gain		-
• Fair value adjustment (M2M gains)		-
• Fair value adjustment of investment property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (Income tax benefit)		
- Gain on reclassification from AFS investment to investment in associate		-
- Change in deferred tax assets (excluding net change in deferred tax asset in Other comprehensive income and loss		-
• Depreciation on revaluation increment (after tax)		-
• Adjustment due to deviation from PFRS /GAAP - loss		-
• Loss on fair value adjustment of investment property (after tax)		-
Net Income Actual/Realized		(149,331,726)
Unappropriated Retained Earnings, as adjusted, ending	P	(2,263,466,987)

