C O V E R S H E E T
for
SEC FORM 17-A

SEC Registration Number

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C O M P A N Y N A M E

S	W	I	F	T		F	O	O	D	S	,		I	N	C	.													

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

4	F		R	F	M		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R							
S	H	E	R	I	D	A	N		C	O	R	N	E	R		P	I	O	N	E	E	R		S	T	R	E	E	T
M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y														

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 A		N / A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
None	**631-8101**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
10,711	**Any day of June**	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Jose A. Bernas	**jbernas@bernaslaw.com**	**892-7470**	

CONTACT PERSON's ADDRESS

8th Floor RahaSulayman Building, 108 Benavidez St., Legaspi Village, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended **December 31, 2017**.

2. SEC Identification Number **AS094-0050666**. BIR Tax Identification No. **003-973-161-000**

4. Exact name of issuer as specified in its charter **SWIFT FOODS, INC.**

5. **Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **4F RFM Corporate Center, Sheridan corner Pioneer Streets, Mandaluyong City**..... **1603**
Address of principal office Postal Code

8. **(+632) 631-8101 Local 7203**
Issuer's telephone number, including area code

9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the 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
Common	**1,818,436,953**
Preferred	**48,633,664**
Debt	**Not applicable**

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

Yes [**x**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common and Preferred shares**

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 [**x**] No [ ]

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

Yes [**x**] 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. (See definition of "affiliate" in “Annex B”).

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;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

SWIFT FOODS, INC.
Supplementary Schedules Required
By the Securities and Exchange Commission
As of and for the Year Ended December 31, 2016

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Swift Foods, Inc. ("SFI"or the "Company") was incorporated on 6 June 1994 to assume RFM's business of manufacturing, marketing, and distributing processed and canned meat products, poultry products, and commercial feeds.

The Company was primarily organized into two business divisions, namely, agribusiness (poultry and feeds) and meat (meat processing and sales & distribution) divisions.

RFM Corporation began its agribusiness operations in 1965 when it diversified into feed milling. In 1970, it expanded into the poultry business when it entered into a licensing agreement with Peterson Industries and H & N Layers to breed day-old chicks in the Philippines. In 1977, the Company expanded its poultry business by establishing a broiler farm and dressing plant in Cebu.

In June 1994, the Agribusiness and Meat Division of RFM were spun-off to SFI.

The Company undertook an extensive expansion program in 1987 in response to increased market demand. Integrated branches were established across the country. The Company has 10 integrated branches nationwide engaged in hatching, growing, dressing and distribution operations which supply poultry to customers within its geographic area.

In November 2001, the employees of Meat Division went on strike, which effectively caused the closure of the Cabuyao plant. As a result, the Board of Directors decided to transfer the marketing, selling, and distribution activities of the Meat Division to RFM Corporation to join the latter's branded food group business effective 1 October 2002.

In April 2009, the company decided to shutdown all branch operation except for Palawan branch. In August 2011, the company formally ceased its GHQ operation due to severe losses.

The Company's agribusiness division produces and sells poultry products: live and dressed/ processed chicken. In 2013, dressed chicken accounted for approximately 100% of volume sold. Dressed chicken are sold either whole, cut-up into parts and/or customized and processed according to customers' requirements.

About 50.00% of the Company's products are sold to its distributors which sell mainly to downline accounts or wet markets. The balances of 50.00% are sold to Secondary Accounts Group representing mainly the supermarkets, groceries, hotels, restaurants including the food service/fast food segment and live broiler and day-old chick.

The Philippine poultry industry consists of members of the Philippine Association of Broiler Integrators (PABI) which account for about 70% of total production and commercial raisers, which represent about 30%. Members of PABI include San Miguel Foods, Inc., Swift Foods, Inc., Tyson's Agro Ventures, Universal Robina, and Vitarich Corporation. Through the years, competition has become more intense, due not only to the increase in domestic production but increase in imports as well. The Government, recognizing the critical role of the industry in agricultural growth, has continued to provide support through the minimum access volume, safeguards law and other measures that give some level of protection to the industry from import surges, smuggling and unfair trade competition.

SFI has 14 employees as of December 31, 2017, broken down as follows:

Executive	-
Managers/Supervisors	5
Rank and File	9

SFI's poultry production involves two processes: broiler growing operations and dressing/processing operations. Day-old-chicks are bred in rented farms and contract-growers' farms for about 32 days. Harvested broiler chickens are sent to the rented dressing plant for slaughtering/processing.

Under SFI's contract growing arrangements, contract growers provide the following services: housing for the birds that meets SFI's requirement and broiler specifications; labor for day-to-day operations of the farm; and overhead costs such as water, electricity and fuel. The contract also requires the farmer to comply with the vaccination programs and to provide bio-security measures specified by SFI. In return, SFI supplies day-old chicks, feeds, medication and technical assistance.

Raw materials are available when needed. The Company is not dependent upon one or a limited number of suppliers for essential raw materials and there are no existing supply contracts. The principal suppliers of the Company for its major raw materials are DBJ Feeds, Rizal Poultry, Tierwelt Enterpire, EJV Enterprises, Supervet International, and Rising G, among others.

The Company secures the following government approval/permits for its principal products or services:

Product Activity	Approval/Permits Being Secured	Government Agency
Feeds/Feeds Ingredients	Manufacturing. Importing, etc.	National Food Authority, Bureau of Animal Inspection
Dressing of broilers	Inspection fee	National Meat Inspection Commission

Trademarks:

The Company has registered trademarks and has also applied for trademark registration for its products. A trademark has a life of 20 years from registration date. It has a term of ten (10) years and is renewable for another ten (10) years. Once registered, a company is granted the exclusive right over the trademark. The filing of an "Affidavit of Actual Use" every 5th and 10th year anniversary is necessary to show proof that the trademarks are in use.

While SFI retains ownership over the trademarks, RFM Corporation was granted the license to use some of the trademarks for its meat products.

In 2009, the ownership of the trademarks for its meat products was assigned back to RFM Corporation. The Trade License Agreement between SFI and RFM Corporation was finalized in year 2012. Hence, the Swift brand and name is now officially owned by RFM Corporation. However, the agreement provides that SFI shall cease to use Swift in its company name and chicken products if and when it discontinues its poultry business. RFM Corporation sold its Swift brands and logos last November 2012. Presently, the name 'SWIFT' is retained as company name but the chicken products are sold under the trademark of 'SARIWANOK'.

Financial Risk Management Objectives and Policies:

The Company's principal financial instruments consist of cash and cash equivalents, trade receivables, due from employees and accounts payable and other payables. The main purpose of these financial instruments is to ensure adequate funds for the Company's operations.

It is the Company's policy that no trading of financial instruments shall be undertaken.

The Company's management and the BOD review and approve policies for managing these risks. Management closely monitors the funds and financial transactions of the Company.

The Company recognizes the fact that its business operations are always exposed, in one way or the other, to some level of uncertainties or risks which, if not properly addressed and managed, could be detrimental to the profitability of the Company. Listed below are the financial risks the Company is exposed to:

Credit risk

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company manages credit risk by transacting only with a few recognized and creditworthy customers with whom it has already firmly established a good business relationship. It is the Company's policy that all customers who wish to contract on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant.

The Company controls credit risk through strict monitoring procedures and regular coordination with customers.

The maximum exposure to credit risk is equal to the Company's financial assets. The tables below show the aging analysis of financial assets:

As of December 31, 2017:

	Neither past due nor impaired		Past due but not impaired							
	High Grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days	Subtotal	Impaired	Total
Cash and cash equivalents	₱7,945	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱7,945
Receivables:										
Trade	_	1,630	702	310	138	185	419	1,754	40,905	44,289
Due from employees	–	–	–	–	–	--	1,761	1,761	104	1,865
Nontrade	–	–	–	–	–	-	–	-	36,366	36,366
	₱7,945	₱1,630	₱702	₱310	₱138	₱185	₱2,180	₱3,515	₱77,375	₱90,465

As of December 31, 2016:

	Neither past due nor impaired		Past due but not impaired							
	High Grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days	Subtotal	Impaired	Total
Cash and cash equivalents	₱30,710	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱30,710
Receivables:										
Trade	485	771	348	37	13	9	195	602	40,905	42,763
Due from employees	–	–	–	–	–	25	1,771	1,796	105	1,900
Nontrade	–	–	–	–	–	157	–	157	36,366	36,523
	₱31,195	₱771	₱348	₱37	₱13	₱191	₱1,966	₱2,555	₱77,375	₱111,896

The following tables summarize the credit quality of the Company's financial assets.

As of December 31, 2017:

	Neither past due nor impaired		
	High grade	**Standard grade**	**Total**
Cash and cash equivalents	**₱7,945**	**₱–**	**₱7,945**
Trade receivables	**--**	**1,630**	**1,630**
	₱7,945	**₱1,630**	**₱9,575**

As of December 31, 2016:

	Neither past due nor impaired		
	High grade	Standard grade	Total
Cash and cash equivalents	₱30,710	₱–	₱30,710
Trade receivables	485	771	1,256
	₱31,195	₱921	₱31,966

Cash and cash equivalents are classified as *High grade* since these are deposited and invested with reputable banks and can be withdrawn anytime.

High grade receivables pertain to those receivables from clients or customers that consistently pay before the maturity date. *Standard grade* includes receivables that are collected on their due dates even without an effort from the Company to follow them up. Past due receivables and advances include those that are past due but are still collectible. The majority of these past due receivables are not considered to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations when they fall under normal and stress circumstances. To limit risk, the Company manages its liquid funds through cash planning on a monthly and weekly basis. The Company uses historical figures and experiences and forecasts from its collections and disbursements, as well as projections based on the annual business plan. Likewise, the Company places excess funds in short-term cash investments. The Company also enters into restructuring agreements with creditor banks, as the need arises.

The table below summarizes the Company's maturity profile of financial assets held for managing liquidity and maturity profile of financial liabilities based on contractual undiscounted obligations.

As of December 31, 2017:

	On Demand	**Less than 3 months**	**3 to 12 Months**	**Total**
Loans and receivables:				
Cash and cash equivalents	**₱9,787**	**₱–**	**₱–**	**₱9,787**
Receivables:				
Trade	**1,754**	**1,630**	**–**	**3,384**
Due from employees	**1,761**	**–**	**–**	**1,761**
Nontrade	**–**	**–**	**157**	**157**
Total financial assets	**13,302**	**1,630**	**–**	**14,932**
Other financial liabilities:				
Accounts payable and accrued liabilities*	**41,268**	**–**	**–**	**41,268**
Liquidity position (gap)	**(₱27,966)**	**₱1,630**	**₱-**	**(₱26,336)**

**Excluding nonfinancial liabilities amounting to ₱29,344*

As of December 31, 2016:

	On Demand	Less than 3 months	3 to 12 Months	Total
Loans and receivables:				
Cash and cash equivalents	₱32,410	₱–	₱–	₱32,410
Receivables:				
Trade	602	1,256	–	1,858
Due from employees	1,796	–	–	1,796
Nontrade	157	–	–	157
Total financial assets	34,965	1,256	–	36,221
Other financial liabilities:				
Accounts payable and accrued liabilities*	41,841	–	–	41,538
Liquidity position (gap)	(₱6,876)	₱1,256	₱-	(₱5,620)

**Excluding nonfinancial liabilities amounting to ₱29,300.*

The Company's only operation relates to agricultural activity and the financial instruments held by the Company only relates to such activity. As such, the financial risk management disclosure on credit risk and liquidity risk are likewise the strategies related to agricultural activity as required by PAS 41.

Financial risk management related to agricultural activities

The Company is exposed to financial risk due to changes in the cost and supply of feed raw materials and also to the volatility of chicken selling price, and other products which are determined by the supply and demand in the market. There are other factors which contribute to this risk over which the Company has little control such as government regulations, climate, and diseases that may affect the livestock. Such risks and mitigating factors are listed below.

Inherent risk to food manufacturing particularly in the fresh meat processing is spoilage and contamination. Generally, food manufacturing is being regulated by government agencies. The Company employs controls in its manufacturing processes to ensure that all finished products passed through rigid quality control. In addition, government representatives who are deployed to all the Company's dressing plants are always on the lookout to attest the quality of the finished product through issuance of corresponding certificates. The authorities, however, may impose additional regulatory requirements that may require significant capital investment at short notice. The Company ensures that this possibility is considered during the financial budgeting process.

Major raw materials for livestock production like yellow corn expose the Company to risk particularly with the supply and price. The fluctuation of the price of yellow corn is dependent on the harvest results. Production cost will be unfavorably affected if there will be shortage in the supply. The Company closely monitors production requirements particularly of bulk raw materials to avail of competitive prices. In case of shortages in certain areas, the Company sources the raw materials from other areas in the country if the prices are competitive. However, whenever domestic supply of yellow corn falls short of industry requirements, the government has been flexible in regulating the supply of corn by allowing importation of corn when domestic supply is short. Another option is to use a substitute feed ingredient like wheat, which is readily available in the international market and priced competitively.

Item 2. Properties

SFI's poultry production facility consists of one broiler farm located in Tanay, Rizal.

The Company also has leased properties as listed below:

PROPERTY	LOCATION
Pioneer Office Building	Mandaluyong City
Palawan Office	Puerto Princesa, Palawan
Palawan Feeds Warehouse	Bgy. Tinigiban. Puerto Princesa. Palawan
Palawan Cold Storage	Bgy. Masipag., Puerto Princesa, Palawan

Item 3. Legal Proceedings

The Company paid deficiency income and value added taxes in the aggregate amount of P1,568,885.13 inclusive of the 25% surcharge and 20% interest imposed under section 248 (A)(3) of the NIRC of 1997 (Reference CTA Case # 8399) .

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

There were no dividends declared in favor of common stockholders for the years 2017 and 2016. Preferred shareholders are not entitled to receive dividends.

(1) Market Information

(a) Common Stocks

The common shares of stock of SFI are traded on the Philippine Stock Exchange (PSE). The high and low sales prices for each quarter within the last two calendar years are as follows:

Date		High	Low	Close
2017				
	Quarter ended March 31	**₱0.14**	**₱0.14**	**₱0.14**
	Quarter ended June 30	**0.15**	**0.14**	**0.14**
	Quarter ended September 30	**0.14**	**0.14**	**0.14**
	Quarter ended December 29	**0.13**	**0.13**	**0.13**
2016				
	Quarter ended March 31	₱0.16	₱0.16	₱0.16
	Quarter ended June 30	0.15	0.15	0.15
	Quarter ended September 30	0.15	0.15	0.15
	Quarter ended December 29	0.14	0.14	0.14

The price as of the last trading date for this report is ₱0.13 on December 29, 2017.

There are 7,317 stockholders of 1,818,436,953 common shares of stock of the Company as of December 31, 2017.

(b) Preferred Stocks

The preferred shares of stock of the Company are traded on the Philippine Stock Exchange (PSE). There are 3,394 stockholders of 48,633,664 issued and outstanding preferred shares of stock of the Company as of December 31, 2017.

(2) Holders

A list of the top one hundred (100) common and preferred stockholders of the Company as of December 31, 2017 is attached hereto as Annex “A”.

Common Stocks

The names of the top twenty (20) shareholders of the common shares of stock of the Company are as follows:

Rank	Stockholder Name	Total Shares Held	Percentage of Shareholdings
1	PCD Nominee Corporation (Filipino)	1,307,282,075	71.890%
2	Renaissance Property Management Corporation	117,292,756	6.450%
3	Li Chih-Hui	100,000,000	5.499%
4	Feati University	77,119,994	4.241%
5	PCD Nominee Corporation (Foreign)	56,955,626	2.847%
6	Chilco Holdings, Inc.	44,511,824	2.447%
7	S & A Industrial Corp.	26,145,590	1.437%
8	Concepcion Industries, Inc.	17,766,734	0.977%
9	Sahara Management& Devt. Corp.	9,342,729	0.513%
10	Republic Commodities Corp.	8,242,083	0.453%
11	S & A Industrial Corporation	6,167,888	0.339%
12	Foresight Realty & Dev't Corp.	4,782,433	0.263%
13	Horizons Realty Inc.	3,854,960	0.211%
14	S & A Industrial Corp.	2,921,394	0.160%
15	Eumelia Concepcion Hechanova	1,929,856	0.106%
16	Segovia & Co., Inc.	1,600,689	0.088%
17	S & A Industrial Corporation	1,599,845	0.088%
18	Joseph Server Jr. or Estelita L. Server	1,335,674	0.073%
19	Rafael Hechanova&/or EumeliaC. Hechanova.	1,050,581	0.057%
20	Guillermo F. Gili Jr.	970,000	0.053%

Preferred Stocks

The names of the top twenty (20) shareholders of the preferred shares of stock of the Company are as follows:

Rank	Stockholder Name	Total Shares Held	Percentage of Shareholdings
1	PCD Nominee Corporation (Filipino)	14,843,705	30.52%
2	Horizons Realty, Inc.	13,925,994	28.63%
3	Concepcion Industries, Inc.	3,138,155	6.45%
4	Ronald S. Po	2,809,514	5.77%
5	Sahara Management & Development Corporation	2,515,033	5.17%
6	Select Two Incorporated	2,176,069	4.47%
7	Republic Commodities Corp.	1,455,806	2.99%
8	PCD Nominee Corporation (Foreign)	1,066,510	2.19%
9	Foresight Realty Development Corporation	844,725	1.74%
10	Silang Forest Park, Incorporated	655,713	1.35%
11	Arcon Group Holdings	523,997	1.08%
12	Hyland Realty Corporation	523,997	1.08%
13	Lace Express Inc.	506,059	1.04%
14	Eumelia Concepcion Hechanova	340,872	0.70%
15	Raphael Hechanova and/or Eumelia C. Hechanova	185,565	0.38%
16	Willington Chua	177,391	0.36%
17	Mercury Management Corporation	168,694	0.35%
18	Home Development Mutual Fund	152,991	0.31%
19	Joseph Server Jr. or Estelita L. Server	121,003	0.25%
20	Reynaldo Concepcion	101,049	0.21%

(3) Dividends

Prior to July 7, 2004, the preferred stock earns cumulative dividends up to a maximum of 15%. The dividend rate is based on the issue price of ₱10.00 per share. The dividends are payable quarterly. One preferred share is convertible to 10 common shares at any time after the issuance up to August 7, 2003. The holders of the convertible preferred share have the option to put the said shares to the Company on any date commencing two years after the end of the offer period until August 7, 2003, which was extended until February 27, 2004. Upon the exercise of said right, the Company shall redeem the convertible preferred shares at the offer price plus any accumulated dividends.

On May 12, 2004, the stockholders amended the terms of the convertible preferred shares by extending the conversion period until August 7, 2038, and the put option period until August 7, 2038. Likewise, the preferred shareholders shall not be entitled to receive dividend at any time and neither shall such shares participate in any other dividends declaration in favor of common shares. The above amendment was approved by the stockholders during the annual stockholders' meeting on June 25, 2004, and approved by the Securities and Exchange Commission on July 7, 2004.

On September 1, 2005, the stockholders further amended the terms of the convertible preferred shares by granting the Company as issuer the option to redeem the convertible preferred shares on any date commencing from the time of approval by the SEC of the amendments and until August 7, 2038 at the offer price. Previously, the holder has the option to put the convertible preferred shares to the Company but this option was removed in the September 1, 2005 amendments. The Company has no obligation to redeem any preferred shares that remain outstanding after August 7, 2038. These amendments were approved by the Securities and Exchange Commission on October 19, 2005.

On October 11, 2006, the stockholders removed the term of the convertible preferred shares formerly set at August 7, 2038. Hence, the Corporation shall have the option to redeem the convertible preferred shares at the offer price on any date commencing from the time of the approval by the SEC of the amendment. SEC approved the amendment on December 6, 2006.

(4) Recent Sales of Unregistered Securities

There are no sales of unregistered securities in the last four (4) years.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Results of Operations –CY2017 vs. CY2016

Results of Operations. The Company formally rested its business operation except for Palawan branch, which remains as the only company-operated facility. The Company will continue the operation of Palawan branch and will focus on the marketing of fresh dressed chicken and this will support its current operations.

Financial Position. The Company's assets as of December 31, 2017 totaled to ₱173 million as compared to ₱180 million as of December 31, 2016 due to decrease in cash and inventories. Current ratio for the year 2017 is 0.2517:1 against last year's current ratio of 0.5703:1. Available cash on hand and in banks decreased by 69.80% compared with last year due to payment of various taxes and trade suppliers. Accounts receivable increased by ₱1.3m due to increase in sales of HRI customers (term customers). Inventories decreased by 66.61% due to decrease in feeds, medicine and vaccines inventories for Palawan caused by reduction of livestock inventory. Biological assets decreased by 20.48% due to decrease in livestock in Palawan. Increase in Investment property of P16.301million is due to increase in fair value of the property. Accrued liabilities slightly decreased by .74% mainly due to payment of non trade obligations as of year-end. The retirement benefits obligation increased by 9.66% due to recognition of service cost for the additional year of service rendered by the employees.

Net cash used in operations amounted to ₱22.623 million. There is no cash from investing activity. In summary, cash and cash equivalents for the year decreased by about 69.80% mainly due to payment of various taxes and trade suppliers.

Results of Operations –CY2016 vs. CY2015

Results of Operations. The Company formally rested its business operation except for Palawan branch, which remains as the only company-operated facility. The Company will continue the operation of Palawan branch and will focus on the marketing of fresh dressed chicken and this will support its current operations.

Financial Position. The Company's assets as of December 31, 2016 totaled to ₱180 million as compared to ₱178 million as of December 31, 2015 due to increase in fair market value of investment property. Current ratio for the year 2016 is 0.5703:1 against last year's current ratio of 0.6105:1. Available cash on hand and in banks decreased by 6.58% compared with last year due to payment of various trade suppliers. Accounts receivable slightly increased by ₱50k due to increase in sales of HRI customers (term customers). Inventories decreased by 10.47% due to decrease in feeds, medicine and vaccines inventories for Palawan caused by reduction of livestock inventory. Biological assets decreased by 6.58% due to decrease in livestock in Palawan. Increase in Investment property of P3million is due to increase in fair value of the property. Accrued liabilities slightly increased by 1.75% mainly due to unpaid non trade obligations as of year-end. The retirement benefits obligation increased by 3.27% due to recognition of service cost for the additional year of service rendered by the employees.

Net cash used in operations amounted to ₱2.273 million. There is no cash from investing activity. In summary, cash and cash equivalents for the year decreased by about 6.58% mainly due to payment of various trade suppliers.

Results of Operations –CY2015 vs. CY2014

Results of Operations. The Company formally rested its business operation except for Palawan branch, which remains as the only company-operated facility. The Company will continue the operation of Palawan branch and will focus on the marketing of Sariwanok brand of chicken and this will support its current operations.

Financial Position. The Company's assets as of December 31, 2015 totaled to ₱178 million as compared to ₱153 million as of December 31, 2014 due to increase in fair market value of investment property. Current ratio for the year 2015 is 0.6105:1 against last year's current ratio of 0.647:1. Available cash on hand and in banks decreased by 9.74% compared with last year due to payment of various suppliers. Accounts receivable increased by ₱1 million due to increase in sales of HRI customers (term customers). Inventories increased by 1.96% due to purchased feeds, medicine and vaccines for Palawan. Biological assets increased by 19.82% due increase in livestock in Palawan. The Company reclassified the parcels of land located at Tanay, Rizal from property, plant and equipment to investment property due to change in the use of the property. Accounts payable and accrued liabilities increased by 1.78% mainly due to unpaid trade obligations as of year-end. The retirement benefits obligation increased by 3.68% due to recognition of service cost for the additional year of service rendered by the employees.

Net cash used in operations amounted to ₱3.73 million. There is no cash from investing activity. In summary, cash and cash equivalents for the year decreased by about 9.74% mainly due to payment of various suppliers.

Plan of Operation:

The Company continues to wait for better business opportunities and carefully evaluates various business plans. Presently, only the Palawan branch remains operational and continues to produce quality dressed chicken. However, plans are underway to increase its production within the next twelve months. The Company is in the process of improving the performance of its contract growers to sustain financial viability.

There is no product research and development at the moment.

Key Performance Indicators:

Key Performance Indicator	Formula	CY2016	CY2016
Sales Revenue Growth	Sales this period / Sales in the prior period	127.35%	94.57%
Operating Margin	Income from Operations / Net Sales	-7.05%	.91%
Net income/(loss)		(11,254)	(863)
ROS	Net income before tax after interest / Net sales	-10.77%	.91%
Current Ratio	Current assets / Current liabilities	0.2517:1	0.5703:1
Debt to equity	Total liabilities	2.35	1.86
Asset to equity	Total assets / Total equity	3.35	2.86
Solvency ratio	Income before income tax + depreciation / Total liabilities	-5.00%	3.29%
Interest coverage ratio	EBIT / Interest expense	–	–
Profitability ratio	Gross profit / Net sales	11.79%	10.31%

Item 7. Financial Statements

See Audited Financial Statements as of December 31, 2017, attached hereto as Annex “B”.

	2017	2016
Trade - net of allowance for doubtful accounts of ₱40,905 in 2017 and 2016	**₱3,384**	₱1,858
Employees - net of allowance for doubtful accounts of ₱104 in 2017 and 2016	**1,761**	1,796
Nontrade receivables - net of allowance for doubtful accounts of ₱36,366 in 2017 and 2016	–	157
	₱5,145	₱3,811

There are no advances made to any directors, officers, stockholders, or related interests (DOSRI) or any affiliates as of December 31, 2017.

Prepaid Expenses and Other Current Assets (in thousands):

	2017	2016
Creditable withholding tax	**₱16,610**	₱16,908
Rental deposits	**158**	150
Others	**24**	22
	16,792	17,080
Less allowance for probable losses	**16,190**	16,190
	₱602	₱890

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

Independent External Auditors

The Company's external auditors since incorporation have been Sycip, Gorres, Velayo & Co. ("SGV"). In compliance with SEC Memorandum Circular No. 8, Series of 2003, changes were made in the assignment of SGV's engagement partners.

The election, approval, or ratification of the Company's public accountant shall be discussed during the stockholders' annual meeting. SGV, which is the principal accountant for the fiscal year ended December 31, 2017, has been selected and shall be recommended to stockholders for election, approval, or ratification for the current year.

Representatives of SGV are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

There are no changes in or disagreements with accountants on accounting and financial disclosure.

Under SRC Rule 68 (3)(b)(iv), the external auditors shall be rotated every five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The reckoning date for such rotation commenced in year 2002.

The signing partner assigned to the Company is changed or rotated every after five (5) years of engagement in accordance with SRC Rule 69 (3)(b)(iv) and SEC Memorandum Circular No. 8 Series 2003.

The Manual on Corporate Governance does not provide for the Audit Committee's approval policies and procedures for the services of the external auditor.

The annual Audit Fee for 2017 is four hundred fifty thousand pesos (₱450,000.00) only.

The Audit Committee does not have any formal policies and procedures for the services of the external auditor.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Company

(1) Directors and Executive Officers – The Directors of the Corporation are elected at the regular annual meeting of stockholders to serve for one (1) year until their successors are elected and qualified. The Officers of the Corporation are elected by a majority vote of the Board of Directors and are enumerated below, with a description of their business experience over the past five years.

Directors / Officers	**Designation**	**Citizenship**	**Term**

Jose S. Concepcion, Jr.	Chairman of the Board	Filipino	1 year
Francisco A. Segovia	President / CEO	Filipino	1 year
Luis Bernardo Ma. A. Concepcion	Director	Filipino	1 year
Senen C. Bacani	Director	Filipino	1 year
Alfredo B. Parungao	Director	Filipino	1 year
Alejandrino J. Ferreria	Director	Filipino	1 year
Agnes C. Reyes	Treasurer	Filipino	1 year
Jose A. Bernas	Corporate Secretary	Filipino	1 year
Marie Lourdes T. Sia-Bernas	Asst. Corporate Secretary	Filipino	1 year

Jose S. Concepcion, Jr., 87, born on December 29, 1931, obtained an Associate's Degree in Business Administration from De La Salle University and a Bachelor's Degree in Agriculture from Araneta University. He is the Chairman of the Board of Swift Foods, Inc. He is also the Chairman of the Board of RFM Corporation, RFM Foundation Incorporated, and Executive Committee of the ASEAN Chamber of Commerce and Industry. Mr. Concepcion also holds Co-Chairman Position in the Bishops-Businessmen's Conference. He was previously designated as the Secretary of the Department of Trade and Industry, Chairman of the Board of Investments, member of the Central Bank Monetary Board, National President of the Council of Laity (Philippines) and the Society of Vincent Paul, National Chairman of the National Citizens Movement for Free Elections, Founding President of the Pasay City Citizen League for Good Government, delegate to the 1971 Constitutional Convention of the first District of Rizal, the Charter President of the Capitol Jaycees, and Trustee of the Oblate Educational System, Notre Dame University. Mr. Jose S. Concepcion, Jr. is the father of Mr. Jose Ma. A. Concepcion III, the current President and Chief Executive Officer of RFM Corporation, Luis Bernardo Ma. A. Concepcion, a Director of Swift Foods, Inc., and John Marie A. Concepcion, the Managing Director and Chief Executive Officer of Selecta.

Francisco A. Segovia, 64, born on January 17, 1954, obtained a Bachelor of Science degree in Business Management from the Ateneo de Manila University. He is Vice Chairman and CEO of FEATI University, RPMC Holdings Inc.; He is President of Segovia & Company., Inc., Fritz International Philippines, Inc., Intellicon, Inc., Chilco Holdings, Araneta Institute of Agriculture, Republic Dynamic Corporation, and Republic Consolidated Corporation. He is a director of RFM Corporation, Philippine Township, Inc., Invest Asia Corporation, and WWW Express Corporation.

Luis Bernardo A. Concepcion, 58, born on August 20, 1960, has a degree in Business Administration from St. Ambrose College and completed the International Course on Swine and Poultry Husbandry from the Barneveld College, The Netherlands. Mr. Concepcion was the President of Philippine Association of Broiler Integrators (PABI) in 1988-1989.

Senen C. Bacani, 73, born on July 30, 1945 in Guagua, Pampanga, he obtained a Bachelor of Science Degree in Commerce from De La Salle University in 1965, Summa cum Laude & class valedictorian. A Certified Public Accountant, he was granted an East-West Center Scholarship in 1966 and graduated from the University of Hawaii with a Master of Business Administration in 1968. He started his career with Dole Company in Honolulu and for the next 22 years, he progressively occupied management positions of increasing responsibility in the Philippines, Thailand, Ecuador, and Costa Rica. Former President Corazon C. Aquino appointed him Secretary of Agriculture in 1989. He holds several key positions in various companies and institutions as follows: Chairman of La Frutera, Inc., Trully Natural Food Corporation, UMIC International, Inc., President of Ultrex Management and Investments Corporation, member of the Board of Advisers of Roxas Holdings Inc., and East West Seed (Philippines), Inc., member of Board of Directors of Franklin Baker Company of the Philippines, Icebox Logistics Services, Inc. and Cooperative Insurance System of the Philippines. He is an independent director.

***Alfredo B. Parungao,* 80**, born on January 24, 1938, obtained his Bachelor of Science Degree in Commerce at the Far Eastern University, graduated summa cum laude. A certified public accountant, he also got a Program for Management Development at Harvard Business School. He is at present the President of Ligaya Management Corporation, CIBI Foundation, Member of the Board of Trustees and Chairman of Insular Life Assurance Co., Ltd, Member of the Board of Directors of Insular Investment and Trust Corporation and UBIX Corporation and Chief of Staff, Social Security Commission.

***Alejandrino J. Ferreria*, 67**, born on February18, 1951, obtained a Bachelor of Science Degree in Management from the Ateneo de Manila University, a Master's Degree in Business Administration from the University of the Philippines, and a Doctorate in Education Management from National University. He was also the Bank of America Foundation Professor of Business Management in Asian Institute of Management ("AIM") and was school dean of 3 of the 4 schools of AIM. He currently sits on several boards. Some of which are: Goodyear Philippines, Pascual Laboratories, Producers Savings Bank, G&S Transport (Avis Rent a Car), and Radio Wealth Finance.

Jose A. Bernas*, *58, born on January 22, 1960, obtained a Bachelor's Degree in Arts from Haverford College and a Juris Doctor Degree from Ateneo de Manila University – School of Law. He is a member of the Philippine and New York Bar. He is the Chairman of the Board of Dun and Bradstreet Philippines Inc. and Automation Specialists and Power Exponents, Inc. He is the President of Discovery Centre Condominium Corporation, Esquire Financial Management Corporation, Esquire Traders and Merchants Corporation, and Neptune Properties Inc., and is a director of Micros-Fidelio Software Philippines Inc., Perdana Land Philippines Inc., MSI-ECS Philippines Inc., and Testprep Inc. He is the Corporate Secretary of Berjaya Philippines Inc., which is also a company listed at the Philippine Stock Exchange, Philippine Gaming Management Corporation, Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Berjaya Pizza (Philippines) Inc., Berjaya Foundation Inc., Friendster Philippines Inc., MOL Access Portal Inc., Cosway Philippines Inc., Uniwiz Trade Sales Inc., Bermaz Auto Philippines Inc., Better Options Restaurants Inc., Landphil Management and Development Corporation, Par Motorrad Inc., Ssangyong Berjaya Motor Philippines Inc., Most Pretty Lady Holdings Inc., Floridablanca Enviro Corporation, Beautiful Creations Holdings Inc, and Bermaz Auto Asia Inc. He is a Trustee for The Atrium of Makati Condominium Corporation, and the resident agent of National Instruments Philippines Branch. He is a professor at the Ateneo de Manila University School of Law. He is the Managing Partner of the Bernas Law Offices.

***Marie Lourdes T. Sia-Bernas*, 53,** born on December 16, 1965, obtained a Bachelor of Arts Degree in Political Science from De La Salle University and a Juris Doctor Degree from Ateneo de Manila University - School of Law. She is a member of the Philippine Bar. She is the President of Deux Mille Trading Corporation, and Silver Giggling Buddha Trading Inc. She is the President and Chairman of the Board of Sanpiro Realty & Development Corporation and of National Instruments Philippines Inc. She is a Director and Corporate Secretary of Micros-Fidelio Software Philippines Inc., the Corporate Secretary of Juillet Trading Corporation, Ultrasaurus Philippine Trading Inc., Discovery Centre Condominium Corporation, Fasolco Realty Corporation, Neptune Properties Inc., Neptune Holdings Inc., Testprep Inc. and Olsen's Food Corporation. She is the Corporate Secretary and Treasurer of Esquire Financial Management Corporation and Esquire Traders and Merchants Corporation. She is the Assistant Corporate Secretary of Berjaya Philippines Inc., which is also a company listed at the Philippine Stock Exchange, of Philippine Gaming Management Corporation, Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Berjaya Pizza (Philippines) Inc., Bermaz Auto Philippines Inc., Berjaya Foundation Inc., Friendster Philippines Inc., MOL Access Portal Inc., Cosway Philippines Inc., Uniwiz Trade Sales Inc., Beautiful Creations Holdings Inc., Better Options Restaurants Inc., Landphil Management and Development Corporation, Floridablanca Enviro Corporation, Bermaz Auto Asia, Inc., and Ssangyong Berjaya Motor Philippines Inc. She is the Administrative Partner at Bernas Law Offices.

***Agnes C. Reyes*, 63,** born on March 21, 1955, obtained a Bachelor of Science Degree in Commerce from the University of Sto. Tomas. She was appointed Treasurer on August 5, 2013.

(2) Significant Employees**:** None

(3) Family Relationships

Jose S. Concepcion, Jr. is the father of Luis Bernardo Ma. A. Concepcion. Francisco A. Segovia is the latter's first cousin. Marie Lourdes T. Sia-Bernas is the wife of Jose A. Bernas. There are no other family relationships between and among the directors and officers of the Company except for the ones mentioned above.

(4) Involvement in Certain Legal Proceedings

To the knowledge and information of the Company, the above-named directors and executive officers were not involved during the past five (5) years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding or have been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities. Nor have they been found in action by any court or administrative bodies to have violated a securities or commodities law.

(5) Independent Directors

Messrs. Senen C. Bacani, Alfredo B. Parungao, and Alejandrino J. Ferreria are independent minority stockholders who are neither employees nor officers of the Company, and whose shareholdings are 0.0002% percent of the Company's equity pursuant to Section 38 of the Securities Regulation Code. The Chairman of the Board nominated the candidates for independent directors.

Item 10. Executive Compensation

Mr. Francisco A. Segovia, as the Chief Executive Officer, did not receive compensation and benefits for years 2017 and 2016. The Compensation Committee has not yet decided on the compensation of Company's Chief Executive Officer.

There are only 3 executive officers, namely, the Chairman, the President/Chief Executive Officer, and the Treasurer, but only the Treasurer received compensation for the years 2017 and 2016.

Name	Position
Jose S. Concepcion, Jr.	Chairman of the Board
Francisco A. Segovia	President / CEO
Agnes C. Reyes	Treasurer

The Company's executive officers are entitled to the following pecuniary benefits, bonus scheme, major benefits, and retirement plan:

1. Pecuniary Benefits

   (a) Option to purchase assigned vehicle after six (6) years at market value, or return the same to the Company and get a replacement vehicle at such time;

   (b) All expenses related to registration, comprehensive insurance, repairs, and maintenance are to be borne by the Company; and

   (c) Reimbursement of gasoline expenses up to a certain amount of liters per month.

2. Bonus Scheme

   The grant of bonus will be on the basis of performance and attainment of business plan, particularly the specific objectives for the year, and in accordance with the Company policy.

3. Major Benefits

   (a) Hospitalization Plan for the executive officer and his/her immediate dependents, in accordance with Company policy;

   (b) Vacation Leave of fifteen (15) days per year, which may be accumulated up to 30 days, but is not convertible to cash;

   (c) Sick Leave of fifteen (15) days per year, which may be accumulated up to 45 days, but is not convertible to cash; and

   (d) Executive check-up once every four (4) years, including SPEC 23 KSAT blood test every two (2) years.

4. Retirement Plan

The retirement plan is available to any individual who has rendered at least five (5) years of service with the Company, which benefit is equivalent to twenty-five percent (25%) of the basic pay per year of service, to be increased by five percent (5%) per additional year of service up to a maximum of 125%.

5. Others

The Company has no compensatory plan or arrangement, including payments to be received from the registrant, with respect to a named executive officer, if such plan or arrangement results or will result from the resignation, retirement, or any other termination of such executive officer from employment with the registrant and its subsidiaries or from a change-in-control of the registrant or a change in the named executive officer's responsibilities following a change-in-control, and the amount involved, including all periodic payment or installments, which exceeds ₱2,500,000.

A. Commitments and Contingent Liabilities

There are no significant commitments and contingencies involving the Company.

Others

The Philippines continues to experience economic difficulties relating to currency fluctuations, volatile stock markets and slowdown in growth. In addition, there are commitments, guarantees, litigations, and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the accompanying financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

1) Subsequent Events

There is no subsequent event.

2) Earnings per share.

Earnings per share were computed as follows:

	2017	2016	2015
Net loss attributable to common stockholders (in thousand)	**(₱11,185)**	(₱893)	(₱3,830)
Divided by weighted average number of common stock	**1,818,436,953**	1,818,436,953	1,816,430,213
Basic/diluted loss per share	**(₱0.0062)**	(₱0.0005)	(₱0.002)

3) Capital Stock:

Information on capital stock in 2017 and 2016 follows:

Number of shares	**2017**	2016
Preferred stock - ₱1 par value:		
Authorized shares	**200,000,000**	200,000,000
Issued shares	**59,731,934**	59,731,934
Outstanding shares	**48,633,664**	48,633,664
Common stock - ₱1 par value:		
Authorized shares	**2,500,000,000**	2,500,000,000
Issued and outstanding shares	**1,818,436,953**	1,818,436,953

4) Deficit

As of December 31, 2017 and 2016, the deficit of the Company (in thousands) amounted to ₱3,016,158, and ₱3,004,973, respectively.

There is no stock purchase agreement, stock agreement, stock split, or other dividends.

5) Treasury Stock

As of December 31, 2017 and 2016, the Company has 11,098,270 preferred shares in Treasury acquired by the Company at ₱10 per share or a total amounting to ₱110.98 million.

Only Supplementary Schedules F & I are attached to this report because the others are either not applicable or the information required to be presented is included in the Company's financial statements or notes to financial statements.

The Supplementary Schedules are attached hereto as Annex "C".

Item 11. Security Ownership of Certain Beneficial Owners and Management

A. Security Ownership of Certain Beneficial Owners

Owners of more than five (5%) of the Company's securities as of December 31, 2017 are as follows:

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner	Citizenship	Number of Shares Held	Percentage Held
Common	PCD Nominee G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	PCD Nominee	Filipino	1,307,282,075	71.89%
Preferred	PCD Nominee G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	PCD Nominee	Filipino	14,843,705	30.52%
Preferred	Horizons Realty, Inc	Horizons Realty, Inc.	Filipino	13,925,994	28.63%
Common	Renaissance Property Management Corporation	Renaissance Property Management Corporation	Filipino	117,292,756	6.45%
Preferred	Concepcion Industries	Concepcion Industries	Filipino	3,138,155	6.45%
Preferred	Ronald S. Po	Ronald S. Po	Filipino	2,809,514	5.78%
Common	Li Chih Hui	Li Chih Hui	Filipino	100,000,000	5.50%
Preferred	Sahara Mgt & Dev. Corp.	Sahara Mgt & Dev. Corp.	Filipino	2,515,033	5.17%

B. Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	% of Class
Common	Jose S. Concepcion, Jr.	1,320,239 (“r”)	Filipino	0.073%
Common	Luis Bernardo Ma. A. Concepcion	108,140 (“r”)	Filipino	0.006%
Common	Francisco A. Segovia	3 (“b”)	Filipino	0.000%
Common	Senen C. Bacani	1 (“b”)	Filipino	0.000%
Common	Agnes C. Reyes	0	Filipino	0.000%
Common	Alfredo B. Parungao	500 (“b”)	Filipino	0.000%
Common	Alejandrino J. Ferreria	500 (“b”)	Filipino	0.000%
Common	Jose A. Bernas	0	Filipino	0.000%

The total number of shares owned by the Directors and Executive Officers of the Company is one million four hundred thirty four thousand nine hundred seventy two (1,434,972) common shares.

Mr. Jose S. Concepcion, Jr. is authorized to vote the shares held by Horizons Realty Corporation.

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

Item 12. Certain Relationships and Related 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 the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders.

There are no related party transactions and balances to report as of December 31, 2017 and 2016.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Compliance Officer is monitoring and evaluating the compliance of the Board of Directors and top management with its Manual on Corporate Governance.

The Company has fully complied with the requirements of the Manual on Corporate Governance, as certified by the Compliance Officer, except for some areas where steps are continually being undertaken to ensure full compliance.

There are no deviations from the Manual of Corporate Governance of the Company.

Improvement of the Company’s corporate governance will be done when appropriate.

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

1. List of Top One Hundred (100) Stockholders as of 31 December 2017, referred to in Item 5(2) as Annex "A"
2. Audited Financial Statements & Report of Independent Auditors as of 31 December 2017, referred to in Item 7 as Annex "B"
3. Supplementary Schedules as Annex "C"

(b) Reports on SEC Form 17-C

The Company filed the following reports under SEC Form 17-C, as amended, during the last twelve-month period covered by this report:

Event reported	Date reported
The resolution of the Board not to hold the annual stockholders' meeting of the Corporation for 2017 in order to save on the related costs considering that the Corporation has not been able to muster a quorum since 2011. The funds that would have been used to hold the 2017 annual meeting will instead be used to fund the operations of the Corporation and pay the Corporation's obligations.	29 June 2017
The termination of the Stock Transfer Agreements dated 13 November 2015 between the Issuer and its Stock Transfer Agent, Securities Transfer Services Inc. (STSI) due to a written notice from STSI of the latter's possible temporary suspension or cessation of operations.	25 October 2017
The execution of a Transfer Agency Agreement with Stock Transfer Service, Inc. to be effective on 1 December 2017.	27 November 2017
Certification on the attendance by all of the Issuer's directors and officers of seminars on Corporate Governance and Anti-Money Laundering Act	9 January 2018

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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 Makati on ____ April 2018.

By:

Jose S. Concepcion, Jr.
Chairman of the Board

Jose A. Bernas
Corporate Secretary

Francisco A. Segovia
President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this ____ day of April 2018 affiants exhibiting to me their identification cards, as follows:

NAMES	IDENTIFICATION CARD PRESENTED	DATE OF ISSUE	PLACE OF ISSUE
Jose S. Concepcion, Jr.	TIN 105347995		
Francisco A. Segovia	TIN 101109554		
Jose A. Bernas	IBP Lifetime ID No. 01738	25 January 2000	Makati City

ATTY. ARELEEN G'S BER-ELBERTO
APPOINTMENT NO. 0250-17
NOTARY PUBLIC
MANDALUYONG CITY
UNTIL DECEMBER 31, 2018
5th Floor RSM Corporation Centre
Pioneer corner Sheridan Sts., Mandaluyong City
ROLL NO. 51345
PTR NO. 3301286 / 01.03.2018 / MAND. CITY
IBP NO. 013259 / 12.21.2017 / RSM

Doc. No. 07;
Page No. 02;
Book No. XVI;
Series of 2018.

ANNEX "A"

Stock Transfer Service Inc. Page No. 1
SWIFT FOODS, INC.
List of Top 100 Stockholders
As of 12/31/2017

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
1	0850223092	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	1,307,282,075	71.89%
2	0858006576	RENAISSANCE PROPERTY MANAGEMENT CORPORATION	Filipino	117,292,756	06.45%
3	0859030717	LI CHIH-HUI	Chinese	100,000,000	05.50%
4	0856006146	FEATI UNIVERSITY	Filipino	77,119,994	04.24%
5	0850223106	PCD NOMINEE CORPORATION (FOREIGN)	Foreign	56,955,636	03.13%
6	0853013310	CHILCO HOLDINGS, INC.	Filipino	44,511,824	02.45%
7	0859027672	S & A INDUSTRIAL CORPORATION	Filipino	26,145,590	01.44%
8	0853013311	CONCEPCION INDUSTRIES, INC.	Filipino	17,766,734	00.98%
9	0859011708	SAHARA MANAGEMENT & DEVELOPMENT CORPORATION	Filipino	9,342,729	00.51%
10	0858006563	REPUBLIC COMMODITIES CORP.	Filipino	8,242,083	00.45%
11	0859018837	S & A INDUSTRIAL CORPORATION	Filipino	6,167,888	00.34%
12	0850230315	FORESIGHT REALTY & DEV'T CORP.	Filipino	4,782,433	00.26%
13	0859027590	HORIZONS REALTY, INC.	Filipino	3,854,960	00.21%
14	0859027067	S & A INDUSTRIAL CORP.	Filipino	2,921,394	00.16%
15	0858004490	HECHANOVA, EUMELIA CONCEPCION	Filipino	1,929,856	00.11%
16	0859027066	SEGOVIA & CO. INC.	Filipino	1,600,689	00.09%
17	0859027048	S & A INDUSTRIAL CORPORATION	Filipino	1,599,845	00.09%
18	0859027173	JOSEPH SERVER JR. OR ESTELITA L. SERVER	Filipino	1,335,674	00.07%
19	0858004491	HECHANOVA,RAFAEL,&/OR EUMELIA C. HECHANOVA	Filipino	1,050,581	00.06%
20	0850237859	GILI JR., GUILLERMO F.	Filipino	970,000	00.05%
21	0853017910	MERCURY MANAGEMENT CORPORATION	Filipino	955,067	00.05%
22	0853021502	CONCEPCION JR., JOSE	Filipino	903,379	00.05%
23	0850153892	PO, RONALD	Filipino	611,244	00.03%
24	0853013268	CONCEPCION, REYNALDO	Filipino	572,096	00.03%
25	0853021963	CHUA,CONSTANTINO,&/OR WILLINGTON CHUA &/OR GEORGE CHUA	Filipino	559,921	00.03%
26	0859027187	CONCEPCION JR., JOSE	Filipino	416,860	00.02%

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Rank	Sth. No.	Name	Citizenship	Holdings	Rank
27	0850190542	TACUB, PACIFICO B.	Filipino	353,750	00.02%
28	0850129584	MEDRANO JR.,VICTORINO S.,&/OR OFELIA MEDRANO	Filipino	350,000	00.02%
29	0858008754	HECHANOVA,RAFAEL G.,&/OR EUMELIA C. HECHANOVA	Filipino	334,754	00.02%
30	0853021580	CONCEPCION, BERNARDO A.	Filipino	328,997	00.02%
31	0853013256	CONCEPCION,RAUL T.,&/OR CARMENCITA A. CONCEPCION	Filipino	314,220	00.02%
32	0858004531	HECHANOVA, RAFAEL	Filipino	253,320	00.01%
33	0850180679	SFI IN TRUST FOR EMPLOYEES	Filipino	228,940	00.01%
34	0859011869	SYJUCO, VIRGINIA S.	Filipino	212,015	00.01%
35	0859030770	ADRIANO,PECHIE S.	Filipino	200,000	00.01%
36	0850009929	ALL ASIA LIFE ASS. CORP.	Filipino	185,000	00.01%
37	0850115028	LEONG, CELIA Y.	Filipino	171,000	00.01%
38	0850233225	CALILUNG, LIBRADO S.	Filipino	170,024	00.01%
39	0852002578	VICTONETA INVESTMENT CORP.	Filipino	159,542	00.01%
40	0850192308	TAN, JESUS Q.	Filipino	157,500	00.01%
41	0850238782	LIM, EUGENE L.	Filipino	149,333	00.01%
42	0853021962	CHUA,CONSTANTINO WY,&/OR WILLINGTON WY CHUA &/OR GEORGE WY CHUA	Filipino	149,332	00.01%
43	0850180393	SERVER, ERNEST FRITZ	Filipino	140,083	00.01%
44	0850152276	PHILIPPINE OVERSEAS TELECOMMUNICATIONS CORPORATION	Filipino	135,000	00.01%
45	0853021717	CHUA, CONSTANTINO	Filipino	134,260	00.01%
46	0853021353	CONCEPCION, RAUL ANTHONY	Filipino	132,742	00.01%
47	0853017895	MENDOZA,RODOLFO G.,&/OR ALBINA M. MENDOZA	Filipino	124,444	00.01%
48	0859030746	TACUB,PACIFICO BUMANGLAG	Filipino	120,000	00.01%
49	0850054282	CONCEPCION, LUIS BERNARDO A.	Filipino	108,140	00.01%
50	0850046794	CHUA, BOBBY G.	Filipino	101,500	00.01%
51	0850232075	CHUA KEE LIN	Chinese	100,000	00.01%

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
52	0850235597	SY,LAURO C.,&/OR LIBERATA C. SY	Filipino	100,000	00.01%
53	0850237026	PO, GRACE C.	Filipino	100,000	00.01%
54	0850053243	CO, LINA FLOR P.	Filipino	100,000	00.01%
55	0853021965	CONCEPCION, RAUL JOSEPH	Filipino	97,439	00.01%
56	0856006130	FRANCISCO, ERLINDA	Filipino	93,104	00.01%
57	0856006138	FRANCISCO, VICTORIA	Filipino	93,104	00.01%
58	0851012220	ALMEDA, ALITA C.	Filipino	91,877	00.01%
59	0859030715	MOLANO,ROMEO B.	Filipino	90,000	00.00%
60	0857006941	GONZALEZ, ANGELITA	Filipino	83,128	00.00%
61	0850103518	JAVELLANA, EDWIN C.	Filipino	80,500	00.00%
62	0852002619	VERGEL DE DIOS, GLORIA S.	Filipino	76,645	00.00%
63	0855002214	ESTRADA, CORAZON S.	Filipino	76,645	00.00%
64	0852005828	BARRERA, BELLA S.	Filipino	76,642	00.00%
65	0850160988	RAMISCAL JR., JOSE S.	Filipino	76,500	00.00%
66	0850056706	CRUZ,ALFREDO A.	Filipino	75,750	00.00%
67	0850088535	GOCOLAY, MANUEL D.	Filipino	75,000	00.00%
68	0857015730	GAMBOA, PURITA	Filipino	72,799	00.00%
69	0851012192	ABRANTES, GUALTERIO C.	Filipino	72,463	00.00%
70	0857006911	GAMILLA, OFELIA E.	Filipino	70,992	00.00%
71	0850227489	BULAON,LEONIDA S.,&/OR MA. ROSARIO B. DEJARESCO	Filipino	70,000	00.00%
72	0850238243	PLACIDO JR., RUFINO M.	Filipino	70,000	00.00%
73	0859002453	INVESTMENT & FINANCING CORP.	Filipino	65,014	00.00%
74	0850188289	SUPREME STOCKBROKERS, INC.	Filipino	65,000	00.00%
75	0850008548	FERNANDEZ, ATTY. CELSO A.	Filipino	64,710	00.00%
76	0850066337	DY, JOHNNY K.	Filipino	63,000	00.00%
77	0859026807	SY,BENITO,&/OR DALISAY SY	Filipino	62,222	00.00%

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
78	0859029563	HIPOLITO, MA. TERESITA S.	Filipino	61,480	00.00%
79	0850152209	PHILIPPINE COMMUNICATION SATELLITE CORPORATION	Filipino	60,000	00.00%
80	0850115354	LEY BEE ONG	Filipino	60,000	00.00%
81	0850066779	E. N. MADRAZO CORPORATION	Filipino	58,426	00.00%
82	0852005804	BUENAVENTURA, ABELARDO	Filipino	58,092	00.00%
83	0859011780	SHAU PANG, MARGARET	Filipino	56,831	00.00%
84	0859026765	SAW, NANCY	Filipino	55,750	00.00%
85	0853007955	MANOTOC, AURORA PIJUAN	Filipino	53,573	00.00%
86	0850237808	CHING, EDGAR	Filipino	52,500	00.00%
87	0850066493	DY, MANUEL A.	Filipino	52,500	00.00%
88	0850129592	MEDRANO, BENJAMIN R.	Filipino	51,744	00.00%
89	0859026741	SERVER JR., ERNEST FRITZ	Filipino	51,037	00.00%
90	0856030079	PO, GRACE	Filipino	50,275	00.00%
91	0853013341	CONCEPCION,REYNALDO,&/OR JESUSA P. CONCEPCION	Filipino	49,777	00.00%
92	0853021851	CHING, CHRISTINE MAE G.	Filipino	49,777	00.00%
93	0856029973	PIONEER INSURANCE & SURETY CORPORATION	Filipino	49,777	00.00%
94	0856006135	FRANCISCO, REMEDIOS	Filipino	48,426	00.00%
95	0853021384	CHING, CHERYL LADD U.	Filipino	48,118	00.00%
96	0853021385	CHIONG, CHING T.	Filipino	48,118	00.00%
97	0853021383	CHING, CINDY CAROL	Filipino	48,118	00.00%
98	0857006980	GURNAMAL, AIL	Filipino	47,846	00.00%
99	0851003754	KAWSEK, PAUL L.	Filipino	47,476	00.00%
100	0853017727	MENDOZA,ALBERTO,&/OR JEANNIE C. MENDOZA	Filipino	47,288	00.00%

SWIFT FOODS, INC.
List of Top 100 Stockholders
As of 12/31/2017

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
		Total Top 100 Shareholders :		1,802,974,667	99.14%
		Total Outstanding Shares		1,818,436,953	

BENEFICIAL OWNER REPORT

Company Code - SFI000000000 & Company Name - SWIFT FOODS

Business Date: December 29, 2017

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	2,734,000
A & A SECURITIES, INC.	4,671,241
ABACUS SECURITIES CORPORATION	157,753,006
PHILSTOCKS FINANCIAL INC	47,046,982
A. T. DE CASTRO SECURITIES CORP.	659,660
ALL ASIA SECURITIES MANAGEMENT CORP.	4,985
ALPHA SECURITIES CORP.	4,647,019
BA SECURITIES, INC.	2,683,325
AP SECURITIES INCORPORATED	11,962,460
ANSALDO, GODINEZ & CO., INC.	76,488,284
AB CAPITAL SECURITIES, INC.	14,961,515
SB EQUITIES,INC.	21,031,477
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	1,002,719
ASIASEC EQUITIES, INC.	912,502
ASTRA SECURITIES CORPORATION	34,105
CHINA BANK SECURITIES CORPORATION	11,396
MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.	13,444
BELSON SECURITIES, INC.	4,771,783
BENJAMIN CO CA & CO., INC.	425,098
B. H. CHUA SECURITIES CORPORATION	13,023,532
JAKA SECURITIES CORP.	2,482,567
BPI SECURITIES CORPORATION	55,768,592
CAMPOS, LANUZA & COMPANY, INC.	449,159
SINCERE SECURITIES CORPORATION	6,085,306
CENTURY SECURITIES CORPORATION	10,462
BDO NOMURA SECURITIES INC	8,907,121
CITISECURITIES, INC.	35,410,973
TRITON SECURITIES CORP.	15,216,724
PHILEO ALLIED SECURITIES (PHILIPPINES), INC.	581
IGC SECURITIES INC.	3,827,207
CUALOPING SECURITIES CORPORATION	1,123,257
DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC.	510,994
DAVID GO SECURITIES CORP.	34,569,527
DIVERSIFIED SECURITIES, INC.	2,623,968
E. CHUA CHIACO SECURITIES, INC.	13,121,834
EQUITABLE SECURIITES (PHILS.) INC.	13,746
EAST WEST CAPITAL CORPORATION	21,525
EASTERN SECURITIES DEVELOPMENT CORPORATION	3,878,462
EQUITIWORLD SECURITIES, INC.	2,023,141
EVERGREEN STOCK BROKERAGE & SEC., INC.	33,269,848
FIRST ORIENT SECURITIES, INC.	155,951
FIRST INTEGRATED CAPITAL SECURITIES, INC.	497
F. YAP SECURITIES, INC.	574,148
AURORA SECURITIES, INC.	568,145
GLOBALINKS SECURITIES & STOCKS, INC.	14,286,684
JSG SECURITIES, INC.	2,169,617
GOLDSTAR SECURITIES, INC.	15,564,858

BPNAME	HOLDINGS
GUILD SECURITIES, INC.	832,557
HDI SECURITIES, INC.	1,585,833
H. E. BENNETT SECURITIES, INC.	29,713
HIGHLAND SECURITIES PHIL., INC.	1,369
HK SECURITIES, INC.	4,364
I. ACKERMAN & CO., INC.	239,002
I. B. GIMENEZ SECURITIES, INC.	179,437
INVESTORS SECURITIES, INC,	1,173,891
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,571,642
INTRA-INVEST SECURITIES, INC.	843,114
ASIAN CAPITAL EQUITIES, INC.	15,726
J.M. BARCELON & CO., INC.	1,185,817
VALUE QUEST SECURITIES CORPORATION	10,400,000
STRATEGIC EQUITIES CORP.	1,362,849
LARRGO SECURITIES CO., INC.	8,119
LIPPO SECURITIES, INC.	1
LOPEZ, LOCSIN, LEDESMA & CO., INC.	768,978
LUCKY SECURITIES, INC.	1,358,741
LUYS SECURITIES COMPANY, INC.	1,358,181
MANDARIN SECURITIES CORPORATION	26,978
COL Financial Group, Inc.	169,838,731
DA MARKET SECURITIES, INC.	2,752,087
MERCANTILE SECURITIES CORP.	13,728,129
MERIDIAN SECURITIES, INC.	2,998,286
MDR SECURITIES, INC.	1,168,701
DEUTSCHE REGIS PARTNERS, INC.	9,087
MOUNT PEAK SECURITIES, INC.	956,992
NEW WORLD SECURITIES CO., INC.	2,748,251
NIEVES SECURITIES, INC.	505,733
OPTIMUM SECURITIES CORPORATION	1,405,122
RCBC SECURITIES, INC.	1,771,255
PAN ASIA SECURITIES CORP.	3,140,183
PAPA SECURITIES CORPORATION	4,952,497
MAYBANK ATR KIM ENG SECURITIES, INC.	89,347,107
PLATINUM SECURITIES, INC.	429,051
PNB SECURITIES, INC.	12,043,108
PREMIUM SECURITIES, INC.	2,036,449
PRYCE SECURITIES, INC.	1,985
SALISBURY BKT SECURITIES CORPORATION	19,951
QUALITY INVESTMENTS & SECURITIES CORPORATION	18,492,228
R & L INVESTMENTS, INC.	1,554,210
ALAKOR SECURITIES CORPORATION	901,495
R. COYIUTO SECURITIES, INC.	42,753,643
REGINA CAPITAL DEVELOPMENT CORPORATION	12,513,773
R. NUBLA SECURITIES, INC.	171,371
AAA SOUTHEAST EQUITIES, INCORPORATED	241,553
R. S. LIM & CO., INC.	2,588,346
RTG & COMPANY, INC.	81,405
S.J. ROXAS & CO., INC.	8,084,909
SECURITIES SPECIALISTS, INC.	199
FIDELITY SECURITIES, INC.	29,464
SUMMIT SECURITIES, INC.	7,137,490
STANDARD SECURITIES CORPORATION	692,625

BPNAME	HOLDINGS
SUPREME STOCKBROKERS, INC	22,795
TANSENGCO & CO., INC.	9,749,340
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	5,345,932
TOWER SECURITIES, INC.	8,293,738
TRANS-ASIA SECURITIES, INC.	127,750
TRENDLINE SECURITIES CORPORATION	33,422
TRI-STATE SECURITIES, INC.	235,485
UCPB SECURITIES, INC.	1,800,543
E.SECURITIES, INC.	33,930
VENTURE SECURITIES, INC.	2,568,997
FIRST METRO SECURITIES BROKERAGE CORP.	37,303,732
WEALTH SECURITIES, INC.	58,361,175
WESTLINK GLOBAL EQUITIES, INC.	10,434,972
BERNAD SECURITIES, INC.	11,781,065
WONG SECURITIES CORPORATION	610,124
YAO & ZIALCITA, INC.	43,096,504
YU & COMPANY, INC.	4,693,572
BDO SECURITIES CORPORATION	14,236,190
PCCI SECURITIES BROKERS CORP.	65,240,276
EAGLE EQUITIES, INC.	545,973
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	8,057,292
SOLAR SECURITIES, INC.	11,781,755
G.D. TAN & COMPANY, INC.	3,832,680
DW CAPITAL INC.	2,491
PHILIPPINE EQUITY PARTNERS, INC.	53,572
UNICAPITAL SECURITIES INC.	2,700,664
SunSecurities, Inc.	124,411
ARMSTRONG SECURITIES, INC.	214,193
KING'S POWER SECURITIES, INC.	6,000
TIMSON SECURITIES, INC.	590,000
CITIBANK N.A.	11,028,440
DEUTSCHE BANK MANILA-CLIENTS A/C	622
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	713
THE HONGKONG & SHANGHAI BANKING CORP. LTD. -OWN ACCOUNT	3
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	1,600,112
RCBC TRUST & INVESTMENT DIVISION	700
STANDARD CHARTERED BANK	163,263
MBTC - TRUST BANKING GROUP	50,026
SWIFT FOODS, INC.	104

TOTAL	1,364,237,711

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

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ANNEX "B"

Stock Transfer Service Inc.
SWIFT FOODS, INC. - PREFERRED
List of Top 100 Stockholders
As of 12/31/2017

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
1	0850223092	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	14,843,705	30.50%
2	0859027650	HORIZONS REALTY, INC.	Filipino	13,925,994	28.63%
3	0859027629	CONCEPCION INDUSTRIES, INC.	Filipino	3,138,155	06.45%
4	0859030718	PO,RONALD S.	Filipino	2,809,514	05.78%
5	0859027668	SAHARA MANAGEMENT & DEVELOPMENT CORPORATION	Filipino	2,515,033	05.17%
6	0859027664	SELECT TWO INCORPORATED	Filipino	2,176,069	04.47%
7	0859027657	REPUBLIC COMMODITIES CORP.	Filipino	1,455,806	02.99%
8	0850223106	PCD NOMINEE CORPORATION (FOREIGN)	Foreign	1,066,510	02.19%
9	0859027585	FORESIGHT REALTY DEVELOPMENT CORPORATION	Filipino	844,725	01.74%
10	0859027608	SILANG FOREST PARK, INCORPORATED	Filipino	655,713	01.35%
11	0859027591	HYLAND REALTY CORPORATION	Filipino	523,997	01.08%
12	0859027578	ARCON GROUP HOLDINGS	Filipino	523,997	01.08%
13	0859027651	LACE EXPRESS INC.	Filipino	506,059	01.04%
14	0859027646	HECHANOVA, EUMELIA CONCEPCION	Filipino	340,872	00.70%
15	0859027649	HECHANOVA,RAFAEL,&/OR EUMELIA C. HECHANOVA	Filipino	185,565	00.38%
16	0859027805	CHUA, WILLINGTON	Filipino	177,391	00.36%
17	0859027614	MERCURY MANAGEMENT CORPORATION	Filipino	168,694	00.35%
18	0859029019	HOME DEVELOPMENT MUTUAL FUND	Filipino	152,991	00.31%
19	0859030706	SERVER JR.,JOSEPH,OR ESTELITA L. SERVER	Filipino	121,003	00.25%
20	0859027642	CONCEPCION, REYNALDO	Filipino	101,049	00.21%
21	0859027807	CHUA,CONSTANTINO,&/OR WILLINGTON CHUA &/OR GEORGE CHUA	Filipino	98,899	00.20%
22	0859027676	VICTORIA L. ARANETA PROPERTIES, INCORPORATED	Filipino	74,094	00.15%
23	0859027684	LOPEZ SUGAR CENTRAL MILLS INCORPORATED	Filipino	61,666	00.13%
24	0859027648	HECHANOVA,RAFAEL G.,&/OR EUMELIA C. HECHANOVA	Filipino	59,127	00.12%
25	0859027580	CONCEPCION, BERNARDO A.	Filipino	58,110	00.12%
26	0859029061	LIM, EDWARD	Filipino	56,038	00.12%

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Rank	Sth. No.	Name	Citizenship	Holdings	Rank
27	0859027644	CONCEPCION,RAUL T.,&/OR CARMENCITA A. CONCEPCION	Filipino	55,500	00.11%
28	0859029236	URBAN ENVIRONMENT REALTY,INC.	Filipino	49,037	00.10%
29	0859027647	HECHANOVA, RAFAEL	Filipino	44,743	00.09%
30	0859028334	CRUZ, ANGELITA A.	Filipino	37,227	00.08%
31	0859027809	CHUA,WILLINGTON,&/OR CONSTANTINO CHUA	Filipino	36,048	00.07%
32	0859029519	TACUB,PACIFICO B.	Filipino	30,948	00.06%
33	0859027675	VICTONETA INVESTMENT CORP.	Filipino	28,179	00.06%
34	0859027806	CHUA,CONSTANTINO WY,&/OR WILLINGTON WY CHUA &/OR GEORGE WY C	Filipino	26,376	00.05%
35	0859027196	SERVER, ERNEST FRITZ	Filipino	24,742	00.05%
36	0859027581	CONCEPCION, RAUL ANTHONY	Filipino	24,736	00.05%
37	0859027796	CHUA, CONSTANTINO	Filipino	23,714	00.05%
38	0859028583	MENDOZA,RODOLFO G.,&/OR ALBINA M. MENDOZA	Filipino	21,980	00.05%
39	0859027631	CONCEPCION, LUIS BERNARDO A.	Filipino	19,100	00.04%
40	0859029701	PAN-ASIATIC COMMERCIAL CO.,INC	Filipino	18,348	00.04%
41	0859027811	CHUA,WILLINGTON,&/OR GEORGE CHUA	Filipino	17,583	00.04%
42	0859027617	BANZHAF, HANS JOSEPH	Filipino	17,551	00.04%
43	0859030350	FRANCISCO, ERLINDA	Filipino	16,444	00.03%
44	0859027188	CONCEPCION, JOHN MARIE A.	Filipino	16,263	00.03%
45	0859028874	ALMEDA, ALITA C.	Filipino	16,228	00.03%
46	0859030132	GONZALEZ, ANGELITA	Filipino	14,682	00.03%
47	0859030698	SAHARA MANAGEMENT & DEVELOPMENT CORPORATION	Filipino	14,492	00.03%
48	0859027685	LOPEZ SUGAR CORPORATION	Filipino	14,414	00.03%
49	0859027682	SERVER, CHRISTOPHER MARK B.	Filipino	14,220	00.03%
50	0859028896	BARRERA, BELLA S.	Filipino	13,537	00.03%
51	0859029241	VERGEL DE DIOS, GLORIA S.	Filipino	13,537	00.03%

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
52	0859028960	ESTRADA, CORAZON S.	Filipino	13,537	00.03%
53	0859028307	CHIA, ALFREDO B.	Filipino	13,187	00.03%
54	0859028197	ABRANTES, GUALTERIO C.	Filipino	12,799	00.03%
55	0859029382	GAMILLA, OFELIA E.	Filipino	12,538	00.03%
56	0859027636	CONCEPCION, RAUL JOSEPH	Filipino	11,890	00.02%
57	0859029064	LIM,WILSON,&/OR JUSY LIM	Filipino	11,539	00.02%
58	0859028409	FERNANDEZ, ATTY. CELSO A.	Filipino	11,429	00.02%
59	0859029683	MANPHIL INVESTMENT & FINANCING CORPORATION	Filipino	11,294	00.02%
60	0859028750	SY,BENITO,&/OR DALISAY SY	Filipino	10,989	00.02%
61	0859027408	INVESTMENT & FINANCING CORP.	Filipino	10,837	00.02%
62	0859027217	BUENAVENTURA, ABELARDO	Filipino	10,260	00.02%
63	0859029129	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	10,057	00.02%
64	0859029405	SHAU PANG, MARGARET	Filipino	10,037	00.02%
65	0859027714	ONG,JOSE C.,&/OR JUANITA T. ONG	Filipino	9,792	00.02%
66	0859029090	MANOTOC, AURORA PIJUAN	Filipino	9,462	00.02%
67	0859027680	SERVER JR., ERNEST FRITZ	Filipino	9,013	00.02%
68	0859028730	SINGH, MARGARITA A. DE	Filipino	8,995	00.02%
69	0859029343	MENDOZA, PROCESO G.	Filipino	8,791	00.02%
70	0859027645	CONCEPCION,REYNALDO,&/OR JESUSA P. CONCEPCION	Filipino	8,791	00.02%
71	0859028308	CHING, CHRISTINE MAE G.	Filipino	8,791	00.02%
72	0859027775	BIAO,MARIANO GO,&/OR PETER GO BIAO	Filipino	8,791	00.02%
73	0859030063	AGUSTINES,VERONA S.	Filipino	8,791	00.02%
74	0859030472	TIONGCO,NAPOLEON S.,&/OR JOHN L. TIONGCO	Filipino	8,791	00.02%
75	0859027887	FRANCISCO, REMEDIOS	Filipino	8,552	00.02%
76	0859027637	CONCEPCION, RAUL JOSEPH	Filipino	8,510	00.02%
77	0859029295	GURNAMAL, AIL	Filipino	8,451	00.02%

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
78	0859029564	KAWSEK, PAUL L.	Filipino	8,385	00.02%
79	0859027994	MENDOZA,ALBERTO,&/OR JEANNIE C. MENDOZA	Filipino	8,352	00.02%
80	0859027641	CONCEPCION, RAUL T.	Filipino	8,168	00.02%
81	0859028410	FERNANDEZ, PIO	Filipino	7,893	00.02%
82	0859029572	MACAPAGAL,MA. ELZABETH,&/OR ALEX MACAPAGAL &/OR ANDREI MACAP	Filipino	7,868	00.02%
83	0859027797	CHUA, GEORGE	Filipino	7,458	00.02%
84	0859029077	LOPEZ, ROSARIO S.	Filipino	7,300	00.02%
85	0859029053	LEBRON, MA. LOURDES CELINE C.	Filipino	7,143	00.01%
86	0859027704	LIZARES, JOSE L.	Filipino	6,801	00.01%
87	0859029569	LIM, MA. LOURDES S.	Filipino	6,781	00.01%
88	0859028674	RAMOS, GRACIA FERNANDEZ	Filipino	6,738	00.01%
89	0859028023	ONG,ROSALIE P.,&/OR MILAGROS T. CHAN	Filipino	6,515	00.01%
90	0859029006	GONZALES, BLANQUITA S.	Filipino	6,503	00.01%
91	0859029230	TOUCHSTONE RESOURCES CORP.	Filipino	6,421	00.01%
92	0859028171	WY GUA HONG, PACITA	Filipino	6,164	00.01%
93	0859028886	ARCENAS,TERESITA V.,&/OR MA. ANNA V. ARCENAS	Filipino	6,154	00.01%
94	0859029898	SIMON, JOSE G.	Filipino	6,146	00.01%
95	0859029011	GOZON, ERLINDA S.	Filipino	6,016	00.01%
96	0859027195	SERVER JR., JOSEPH B.	Filipino	5,950	00.01%
97	0859027671	ARANETA,SALVADOR,&/OR VICTORIA L. ARANETA	Filipino	5,917	00.01%
98	0859030517	LLANTO,LIDUVINA C.	Filipino	5,714	00.01%
99	0859029768	LABADAN, MARIO M.	Filipino	5,582	00.01%
100	0859030428	VILLA, LEONARDO K.	Filipino	5,428	00.01%

Stock Transfer Service Inc.
SWIFT FOODS, INC. - PREFERRED
List of Top 100 Stockholders
As of 12/31/2017

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
		Total Top 100 Shareholders :		47,671,716	98.00%
		Total Outstanding Shares		48,633,664	

BENEFICIAL OWNER REPORT

Company Code - SFIP00000000 & Company Name - SWIFT FOODS PREF.

Business Date: December 29, 2017

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	3,408
A & A SECURITIES, INC.	1,757
ABACUS SECURITIES CORPORATION	3,894,907
PHILSTOCKS FINANCIAL INC	59,838
A. T. DE CASTRO SECURITIES CORP.	7,306
ALPHA SECURITIES CORP.	11,437
BA SECURITIES, INC.	9,023
AP SECURITIES INCORPORATED	53,521
ANSALDO, GODINEZ & CO., INC.	44,648
AB CAPITAL SECURITIES, INC.	37,851
SB EQUITIES,INC.	34,660
ASIASEC EQUITIES, INC.	5,308
ASTRA SECURITIES CORPORATION	702
MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.	2,197
BELSON SECURITIES, INC.	43,228
BENJAMIN CO CA & CO., INC.	4,587
B. H. CHUA SECURITIES CORPORATION	218
JAKA SECURITIES CORP.	48,040
BPI SECURITIES CORPORATION	405,504
CAMPOS, LANUZA & COMPANY, INC.	8,237
SINCERE SECURITIES CORPORATION	57
CENTURY SECURITIES CORPORATION	99
BDO NOMURA SECURITIES INC	84,633
CITISECURITIES, INC.	15,991
TRITON SECURITIES CORP.	71,614
IGC SECURITIES INC.	28,781
CUALOPING SECURITIES CORPORATION	11,874
DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC.	175
DAVID GO SECURITIES CORP.	459
DIVERSIFIED SECURITIES, INC.	6,497
E. CHUA CHIACO SECURITIES, INC.	163,660
EASTERN SECURITIES DEVELOPMENT CORPORATION	15,125
EQUITIWORLD SECURITIES, INC.	204,135
EVERGREEN STOCK BROKERAGE & SEC., INC.	28,105
FIRST INTEGRATED CAPITAL SECURITIES, INC.	989
F. YAP SECURITIES, INC.	19,164
AURORA SECURITIES, INC.	2,338
GLOBALINKS SECURITIES & STOCKS, INC.	395
JSG SECURITIES, INC.	819
GOLDSTAR SECURITIES, INC.	15,233
GUILD SECURITIES, INC.	70
HDI SECURITIES, INC.	22,684
I. ACKERMAN & CO., INC.	15,641
I. B. GIMENEZ SECURITIES, INC.	56,752
INVESTORS SECURITIES, INC,	59,187
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	4,563
VALUE QUEST SECURITIES CORPORATION	21,980

BPNAME	HOLDINGS
STRATEGIC EQUITIES CORP.	21,419
LOPEZ, LOCSIN, LEDESMA & CO., INC.	4,277
LUCKY SECURITIES, INC.	66,661
LUYS SECURITIES COMPANY, INC.	10,589
MANDARIN SECURITIES CORPORATION	14,069
COL Financial Group, Inc.	592,580
DA MARKET SECURITIES, INC.	2,131
MERCANTILE SECURITIES CORP.	3,602
MERIDIAN SECURITIES, INC.	4,989
MDR SECURITIES, INC.	2,166
DEUTSCHE REGIS PARTNERS, INC.	490
NIEVES SECURITIES, INC.	461
OPTIMUM SECURITIES CORPORATION	22,421
RCBC SECURITIES, INC.	25,684
PAN ASIA SECURITIES CORP.	13,615
PAPA SECURITIES CORPORATION	37,084
MAYBANK ATR KIM ENG SECURITIES, INC.	222,736
PLATINUM SECURITIES, INC.	699
PNB SECURITIES, INC.	41,962
PREMIUM SECURITIES, INC.	111,791
SALISBURY BKT SECURITIES CORPORATION	1,733
QUALITY INVESTMENTS & SECURITIES CORPORATION	71,564
R. COYIUTO SECURITIES, INC.	38,198
REGINA CAPITAL DEVELOPMENT CORPORATION	87,064
R. NUBLA SECURITIES, INC.	20,731
AAA SOUTHEAST EQUITIES, INCORPORATED	20,373
R. S. LIM & CO., INC.	78,361
RTG & COMPANY, INC.	6,419
S.J. ROXAS & CO., INC.	128,457
SECURITIES SPECIALISTS, INC.	34
FIDELITY SECURITIES, INC.	34
SUMMIT SECURITIES, INC.	14,667
STANDARD SECURITIES CORPORATION	67,468
TANSENGCO & CO., INC.	88,475
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	28,194
TOWER SECURITIES, INC.	940,939
TRI-STATE SECURITIES, INC.	24,316
UCPB SECURITIES, INC.	65,501
VENTURE SECURITIES, INC.	14,465
FIRST METRO SECURITIES BROKERAGE CORP.	432,337
WEALTH SECURITIES, INC.	68,151
WONG SECURITIES CORPORATION	70
YAO & ZIALCITA, INC.	90,000
YU & COMPANY, INC.	9,311
BDO SECURITIES CORPORATION	34,448
PCCI SECURITIES BROKERS CORP.	1,682,543
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	5,130
SOLAR SECURITIES, INC.	22,842
G.D. TAN & COMPANY, INC.	202,334
PHILIPPINE EQUITY PARTNERS, INC.	2,599
UNICAPITAL SECURITIES INC.	12,683
SunSecurities, Inc.	2,426
KING'S POWER SECURITIES, INC.	43,646

BPNAME	HOLDINGS
TIMSON SECURITIES, INC.	12,000
CITIBANK N.A.	28,396
DEUTSCHE BANK MANILA-CLIENTS A/C	1,828
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	87
THE HONGKONG & SHANGHAI BANKING CORP. LTD. -OWN ACCOUNT	2
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	20
UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION	43,961
STANDARD CHARTERED BANK	1,022,782
MBTC - TRUST BANKING GROUP	8,924
SWIFT FOODS, INC.	3,759,879

TOTAL	15,910,215

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.
This document is computer generated and requires no signature.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Swift Foods, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Jose Concepcion, Jr.
Chairman of the Board

Francisco A. Segovia
President & Chief Executive Officer

Agnes C. Reyes
Treasurer
Signed this 4 day of April 2018.

SUBSCRIBE AND SWORN to before me in Mandaluyong City this ___ day of April 2018 by the following affiants who are personally known to me, with their identification cards, as follows:

APR 11 2018

Jose Concepcion, Jr	TIN # 105347995
Francisco A. Segovia	TIN # 101109554
Agnes C. Reyes	SSS # 03-4059220-7

Doc. No. 016;
Page No. 4;
Book No. XXIV;
Series of 2018

ATTY. ADELEEN O'S BEA-ALBERTO
APPOINTMENT NO. 0250-17
NOTARY PUBLIC
MANDALUYONG CITY
UNTIL DECEMBER 31, 2018
5th Floor RFM Corporation Centre
Pioneer corner Sheridan Sts., Mandaluyong City
ROLL NO. 51345
PTR NO. 3391280 / 01.03.2018 / MAND. CITY
IBP NO. 019259 / 12.21.2017 / RSM

Swift Foods, Inc.

Financial Statements
December 31, 2017 and 2016
and Years Ended December 31, 2017,
2016 and 2015

and

Independent Auditor's Report

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Swift Foods, Inc.
4F RFM Corporate Center
Sheridan corner Pioneer Street
Mandaluyong City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 16 2018 TSIS
RECEIVED
MA. GRACIA AURORA L. CASTILLO

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Swift Foods, Inc. (the "Company") which comprise the balance sheets as at December 31, 2017 and 2016, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the 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 Company has reported significant deficit amounting to ₱3.02 billion and ₱3.00 billion as of December 31, 2017 and 2016, respectively, resulting from accumulated losses in prior years. As stated in Note 1, these events and conditions along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter. To address material uncertainty related to going concern, the Company will continue to operate its Palawan branch.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 matters 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 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 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 financial statements.

Valuation of investment properties at fair value

The Company accounts for its investment properties using the fair value method. As of December 31, 2017, the carrying value of the Company's investment properties amounted to ₱155.65 million, representing 89.65% of the Company's total assets. In addition, the Company recognized a revaluation gain of ₱16.30 million for the year ended December 31, 2017. The valuation of the investment properties requires the assistance of an external appraiser whose calculations involve certain assumptions, such as sales price of similar properties and adjustments to sales price based on internal and external factors. This matter is significant to our audit because the amount is material and valuation involves significant judgment and estimates.

Refer to Notes 2 and 3 to the financial statements for the relevant accounting policy and a discussion of significant estimates, and Notes 9 and 22 for the detailed disclosure about the Company's investment properties.

Audit response

We evaluated the competence, capabilities and objectivity of the Company's external appraiser. We involved our internal specialist in evaluating the methodologies and the assumptions used. We reviewed the relevant information supporting the sales price of similar properties and inquired from the external appraiser the basis of adjustments made to the sales price. We also reviewed the Company's disclosures with respect to investment properties.

Provision and contingencies

The Company in the ordinary course of business is involved in legal proceeding as well as certain claims from regulatory bodies and other parties. This matter is significant to our audit because the determination of whether the provision should be recognized and the estimation of the potential liability requires judgment by management. The inherent uncertainty over the outcome of these legal proceeding and claims is brought about by the differences in the interpretation and application of the regulations, laws and rulings.

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Refer to Notes 2 and 3 to the financial statements and for the relevant accounting policy and a discussion of significant judgment and estimates of provisions and contingencies, and Notes 10 and 24 for the amount of provisions recognized in the balance sheet.

Audit response

We involved our internal specialist in the evaluation of management's assessment on whether any provision for contingencies should be recognized, and the estimation of such amount. We discussed with management the status of the legal proceeding and claims and obtained management's correspondences with the regulatory bodies and opinions from the external legal counsel. We evaluated the position of the Company by considering the relevant laws, ruling and jurisprudence.

Estimation of fair value of biological assets and agricultural produce

The Company's biological assets consist of growing livestock and are carried at fair value less cost to sell while the agricultural produce consist of harvested live broilers which are carried at fair value less estimated point-of-sale costs at the point of harvest. The Company determines the fair value based on the most recent relevant external market prices and makes adjustments by considering the life cycle of the growing livestock and estimated quantity of live broilers to be harvested. As of December 31, 2017, the Company has biological assets amounting to ₱1.86 million. Fair value change of agricultural produce amounted to ₱2.78 million in 2017. This matter is significant to our audit because the estimation of fair value of biological assets and agricultural produce involves significant judgment and estimate.

Refer to Notes 2 and 3 to the financial statements for the relevant accounting policy and a discussion of significant estimates, and Note 7 for the disclosure about the fair value of biological assets and agricultural produce.

Audit response

We obtained an understanding of the management process in determining the fair value of the agricultural produce and biological assets and the related controls. We reviewed the relevance of farmgate prices used by management considering the location where the Company operates and comparability of the assets with those traded in the said market considering the quality, maturity and life cycle of the assets. For agricultural produce, we reviewed the costs accumulated by management by comparing with relevant documents such as cost accumulation sheets from third party contract growers and recalculated the fair value adjustments considering the quantities of the agricultural produce as of the valuation date. For biological assets, we reviewed the assumptions used by management in adjusting the farmgate prices, which include the quality and maturity relative to the biological asset's life cycle as well as the related estimated selling costs as of the valuation date. We recalculated the fair value of the biological assets taking into account the quantities as of valuation date. We also reviewed the quantities and amounts of agriculture produce that were recognized as cost of goods sold and those transferred to the ending inventory as of and for the year ended December 31, 2017 against the relevant documents such as inventory stock cards and delivery receipts.

BUREAU OF INTERNAL REVENUE
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LARGE TAXPAYERS ASSISTANCE DIVISION
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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, 2017, but does not include the 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, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

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

BUREAU OF INTERNAL REVENUE
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LARGE TAXPAYERS ASSISTANCE DIVISION
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Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Swift Foods, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Djole S. Garcia.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia
Partner
CPA Certificate No. 0097907
SEC Accreditation No. 1285-AR-1 (Group A),
May 12, 2016, valid until May 12, 2019
Tax Identification No. 201-960-347
BIR Accreditation No. 08-001998-102-2015,
November 25, 2015, valid until November 24, 2018
PTR No. 6621265, January 9, 2018, Makati City

March 28, 2018

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	4	0	0	5	0	6	6

COMPANY NAME

S	W	I	F	T		F	O	O	D	S	,		I	N	C	.

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

4	F		R	F	M		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R	,
S	H	E	R	I	D	A	N		C	O	R	N	E	R		P	I	O	N	E	E	R	
S	T	R	E	E	T	,		M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
None	631-8101	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
10,749	Any day of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Jose A. Bernas	bernaslaw@gmail.com	892-7470	N/A

CONTACT PERSON's ADDRESS

8th Floor Raja Sulayman Building, 108 Benavidez St., Legaspi Village, Makati City

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

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

Approved for printing

SWIFT FOODS, INC.

BALANCE SHEETS

(Amounts in Thousands)

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱9,787**	₱32,410
Receivables (Note 5)	**5,145**	3,811
Inventories (Note 6)	**374**	1,120
Biological assets (Note 7)	**1,864**	2,344
Other current assets (Note 8)	**602**	890
Total Current Assets	**17,772**	40,575
Noncurrent Assets		
Investment properties (Note 9)	**155,648**	139,347
Other noncurrent assets	**207**	207
Total Noncurrent Assets	**155,855**	139,554
TOTAL ASSETS	**₱173,627**	₱180,129
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable, provisions and other payables (Note 10)	**70,612**	₱71,141
Noncurrent Liabilities		
Deferred income tax liabilities (Note 18)	**46,454**	41,613
Retirement benefits liability (Note 17)	**3,849**	3,510
Other employee benefits liability (Note 17)	**863**	831
Total Noncurrent Liabilities	**51,166**	45,954
Total Liabilities	**121,778**	117,095
Equity (Note 11)		
Capital stock	**1,878,169**	1,878,169
Capital in excess of par value	**1,281,414**	1,281,414
Deficit	**(3,016,158)**	(3,004,973)
Revaluation increment on investment properties (Note 9)	**19,406**	19,406
Cost of preferred treasury shares	**(110,982)**	(110,982)
Total Equity	**51,849**	63,034
TOTAL LIABILITIES AND EQUITY	**₱173,627**	₱180,129

See accompanying Notes to Financial Statements.

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SWIFT FOODS, INC.

STATEMENTS OF INCOME

(Amounts in Thousands, Except Basic and Diluted Loss Per Share)

	Years Ended December 31		
	2017	2016	2015
REVENUE			
Gross sales	**₱54,842**	₱43,294	₱46,298
Less sales returns and discounts	**(1,046)**	(852)	(1,421)
Net sales	**53,796**	42,442	44,877
Fair value change of agricultural produce (Note 7)	**2,782**	1,987	2,995
	56,578	44,429	47,872
COST OF GOODS SOLD (Note 12)	**49,907**	40,052	42,702
GROSS INCOME	**6,671**	4,377	5,170
GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	**(9,679)**	(7,833)	(8,008)
SELLING AND MARKETING EXPENSES (Note 14)	**(982)**	(728)	(811)
OTHER INCOME (LOSS) - Net (Note 15)	**(2,103)**	4,569	(50)
INCOME (LOSS) BEFORE INCOME TAX	**(6,093)**	385	(3,699)
PROVISION FOR INCOME TAX (Note 18)			
Current	**320**	133	105
Deferred	**4,841**	1,113	26
	5,161	1,246	131
NET LOSS	**(₱11,254)**	(₱861)	(₱3,830)
Basic/Diluted Loss Per Share (Note 19)	**(₱0.0062)**	(₱0.0005)	(₱0.0021)

See accompanying Notes to Financial Statements.

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SWIFT FOODS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2017	2016	2015
NET LOSS	**(₱11,254)**	(₱861)	(₱3,830)
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss in subsequent periods:			
Revaluation increment on properties transferred to investment properties - net of tax effect (Notes 9, 11 and 18)	–	–	19,406
Remeasurement gain (loss) on defined benefit plan (Notes 11 and 17)	**69**	(32)	220
Total comprehensive income (loss)	**69**	(32)	19,626
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱11,185)**	(₱893)	₱15,796

See accompanying Notes to Financial Statements.

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SWIFT FOODS, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

(Amounts in Thousands)

	Capital Stock (Note 11)			Capital in Excess of Par Value (Note 11)				Revaluation Increment on Properties Transferred to Investment		
	Preferred	Common	Total	Preferred	Common	Total	Deficit (Note 11)	Properties (Note 11)	Treasury Shares Preferred (Note 11)	Total
BALANCES AT DECEMBER 31, 2014	**₱60,133**	**₱1,814,424**	**₱1,754,291**	**₱418,131**	**₱866,895**	**₱1,285,026**	**(₱3,000,470)**	**₱–**	**(₱110,982)**	**₱48,131**
Conversion of preferred shares to common shares (Note 11)	(401)	4,013	3,612	(3,612)	–	(3,612)	–	–	–	–
Total comprehensive income (loss) for the year	–	–	–	–	–	–	(3,610)	19,406	–	15,796
BALANCES AT DECEMBER 31, 2015	**59,732**	**1,818,437**	**1,878,169**	**414,519**	**866,895**	**1,281,414**	**(3,004,080)**	**19,406**	**(110,982)**	**63,927**
Total comprehensive loss for the year	–	–	–	–	–	–	(893)	–	–	(893)
BALANCES AT DECEMBER 31, 2016	**59,732**	**1,818,437**	**1,878,169**	**414,519**	**866,895**	**1,281,414**	**(3,004,973)**	**19,406**	**(110,982)**	**63,034**
Total comprehensive loss for the year	–	–	–	–	–	–	(11,185)	–	–	(11,185)
BALANCES AT DECEMBER 31, 2017	**₱59,732**	**₱1,818,437**	**₱1,878,169**	**₱414,519**	**₱866,895**	**₱1,281,414**	**(₱3,016,158)**	**₱19,406**	**(₱110,982)**	**₱51,849**

See accompanying Notes to Financial Statements.

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SWIFT FOODS, INC.

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱6,093)**	₱385	(₱3,699)
Adjustments for:			
Provision for probable loss (Note 15)	**27,865**	928	–
Fair value change on investment properties (Note 9)	**(16,301)**	(3,784)	–
Movement in retirement benefits liability and other employee benefits (Note 17)	**440**	199	343
Unrealized foreign exchange (gain) loss - net	**19**	89	(87)
Impairment loss on investment properties (Notes 9 and 15)	**–**	–	417
Impairment loss on AFS financial assets (Note 15)	**–**	–	48
Operating loss before working capital changes	**5,930**	(2,183)	(2,978)
Decrease (increase) in:			
Receivables	**(1,334)**	(50)	(1,321)
Inventories	**746**	131	(24)
Biological assets	**480**	165	(415)
Other current assets	**(10)**	(517)	(215)
Increase (decrease) in accounts payable and other payables	**(28,413)**	216	1,325
Cash used in operations	**(22,601)**	(2,238)	(3,628)
Income taxes paid, including creditable withholding taxes	**(22)**	(35)	(105)
Net cash flows used in operating activities	**(22,623)**	(2,273)	(3,733)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**–**	(9)	(12)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(22,623)**	(2,282)	(3,745)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**32,410**	34,692	38,437
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱9,787**	₱32,410	₱34,692

See accompanying Notes to Financial Statements.

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SWIFT FOODS, INC.
NOTES TO FINANCIAL STATEMENTS
(Amounts in Thousands Except Number of Shares or When Otherwise Stated)

1. **General**

Corporate Information

Swift Foods, Inc. (SFI or the Company) was incorporated in the Philippines on June 6, 1994 to assume RFM Corporation's business of manufacturing, marketing, and distributing processed and canned meat products, poultry products and commercial feeds. In 2002, the production, marketing, and distribution activities of the meat division were transferred back to RFM Corporation. Starting 2006, the Company's only business is the poultry business.

In 2012, the trade license agreement between the Company and RFM Corporation was finalized giving ownership of the "Swift" brand to RFM Corporation. In October 2012, RFM Corporation sold the trademark to a third party.

The Company's registered office address is 4F RFM Corporate Center, Sheridan corner Pioneer Street, Mandaluyong City.

Status of Operations and Management Plans

The Company has reported significant deficit which amounted to ₱3.02 billion and ₱3.00 billion as of December 31, 2017 and 2016, respectively, resulting from accumulated losses in prior years. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, and therefore, the Company may be unable to realize its assets and settle its liabilities in the normal course of business.

The Company rested its production and operations nationwide towards the end of 2011 except for Palawan branch which remains as the only company-operated facility and continues to grow day-old chicks from local suppliers and contract growers into broiler, and markets them as dressed chicken.

The financial statements have been prepared assuming that the Company will continue as a going concern. To enable the Company to continue as a going concern, the Company will continue the operation of the Palawan branch and will focus on the marketing of fresh dressed chicken. The Company also expects to generate additional income from renting out its investment property. These will enable the Company to operate for the next twelve months from balance sheet date. The Company continues to wait for better business opportunities and carefully evaluate various business plans.

The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Authorization for the Issuance of the Financial Statements

The financial statements as of December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 were authorized for issue by the Board of Directors (BOD) on March 28, 2018.

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2. **Summary of Significant Accounting and Financial Reporting Policies**

Basis of Preparation
The financial statements were prepared using historical cost basis, except for biological assets, agricultural produce and investment properties, which are carried at fair value. The financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency.

All values are rounded off to the nearest thousand (₱000), except for the number of shares and loss per share or when otherwise indicated.

Statement of Compliance
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PFRS, Philippine Accounting Standards (PAS) and annual improvements to PFRS which became effective on January 1, 2017, as shown below:

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRS* 2014 - 2016 Cycle)
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The adoption of the above amendments did not have significant impact in the Company's financial statements as of and for the year ended December 31, 2017.

Future Changes in Accounting Policies
Standards issued and effective after December 31, 2017 are listed below. The Company intends to adopt these standards when these become effective. Unless otherwise stated, the Company does not expect the adoption of these new and amended standards and interpretations to have any significant impact on its financial statements.

Effective beginning on or after January 1, 2018
- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRS* 2014 - 2016 Cycle)
- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

- 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. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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The Company is currently assessing the potential impact of adopting PFRS 9 in 2018.

- 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 PFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The Company is currently assessing the potential impact of adopting PFRS 15 in 2018.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of "low-value" assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

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

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Company is currently assessing the impact of adopting PFRS 16.

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Deferred effectivity

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

The Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2017 on the Company's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of the Company's financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and are subject to an insignificant risk of change in value.

Fair Value Measurement

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 the Company.

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 Company 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 of input that is significant to the fair value measurement as a whole:

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

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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of 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 Company 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.

As of December 31, 2017 and 2016, the Company's biological assets, agricultural produce and investment properties are carried at fair value and with recurring fair value measurements.

Financial Assets and Financial Liabilities

Date of recognition

The Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and financial liabilities are recognized initially at fair value. Except for securities at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. Subsequent to initial recognition, the Company classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The classification depends on the purpose for which the investments were acquired or whether they are quoted in an active market. The Company also classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at the end of each reporting period.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2017 and 2016, the Company's financial assets and financial liabilities consist of loans and receivables and other financial liabilities. The Company does not have contracts identified as having embedded derivatives characteristics.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently carried at cost or amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are classified as current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

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This category primarily includes the Company's cash and cash equivalents, trade receivables, due from employees and other receivables.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified as financial assets at FVPL, HTM financial assets or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt and equity securities, is reported in the statement of income. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded, net of tax, from reported earnings.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is removed from equity and recognized as "Realized valuation gains/losses on AFS financial assets" in the statement of income. Where the Company holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average basis. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized as such in the statement of income when the right or the payment has been established. The losses arising from impairment of such investments are recognized as "Impairment loss on AFS financial assets" in the statement of income.

AFS financial assets are classified as current if they are expected to be realized within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2017 and 2016, the Company has insignificant AFS financial assets carried at cost, and included under "Other noncurrent assets" in the statement of financial position.

Other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL at inception. These include liabilities arising from operations or borrowings. The Company's other financial liabilities include accounts payable and other payables (excluding provisions and other statutory obligations).

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization for any related premium, discount and any directly attributable transaction cost.

Impairment of Financial Assets
An assessment is made at the end of each reporting period to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

Loans and receivables
The Company first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall

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be reduced through the use of an allowance account and the amount of the loss shall be recognized in the statement of income. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in the statement of income under "Other income" account. Any subsequent reversal of an impairment loss is recognized in the statement of income under "Provision for (reversal of) impairment losses" account, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

In relation to trade receivables, a provision for doubtful accounts is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired receivables are written off when assessed as uncollectible.

AFS financial assets
In case of equity securities classified as AFS financial assets, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets previously recognized in the statement of income is removed from equity and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in statement of comprehensive income.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount of the asset and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

"Day 1" difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of income unless it qualifies for

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recognition as some other type of asset. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

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

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

Financial liabilities

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

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 is recognized in the statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company 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 Company and all of the counterparties.

Inventories

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

Raw materials, packaging materials and supplies	-	purchase cost using the moving average method.
Finished goods	-	the initial cost of finished goods is the fair value less costs to sell of agricultural produce at point of harvest (see related policy on Agricultural Produce).

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NRV is the selling price in the ordinary course of business, less the estimated costs necessary to make the sale. For raw materials, packaging materials and supplies, NRV is the current replacement cost.

Biological Assets and Agricultural Produce

The Company's biological assets include growing livestock (broilers before reaching harvestable weight) and goods in process (day-old chicks), which are grouped mainly according to their transformation capacity (growing or laying) as well as their particular stage in the production process. These biological assets are categorized according to their inherent characteristics in the production cycle.

The day-old chicks will be grown as livestock, which will either be sold as live chicken or transferred to the dressing plant for processing as dressed chicken.

Growing livestock and goods in process are carried at fair value less cost to sell and the live broilers harvested from the Company's biological assets are carried at fair value less estimated point-of-sale costs at the point of harvest.

The fair value of the biological assets and agricultural produce is determined based on the most recent market price at the point of harvest based on relevant market prices published by the Philippine Bureau of Agricultural Statistics (BAS). The Company, generally, does not maintain any inventory of agricultural produce at any given time as these are either sold as live chicken or are immediately transferred as live broilers to the Company's dressing plants for processing as dressed chicken.

Creditable Withholding Tax

Creditable withholding tax, which is included under "Other current assets" account in the balance sheet, represents the amount withheld by customers from income payments to the Company and may be applied against the Company's income tax payable. Estimates of amounts that are potentially unrecoverable are provided with allowance for probable losses through charges to statement of income.

Creditable withholding tax that are expected to be realized for no more than 12 months after the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

Investment Properties

Investment properties, which mainly pertain to land and buildings held for capital appreciation or for rentals, are measured at fair value. These are measured initially at cost, including transaction costs. Fair value changes of investment property are included in the profit or loss in the period in which they arise.

The fair value of the land is determined based on appraisal reports conducted by an independent appraiser (duly accredited by the Philippine Securities and Exchange Commission or SEC) on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made. The independent appraisers hold a recognized and relevant professional qualification and have a recent experience in the location and category of the investment properties being valued.

An investment property is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss in the derecognition on an investment property is recognized in the statement of income in the year of derecognition.

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Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

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

For a transfer from investment property to owner-occupied property, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use. The difference between the fair value of the property, plant and equipment transferred to investment property and its carrying value is credited to the revaluation increment account. In 2015, the Company's land (classified as property, plant and equipment) was transferred to investment properties. Prior to the transfer in 2015, the Company's land was measured initially at fair value as of January 1, 2004 as permitted by PFRS 1, *First Time Adoption of Philippine Financial Reporting Standards*. This fair value was the "deemed cost" of the land. The fair value of the land has been determined based on the appraisal reports conducted by independent appraisers and taking into account the economic conditions prevailing at the time the valuations were made. The difference between the fair value of the land and the carrying value was credited to deficit.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and output value-added tax (VAT). The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when delivery has taken place and the significant risks and rewards of ownership have passed to the buyer and the amount of revenue can be measured reliably, which is normally upon delivery or acceptance by the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances.

Fair valuation of agricultural produce

Gain from fair value change of agricultural produce is recognized at the point of harvest. Fair value is based on the most recent relevant market price (see related policy on Agricultural Produce) at transaction date.

Rent income

Rent income is recognized using the straight-line method over the term of the lease.

Interest income

Interest income from bank deposits are recognized as interest accrues.

Other income

All other income are recognized when earned or when the right to receive payment is established.

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Costs and Expenses
Costs and expenses are recognized as incurred when decrease in future economic benefits related to a decrease in an asset or an increase of a liability, other than equity transactions with equity holders, has arisen that can be measured reliably.

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

General, administrative, selling and marketing expenses
General and administrative expenses constitute costs of administering the business. Selling and marketing expenses are costs incurred to sell or distribute the merchandise. These expenses are expensed when incurred.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in the statement of income for the year in accordance with PFRS.

Leases
The determination of whether an arrangement is, or contains a lease as provided in Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement 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 factors below 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 specific 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 gives rise to the reassessment for scenarios (a), (c), or (d) in the previous page, and at the date of renewal or extension period for scenario (b).

The determination whether a lease agreement is a finance or an operating lease is dependent on the retention or transfer of substantially all the risks and rewards incidental to ownership to the leased asset.

Company as lessee
Leases where the lessor retains substantially all the risk and rewards of ownership of the asset are classified as operating lease. Operating leases are recognized as an expense in the statement of income on a straight-line basis over the term of the lease.

Company as lessor
Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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Retirement Benefits Cost

The Company accrues retirement benefits cost for all regular full-time employees based on the requirements of Republic Act (RA) No. 7641. Retirement benefits cost is actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation.

Retirement benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset;
- Re-measurements 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 statement of income.

Re-measurements 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 occur and immediately credited to deficit. Re-measurements are not reclassified to the statement of income in subsequent periods.

The amount recognized as retirement benefits liability 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.

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

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Foreign Currency-denominated Transactions

Transactions denominated in foreign currencies are initially recorded in Peso based on the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate at the reporting date. Exchange gains or losses arising from foreign currency transactions and balances are credited to or charged against current operations. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transaction.

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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 each balance sheet date.

Deferred income tax

Deferred income tax is provided, using balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at each balance sheet date.

Capital Stock

Capital stock is measured at par value for all shares issued. Common and preferred shares are classified as equity. The proceeds from the issuance of common shares and preferred shares are presented in equity as capital stock to the extent of the par value of issued shares. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Capital in excess of par value" account.

Retained Earnings (Deficit)

Retained earnings (deficit) represent the cumulative balance of total comprehensive income (losses) and effects of changes in accounting policy. Retained earnings (deficit) includes the remeasurement gain (loss) on retirement benefits liability and the revaluation increment on the land when the Company adopted the deemed cost.

Shares Held in Treasury

The Company's own equity instruments reacquired are carried at cost and deducted from equity. No gain or loss is recognized in the statement of income on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

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Basic/Diluted Earnings (Loss) Per Share
Basic earnings (loss) per share is calculated through dividing the net income (loss) by the weighted average number of common shares issued and outstanding during the year.

Diluted earnings (loss) per share is calculated through dividing the net income (loss) by the weighted average number of common shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potentially dilutive common shares, if any. Where the basic earnings (loss) per share effect of the assumed conversion of preferred shares on net income (loss) would be anti-dilutive, no diluted earnings per share is presented.

Provisions and Contingencies
Provisions are recognized when the Company 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.

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

Segment Reporting
The Company only has one reportable segment, which is its poultry business. The Company's asset producing revenues are located in the Philippines.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's position at balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Management's Use of Significant Judgments and Accounting Estimates

The preparation of the financial statements in accordance with PFRS requires management to exercise judgments and make accounting estimates that affect the amounts reported in the financial statements and related notes to the financial statements. The judgments, estimates and assumptions used are based upon management's evaluation of the relevant facts and circumstances as of the reporting date. Actual results could differ from these estimates and assumptions used. Judgments and estimates 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.

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

Distinction between investment properties and owner-occupied properties
The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the supply process.

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The Company reclassified the parcels of land located at Tanay, Rizal from owner-occupied properties to investment property due to change in the use of the property.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation at each balance sheet date that have significant risks of covering a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows:

Estimating allowance for doubtful accounts
Provisions are made for specific and groups of accounts identified to be doubtful of collection. Recoverability of specific receivables and other noncurrent asset items are evaluated based on the best available facts and circumstances, the length of the Company's relationship with the customer, the customer's payment behavior, known market factors and historical loss experiences.

The Company makes an individual assessment of financial assets that are specifically identified as impaired and are individually significant. Then a collective assessment is done by grouping the financial assets according to credit risk characteristics. Moreover, the historical loss experience was determined for purposes of assessing the impairment.

The allowance for doubtful accounts amounted to ₱77.38 million as of December 31, 2017 and 2016. The carrying value of receivable amounted to ₱5.15 million and ₱3.81 million as of December 31, 2017 and 2016, respectively (see Note 5).

Estimating allowance for probable losses on creditable withholding taxes
Allowance for probable loss on creditable withholding tax is based on the ability of the Company to recover the carrying value of the assets. Amounts estimated to be potentially unrecoverable are provided with allowance for probable losses. The Company estimates the level of provision for probable losses based on the factors that affect realizability such as future income tax due. The Company has creditable withholding taxes, net of allowance for probable losses, amounting ₱0.42 million and ₱0.72 million as of December 31, 2017 and 2016, respectively. Allowance for probable losses amounted to ₱16.19 million as of December 31, 2017 and 2016 (see Note 8).

Fair value of biological assets and agricultural produce
The Company determines the fair value of its biological assets and agricultural produce based on the most recent market transaction price at the date which approximates the point of harvest, provided that there has been no significant change in economic circumstances between the date of transactions and the balance sheet date, and adjustments to market price by considering the life cycle of the growing livestock and future estimated harvests of live broilers. Point-of-sale cost is estimated based on most recent transaction and is deducted from the fair value in order to measure the biological assets and agricultural produce at point of harvest.

Market price is obtained from the monthly commercial farmgate prices of chicken issued by the BAS for provinces which the Company considered as its relevant markets. Management believes that the monthly market prices from BAS are the only available reliable basis of fair value of biological assets and agricultural produce at the point of harvest.

The carrying value of the biological assets amounted to ₱1.86 million and ₱2.34 million as of December 31, 2017 and 2016, respectively (see Note 7). The Company's fair value gains on agricultural produce that were harvested and sold during the year amounted to ₱2.78 million in 2017, ₱1.99 million in 2016, and ₱3.00 million in 2015 (see Note 6).

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Estimating NRV of inventories
The Company determines the NRV of inventories by reference to the current selling price of the product and the estimated cost to sell, which is based on the Company's budget for the succeeding year.

The carrying amount of inventories amounted to ₱0.37 million and ₱1.12 million as of December 31, 2017 and 2016, respectively (see Note 6).

Estimating the fair value of investment properties
The Company determines the fair value of the investment properties based on the report prepared by independent Philippine SEC-accredited appraisers or actual offers from prospective buyers, if any. The appraisers are industry specialists in valuing these types of investment properties. 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 carrying value of investment properties amounted to ₱155.65 million and ₱139.35 million as of December 31, 2017 and 2016, respectively (see Note 9).

Estimating retirement benefits liability and costs
The cost of defined benefit pension plans, as well as the present value of the pension obligation is, determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and future salary 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 significant assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds, adjusted to zero coupon rates, with term consistent with the obligation of the plan.

As of December 31, 2017 and 2016, the retirement benefits liability amounted to ₱3.85 million and ₱3.51 million, respectively. Retirement benefits costs amounted to ₱0.41 million in 2017 and ₱0.38 million in 2016 and ₱0.33 million in 2015 (see Note 17).

Provisions and contingencies
The Company is a party to certain claims. The Company makes provisions on the basis of management's and its legal counsel's opinion and assessment on the outcome of the claims (see Notes 10 and 24).

Recognizing deferred income tax assets
Deferred income tax assets are recognized for all temporary deductible differences, carryforward of NOLCO and MCIT to the extent that it is probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Company considered the deferred income tax assets that will reverse on the same period as the deferred income tax liabilities. As of December 31, 2017 and 2016, no deferred income tax asset was recognized since the Company believes that there are no sufficient taxable profits against which the deductible temporary differences, carryforward of NOLCO and excess of MCIT over RCIT can be realized (see Note 18).

4. Cash and Cash Equivalents

	2017	2016
Cash on hand and in banks	**₱9,787**	₱21,322
Cash equivalents	–	11,088
	₱9,787	₱32,410

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Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company. Interest earned amounted to ₱0.19 million in 2017 and ₱0.09 million in 2016 and ₱0.10 million in 2015 (see Note 15).

5. Receivables

	2017	2016
Trade - net of allowance for doubtful accounts of ₱40,905 in 2017 and 2016	**₱3,384**	₱1,858
Employees - net of allowance for doubtful accounts of ₱104 in 2017 and 2016	**1,761**	1,796
Nontrade receivables - net of allowance for doubtful accounts of ₱36,366 in 2017 and 2016	–	157
	₱5,145	₱3,811

In 2017 and 2016, there were no movements in the allowance for doubtful accounts of receivables. In 2015, the Company recognized provision for doubtful accounts amounting to ₱0.17 million and reversed allowance for doubtful accounts amounting to ₱0.10 million (see Notes 13 and 15).

6. Inventories

	2017	2016
At net realizable value (net of valuation allowance of ₱43,505 in 2017 and 2016):		
Raw materials - medicine and vaccine	**₱274**	₱123
At cost:		
Raw materials - feeds and feeds ingredients	–	591
Finished goods (Note 7)	–	319
Packaging materials and supplies	**100**	87
	₱374	₱1,120

7. Biological Assets

As of December 31, 2017 and 2016, biological assets consist of growing stocks.

Changes in the carrying value of biological assets are as follows:

	2017	2016
At January 1	**₱2,344**	₱2,509
Increase due to purchases	**40,162**	37,845
Decrease due to harvest	**(40,642)**	(38,010)
	₱1,864	₱2,344

Agricultural produce, included as part of "Inventories" amounted to ₱0.32 million as of December 31, 2016 (nil as of December 31, 2017) (see Note 6). Fair value gains on agricultural produce amounted to ₱2.78 million in 2017, ₱1.99 million in 2016 and ₱3.00 million in 2015.

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8. Other Current Assets

	2017	2016
Advance rentals	**₱158**	₱150
Creditable withholding tax, net of allowance for probable loss of ₱16,190 in 2017 and 2016	**420**	718
Others	**24**	22
	₱602	₱890

The Company's excess input VAT amounting to ₱2.6 million as of December 31, 2017 and 2016 has been fully provided with allowance for probable loss.

9. Investment Properties

	2017			
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Total**
Cost:				
Beginning of year	**₱130,288**	**₱2,883**	**₱6,593**	**₱139,764**
Fair value increase (decrease) (Note 15)	**17,710**	**(48)**	**(1,361)**	**16,301**
End of year	**147,998**	**2,835**	**5,232**	**156,065**
Accumulated impairment	**(417)**	**–**	**–**	**(417)**
Net Book Values	**₱147,581**	**₱2,835**	**₱5,232**	**₱155,648**

	2016			
	Land	Buildings and Improvements	Machinery and Equipment	Total
Cost:				
Beginning of year	₱124,385	₱2,692	₱8,903	₱135,980
Fair value increase (decrease) (Note 15)	5,903	191	(2,310)	3,784
End of year	130,288	2,883	6,593	139,764
Accumulated impairment	(417)	–	–	(417)
Net Book Values	₱129,871	₱2,883	₱6,593	₱139,347

In 2015, the Company recognized impairment loss amounting to ₱0.42 million on its land property located at Tumaga, Zamboanga City as management assessed that carrying value of the property is no longer recoverable.

Since the Company is focusing its operations in Palawan, the Company reclassified the property in Tanay, Rizal from property, plant and equipment to investment property in 2015. The reclassification of owner-occupied property to investment property is due to the change in the use of the property that is to recognize income from leasing arrangements. The difference between the fair value and the net book value during the date of reclassification amounted to ₱19.41 million, net of deferred income tax effect, and was recognized as revaluation increment under equity (see Note 11).

The market values are based on the valuation performed in 2017 and 2016 by Cuervo Appraisers, Inc., a Philippine SEC-accredited appraiser. The valuation procedures have been performed in accordance with the Philippine Valuation Standard - Adoption of the International Valuation Standards Committee under Philippine setting.

The fair value was determined by using the sales comparison approach. Such approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate involving comparison and adjustments to sales price which pertain to factors affecting value such as size, location, time and shape.

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Fair value hierarchy disclosures for investment properties are provided in Note 22.

Related real property taxes paid by the Company amounted to ₱0.44 million in 2017, ₱0.44 million in 2016 and ₱0.43 million in 2015 (see Note 13).

Total rent income recognized by the Company amounted to ₱9.29 million in 2017 and ₱0.77 million in 2016 (nil in 2015).

For strategic reasons, the investment properties are not being used in accordance with their highest and best use in which the fair values are determined.

10. **Accounts Payable, Provisions and Other Payables**

	2017	2016
Trade payables	**₱26,110**	₱20,166
Provisions (Note 24)	**28,983**	29,134
Nontrade payables	**12,974**	18,042
Accrued liabilities	**2,545**	3,799
	₱70,612	₱71,141

Trade payables arise from regular transactions with supplier and service providers. These are noninterest-bearing and are normally settled within one year.

Provisions represent management's best estimate of probable cost of claims arising from the normal course of business that has been developed in consultation with the Company's legal counsel and is based upon an analysis of potential results. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, detailed information on the provisions is not disclosed as it may prejudice the Company's negotiation with the third party.

Nontrade payables pertain to utilities, security services and other nontrade liabilities to third party suppliers and service providers.

Accrued liabilities are composed of accrual of accrued rebates, discounts, professional fees and other goods and services provided by the supplier and service providers, as well as, cash bonds received by the Company. These are noninterest-bearing and are normally settled within one year.

11. **Equity**

Capital Stock

Issued and outstanding preferred stock are held by 3,404 stockholders as of December 31, 2017 and 2016. Issued and outstanding common stocks are held by 7,345 stockholders as of December 31, 2017 and 2016.

Information on capital stock as of December 31 follows:

Number of shares	**2017**	2016
Preferred stock - ₱1 par value:		
Authorized shares	**200,000,000**	200,000,000
Issued shares	**59,731,934**	59,731,934

(Forward)

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Number of shares	**2017**	2016
Outstanding shares	**48,633,664**	48,633,664
Common stock - ₱1 par value:		
Authorized shares	**2,500,000,000**	2,500,000,000
Issued and outstanding shares	**1,818,436,953**	1,818,436,953

In 2017 and 2016, no shareholders exercised their right to convert their preferred shares to common shares. In 2015, some holders of preferred shares exercised their right to convert their 401,348 preferred shares into 4,013,480 common shares, based on the ratio of ten common shares for every one preferred share.

Preferred Shares
The terms of the Company's convertible preferred shares as amended during the stockholders' meeting on October 11, 2006 and as approved by the SEC on December 6, 2007 follow:

i. The convertible preferred shares have no voting rights, except as may be provided by law;
ii. Holders of the convertible preferred shares shall not be entitled to receive dividend;
iii. The holders of convertible preferred shares shall have the right to convert such shares into common shares anytime at the ratio of ten (10) common shares for every one (1) convertible preferred shares held;
iv. The Company shall have the option to redeem the convertible preferred shares on any date at the offer price.

As of December 31, 2017 and 2016, the Company has a total of 59,731,934 issued shares, which include the 11,098,270 preferred shares in treasury acquired by the Company at ₱10 per share or a total of ₱110.98 million.

Revaluation Increment on Properties Transferred to Investment Properties
This represents the difference between fair value and net book value of the Company's land, building and improvements, and machinery and equipment under the property, plant and equipment account that was transferred to investment properties in 2015 which amounted to ₱19.41 million, net of ₱8.32 million deferred income tax liability, at the date of reclassification (see Notes 9 and 18).

Deficit
The balance of deficit includes the revaluation increment on land amounting to ₱74.90 million, net of deferred income tax, when the Company adopted the deemed cost and the cumulative remeasurement on defined benefit plan which pertains to the actuarial differences estimated from the determination of the Company's defined benefit obligation that are directly taken to deficit (see Note 17). The details of the cumulative actuarial differences follow:

	2017	2016
Accumulated actuarial loss at January 1	**(₱47,402)**	(₱47,370)
Actuarial gain (loss) for the year (Note 17)	**69**	(32)
Accumulated actuarial loss at December 31	**(₱47,333)**	(₱47,402)

Track Registration Record of Securities
On May 28, 1998, the SEC approved the Offer of Pre-Emptive Rights on 100,327,687 convertible preferred shares with a par value of ₱1.00 per share at a price of ₱10.00 per share with a Greenshoe Option of up to 50,163,844 additional preferred shares.

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On June 24, 1998, the Philippine Stock Exchange approved the listing of the following shares of the Company:

a. 100,327,687 convertible preferred shares, with a par value of ₱1.00 per share, to cover the 1:8 preemptive rights offering to stockholders as of the proposed record date of July 15, 1998, at an offer price of ₱10.00 per share;

b. 50,163,844 convertible preferred shares, with a par value of ₱1.00 per share, to cover the Greenshoe option shares granted to stockholders as of the proposed record date of July 15, 1998, at an offer price of ₱10.00 per share; and

c. 1,504,915,310 common shares, with a par value of ₱1.00 per share, to cover the underlying shares of the convertible preferred shares.

12. **Cost of Goods Sold**

	2017	2016	2015
Raw materials used (Note 6)	**₱41,326**	₱32,324	₱33,567
Freight and handling	**2,604**	2,053	2,918
Supplies and facilities	**1,967**	1,760	1,901
Outside services	**1,587**	1,553	1,280
Rental	**930**	975	822
Personnel costs (Notes 14 and 17)	**832**	731	1,036
Taxes and licenses	**245**	224	261
Communication, light and water	**211**	208	668
Repairs and maintenance	**30**	40	40
Others	**175**	184	209
	₱49,907	₱40,052	₱42,702

13. **General and Administrative Expenses**

	2017	2016	2015
Personnel costs (Notes 14 and 17)	**₱3,899**	₱3,672	₱3,545
Outside services	**1,891**	2,022	1,880
Taxes and licenses	**2,271**	697	753
Communication, light and water	**426**	419	365
Transportation and travel	**440**	321	317
Rental	**402**	315	317
Repairs and maintenance	**101**	158	121
Supplies and facilities	**87**	55	117
Insurance	**84**	81	89
Provision for doubtful accounts (Note 5)	**–**	–	172
Others	**78**	93	332
	₱9,679	₱7,833	₱8,008

Personnel costs pertain to:

	2017	2016	2015
Salaries and wages (Notes 12 and 13)	**₱4,323**	₱4,022	₱4,248
Retirement benefits costs (Note 17)	**408**	381	333

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14. **Selling and Marketing Expenses**

	2017	2016	2015
Rental	**₱433**	₱317	₱399
Transportation and travel	**163**	171	151
Supplies and facilities	**138**	44	45
Repairs and maintenance	**104**	6	24
Outside services	**85**	183	169
Others	**59**	7	23
	₱982	₱728	₱811

15. **Other Income (Loss)** - Net

	2017	2016	2015
Provision for probable loss (Notes 10 and 24)	**(₱27,865)**	(₱928)	₱–
Fair value change on investment properties (Note 9)	**16,301**	3,784	–
Rent income (Note 9)	**9,286**	774	–
Interest income (Note 4)	**192**	91	95
Impairment loss on investment properties (Note 9)	**–**	–	(417)
Reversal of provision for probable losses on creditable withholding taxes	**–**	–	178
Reversal of allowance for doubtful accounts (Note 5)	**–**	–	96
Impairment loss on AFS financial assets	**–**	–	(48)
Provision for inventory obsolescence	**–**	–	(44)
Others	**(17)**	848	90
	(₱2,103)	₱4,569	(₱50)

Others pertain to unrealized foreign exchange gain and other miscellaneous income.

16. **Related Party 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 the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders.

The aggregate compensation and benefits paid to the Company's key management personnel follow:

	2017	2016	2015
Salaries and allowances	**₱1,850**	₱1,833	₱1,050
Other short-term employee benefits	**–**	–	94
Retirement benefits costs	**–**	–	95
	₱1,850	₱1,833	₱1,239

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17. **Employee Benefits**

Retirement Benefits

The Company's retirement plan (the Plan) is non-contributory and of the defined benefit type which provides a retirement benefit equal to a certain percentage of the monthly salary for every year of credited service. The benefit is paid in a lump sum upon retirement or separation in accordance with the terms of the plan. There are no significant risks to which the Plan exposes the Company. However, in the event a benefit claim arises under the Plan, the benefit shall immediately be due and payable from the Company.

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 components of retirement benefits cost recognized in statement of income follow:

	2017	2016	2015
Current service cost	**₱202**	₱175	₱163
Interest cost	**206**	206	170
Retirement benefits costs	**₱408**	₱381	₱333

The amounts of remeasurement gain (loss) on defined benefit plan recognized in statement of comprehensive income for the years ended December 31 are as follows:

	2017	2016	2015
Remeasurement gain (loss) arising from changes in:			
Experience adjustments	**₱90**	₱86	₱201
Financial assumptions	**(21)**	(118)	–
Demographic assumptions	–	–	19
	₱69	(₱32)	₱220

The retirement benefits liability is equal to the present value of defined benefit obligation.

Movements in the retirement benefits obligation account and present value of defined benefit obligation are as follows:

	2017	2016	2015
At January 1	**₱3,510**	₱3,183	₱3,070
Current service cost	**202**	175	163
Interest cost	**206**	206	170
Retirement benefits payments	–	(86)	–
Remeasurement (gain) loss recognized in other comprehensive income	**(69)**	32	(220)
At December 31	**₱3,849**	₱3,510	₱3,183

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The latest actuarial valuation report is as of December 31, 2017. The principal actuarial assumptions used to determine pension benefits cost as of December 31, 2017 and 2016 follow:

	2017	2016
Discount rate	**5.78%**	5.86%
Salary increases	**2.00%**	2.00%
Mortality rate	**2001 CSO***	2001 CSO*
Disability rate	The Disability Study, Period 2, Benefit 5	The Disability Study, Period 2, Benefit 5
Turnover rate	A scale ranging from 24% at age 18 to 0% at age	A scale ranging from 34% at age 18 to 0% at age
Voluntary separation	60	60
Early retirement	Nil	Nil

**Commissioners Standard Ordinary Table*

The Company does not expect to contribute to the retirement plan in 2018.

The Company performed sensitivity analysis for the changes in the significant assumptions that would increase the defined benefit obligation. The sensitivity analysis as shown below has been determined based on a method that extrapolates the impact of defined benefit obligation as a result of reasonable changes in key assumptions occurring at December 31, 2017 and 2016 assuming all other assumptions were held constant.

		Increase (decrease) in present value of defined benefit obligation	
	Movement	**2017**	2016
Discount rate	+100 basis points	**(₱211)**	(₱192)
	-100 basis points	**240**	219
Salary rate	+100 basis points	**207**	203
	-100 basis points	**(185)**	(181)

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The average duration of the defined benefits obligation is 5.90 years as of December 31, 2017 and 2016.

Shown below is the maturity analysis of the undiscounted expected benefit payments as of December 31:

Plan year	**2017**	2016
Less than one year	**₱1,453,093**	₱1,266,855
More than one year to five years	**253,341**	–
More than 5 years	**2,924,783**	3,140,937
	₱4,631,217	₱4,407,792

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Other employee benefits liability

Employees can accumulate earned leave credits, which can be used anytime when needed by the employee or converted to cash, computed based on the employee's final rate upon separation (i.e., resignation or retirement). Accumulated leave credits are presented as "Other employee benefits liability" which amounted to ₱0.86 million and ₱0.83 million as of December 31, 2017 and 2016, respectively.

18. Income Taxes

a. The provision for current income tax represents the MCIT in 2017, 2016 and 2015.

b. The components of the Company's deferred income tax liabilities follow:

	2017	2016
Deemed cost adjustment on land (Note 11)	**₱32,112**	₱32,112
Revaluation increment on properties transferred to investment properties	**8,317**	8,317
Fair value changes on investment properties	**6,025**	1,135
Unrealized foreign exchange gain - net	**–**	44
Unrealized fair market value gain on agricultural produce transferred to ending inventory	**–**	5
	₱46,454	₱41,613

c. The Company did not recognize deferred income tax assets on the following deductible temporary differences and carryforward benefits of NOLCO and excess of MCIT over RCIT since the Company believes that there are no sufficient future taxable profits against which to apply these items:

	2017	2016
Allowance for doubtful accounts (Note 5)	**₱77,735**	₱77,375
NOLCO	**4,871**	11,571
Retirement benefits liability (Note 17)	**3,849**	3,510
Excess of MCIT over RCIT	**558**	264
Allowance for inventory obsolescence (Note 6)	**44**	44
Unrealized foreign exchange loss	**6**	–

d. The details of the NOLCO and excess of MCIT over RCIT outstanding as of December 31, 2017 follow:

Year Incurred	Available Until	NOLCO	MCIT
2015	2018	₱3,322	₱105
2016	2019	1,549	133
2017	2020	–	320
		₱4,871	₱558

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Following are the movements of NOLCO and MCIT:

	NOLCO			MCIT		
	2017	2016	2015	**2017**	2016	2015
At January 1	**₱11,571**	₱36,035	₱32,713	**₱264**	₱259	₱4,721
Additions	–	1,549	3,322	**320**	133	105
Application	**(3,626)**	–	–	**–**	–	–
Expiration	**(3,074)**	(26,013)	–	**(26)**	(128)	(4,567)
At December 31	**₱4,871**	₱11,571	₱36,035	**₱558**	₱264	₱259

e. The reconciliation of benefit from income tax computed at the statutory income tax rate to provision for income tax as shown in the statements of income follows:

	2017	2016	2015
Provision for (benefit from) income tax at statutory income tax rate	**(₱1,828)**	₱116	(₱1,110)
Additions to (reductions in) income tax resulting from:			
Movement in MCIT, NOLCO, and temporary differences for which no deferred income tax assets were recognized	**(710)**	1,147	1,326
Nondeductible interest and other expenses (nontaxable income)	**7,757**	10	(56)
Interest income subjected to final tax	**(58)**	(27)	(29)
Provision for income tax	**₱5,161**	₱1,246	₱131

19. Basic and Diluted Loss Per Share

Basic/diluted loss per share are computed as follows:

	2017	2016	2015
Net loss attributable to common stockholders	**(₱11,254)**	(₱861)	(₱3,830)
Divided by weighted average number of common stock	**1,818,436,953**	1,818,436,953	1,816,430,213
Basic/diluted loss per share	**(₱0.0062)**	(₱0.0005)	(₱0.0021)

The effect of convertible preferred shares is antidilutive for 2017, 2016 and 2015. Accordingly, the basic and dilutive earnings per share presented are the same.

20. Operating Segment Information

In December 2016, the Company entered into a leasing agreement with a third party on its property in Tanay, Rizal for a period of 5 years commencing on December 1, 2016 to November 30, 2021. Annual rental amounted to ₱9.26 million.

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Consequently, in 2016 the Company assessed that the leasing business should be monitored as an operating segment separate from the Company's poultry business.

The Company has only one geographical segment as all of its assets are located in the Philippines. The Company operates and derives principally all of its revenue from domestic operations. Thus, geographical business operation is not required.

Segment information is as follows:

	Poultry			Leasing			Total		
	2017	2016	2015	**2017**	2016	2015	**2017**	2016	2015
Segment revenues*	**₱56,578**	₱44,429	₱47,872	**₱25,587**	₱4,558	₱–	**₱82,165**	₱48,987	₱47,872
Segment net loss	**(28,863)**	(3,747)	(3,830)	**17,609**	2,886	–	**(11,254)**	(861)	(3,830)
Total assets	**17,979**	40,782	178,454	**155,648**	139,347	–	**173,627**	180,129	178,454
Total liabilities	**121,778**	117,095	114,527	**–**	–	–	**121,778**	117,095	114,527

**Segment revenues from leasing business are presented as part of "Other income" in the statements of income (see note 15).*

In 2017, revenue from agricultural produce derived from one customer amounted to ₱19.88 million representing 35.14% of total revenue. In 2016 and 2015, revenue from agricultural produce amounted to ₱13.42 million derived from one customer and ₱26.92 million derived from two customers, representing 27.97% and 52.93% of total revenue, respectively.

Rental income from the leasing business was derived only from a single third party lessee.

Operating results of the Company is regularly reviewed by the Company's BOD for the purpose of making decisions about resource allocation and performance assessment. Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with the statements of income. The presentation and classification of segment assets and liabilities are consistent with the balance sheets.

21. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade receivables, due from employees, and accounts payable and other payables. The main purpose of these financial instruments is to ensure adequate funds for the Company's operations.

It is the Company's policy that no trading of financial instruments shall be undertaken.

The Company's management and the BOD review and approve policies for managing these risks. Management closely monitors the funds and financial transactions of the Company.

The Company recognizes the fact that their business operations are always exposed, in one way or the other, to some level of uncertainties or risks which, if not properly addressed and managed, could be detrimental to the profitability of the Company.

Listed below are the financial risks the Company is exposed to:

Credit risk
Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company manages credit risk by transacting only with a few recognized and creditworthy customers with whom it has already firmly established a good business relationship.

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It is the Company's policy that all customers who wish to contract on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant.

The Company controls credit risk through strict monitoring procedures and regular coordination with customers.

The maximum exposure to credit risk is equal to the carrying value of the financial assets. The tables below show the credit quality and aging analysis of financial assets.

As of December 31, 2017:

	Neither past due nor impaired		Past due but not impaired							
	High grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days	Subtotal	Impaired	Total
Cash and cash equivalents	₱7,945	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱7,945
Receivables:										
Trade	–	1,630	702	310	138	185	419	1,754	40,905	44,289
Due from employees	–	–	–	–	–	–	1,761	1,761	104	1,865
Nontrade	–	–	–	–	–	–	–	–	36,366	36,366
	₱7,945	₱1,630	₱702	₱310	₱138	₱185	₱2,180	₱3,515	₱77,375	₱90,465

As of December 31, 2016:

	Neither past due nor impaired		Past due but not impaired							
	High grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days	Subtotal	Impaired	Total
Cash and cash equivalents	₱30,710	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱30,710
Receivables:										
Trade	485	771	348	37	13	9	195	602	40,905	42,763
Due from employees	–	–	–	–	–	25	1,771	1,796	104	1,900
Nontrade	–	–	–	–	–	157	–	157	36,366	36,523
	₱31,195	₱771	₱348	₱37	₱13	₱191	₱1,966	₱2,555	₱77,375	₱111,896

Cash and cash equivalents are classified as high grade since these are deposited and invested with reputable banks and can be withdrawn anytime.

High grade receivables pertain to those receivables from clients or customers that consistently pay before the maturity date. Standard grade includes receivables that are collected on their due dates even without an effort from the Company to follow them up. Past due receivables and advances include those that are past due but are still collectible. The majority of these past due receivables are not considered to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations when they fall under normal and stress circumstances. To limit risk, the Company manages its liquid funds through cash planning on a monthly and weekly basis. The Company uses historical figures and experiences and forecasts from its collections and disbursements, as well as projections based on the annual business plan. Likewise, the Company places excess funds in short-term cash investments. The Company also enters into restructuring agreements with creditor banks, as the need arises.

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The table below summarizes the Company's maturity profile of financial assets held for managing liquidity and maturity profile of financial liabilities based on contractual undiscounted obligations.

As of December 31, 2017:

	On Demand	**Less than 3 months**	**3 to 12 months**	**Total**
Loans and receivables:				
Cash and cash equivalents	**₱9,787**	**₱–**	**₱–**	**₱9,787**
Receivables:				
Trade	**1,754**	**1,630**	**–**	**3,384**
Due from employees	**1,761**	**–**	**–**	**1,761**
Total financial assets	**13,302**	**1,630**	**–**	**14,932**
Other financial liabilities:				
Accounts payable and other payables*	**41,268**	**–**	**–**	**41,268**
Liquidity position (gap)	**(₱27,966)**	**₱1,630**	**₱–**	**(₱26,336)**

** Excluding nonfinancial liabilities amounting to ₱29,344*

As of December 31, 2016:

	On Demand	Less than 3 months	3 to 12 months	Total
Loans and receivables:				
Cash and cash equivalents	₱32,410	₱–	₱–	₱32,410
Receivables:				
Trade	602	1,256	–	1,858
Due from employees	1,796	–	–	1,796
Nontrade	157	–	–	157
Total financial assets	34,965	1,256	–	36,221
Other financial liabilities:				
Accounts payable and other payables*	41,841	–	–	41,841
Liquidity position (gap)	(₱6,876)	₱1,256	₱–	(₱5,620)

** Excluding nonfinancial liabilities amounting to ₱29,300*

The Company's operations relate to agricultural activity and leasing of real property. The financial risk management disclosure on credit risk and liquidity risk above reflects the strategies related to agricultural activity as required by PAS 41. Management intends to use cash collections arising from leasing of real property to support the requirements of the Company's agricultural activity. Cash receipts from leasing amounted to ₱9.23 million and ₱0.77 million in 2017 and 2016, respectively (see Note 15).

22. Fair Value Measurement

The following provides the quantitative disclosures of fair value measurement as of December 31:

Asset measured at fair value and recurring fair value measurement	**Fair value measurement using significant unobservable inputs (Level 3)**
Investment properties	
2017	**₱155,648**
2016	139,347

(Forward)

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Asset measured at fair value and recurring fair value measurement	Fair value measurement using significant unobservable inputs (Level 3)
Biological assets	
2017	**₱1,864**
2016	2,344
Agricultural produce (presented as finished goods)	
2017	**₱–**
2016	319

There have been no transfers between Level 1 and 2 in 2017 and 2016.

Investment Properties
The table below summarizes the valuation techniques used and the significant unobservable input valuation for investment properties held by the Company.

Asset measured at fair value- Investment property	Valuation Techniques	Significant unobservable Inputs	Interrelationship between key unobservable input and fair value measurement
2017	Sales Comparison Approach	Price per square meter. Range of estimates is about ₱750/sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)
2016	Sales Comparison Approach	Price per square meter. Range of estimates is about ₱660/sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

Sales Comparison Approach is a process to value based on sales of similar or substitute properties and related market data and establishes a value estimated by processes involving comparison.

Biological assets and agricultural produce
The fair value of the Company's biological assets and agricultural produce are based on the market price obtained from the monthly commercial farmgate prices of broiler issued by the BAS to provinces which the Company considered as its relevant market. Management makes adjustments by considering the maturity relative to life cycle of the growing livestock. The estimated fair value would increase (decrease) if the farmgate prices increase (decrease). The estimated fair value would increase (decrease) if the estimated costs to bring the livestock to its harvest condition intended by management decrease (increase).

Cash and Cash Equivalents, Trade Receivables, Due from Related Parties, Due from Employees, Other Receivables, Accounts Payable and Other Payables
Due to the short-term nature of transactions, the carrying amounts of these instruments approximate the fair values at the balance sheet date.

23. **Capital Management**

The Company maintains a capital base to cover risks inherent in the business. The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern so that it continues to fulfill the Company's vision and mission and provide adequate return to shareholders. It also aims to provide adequate return to shareholders by maintaining profitability as the main requirement of the business and to ensure that the Company complies with externally imposed

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capital requirements. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. The Company is not subject to externally imposed capital requirements. No changes were made in the objectives, policies and processes from the previous years.

The following table summarizes the capital considered by the Company as of December 31:

	2017	2016
Capital stock	**₱1,878,169**	₱1,878,169
Capital in excess of par value	**1,281,414**	1,281,414
Deficit	**(3,016,158)**	(3,004,973)
Revaluation increment on investment properties (Note 9)	**19,406**	19,406
Cost of preferred treasury shares	**(110,982)**	(110,982)
Total Equity	**₱51,849**	₱63,034

24. **Other Matters**

The Company, in the normal course of business, is involved in certain claims, the outcome of which are presently not determinable. In the opinion of management and its legal counsel, the Company has strong legal basis on the cases, and the liability on these lawsuits, if any, will not have a material effect on the financial statements. For those cases where management, in consultation with the legal counsel, believes that the Company may eventually be obligated to settle, accruals have been made in the financial statements (see Note 10).

Movement in the provisions follows:

	2017	2016
Beginning Balance	**₱29,134**	₱28,206
Provisions during the year (Note 15)	**27,865**	928
Settlement during the year	**(28,016)**	–
Ending Balance	**₱28,983**	₱29,134

25. **Note to Statements of Cash Flows**

In 2015, the Company's noncash financing activity pertains to the conversion of preferred shares to common shares which amounted to ₱4.01 million (nil in 2016 and 2017).

26. **Supplementary Information Required Under Revenue Regulations No. 15-2010**

In compliance with Revenue Regulations No. 15-2010 issued by the Bureau of Internal Revenue on November 25, 2010, mandating all taxpayers to disclose information on taxes, duties and licenses paid and accrued during the taxable year, summarized below are the taxes paid and accrued during the year.

The information shown on the next page reflects the taxes, duties and license fees paid or accrued by the Company during 2017.

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a. Net Sales/Receipts and Output VAT declared in the Company's VAT returns filed for the period.

	Net Sales/Receipt	Output VAT
Vatable sales	₱9,286	₱1,114
VAT Exempt sales	53,796	–
	₱63,082	₱1,114

b. Input VAT

The following table shows the sources of input VAT claimed as declared in the VAT returns:

Beginning balance	₱–
Purchases of services lodged under cost of goods sold and general and administrative expenses	1,169
Total	1,169
Less:	
Input VAT claimed as deduction against output VAT	(31)
Income tax allocable to exempt sales	(1,138)
Ending balance	₱–

c. The taxes, duties and license fees paid or accrued in 2017 follow:

Business taxes	₱1,142
Registration fees	688
Real property tax	432
Meat inspection fee	245
Community tax certificate	9
	₱2,516

d. The withholding taxes paid or accrued in 2017 are categorized into:

	Accrued	Paid
Withholding tax on compensation	₱432	₱399
Expanded withholding tax	745	693

e. Tax cases

The Company has not received any Final Assessment Notice or Formal Letter of Demand from the BIR in any of the open years as of December 31, 2017.

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SWIFT FOODS, INC.

SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		**Adopted**	**Not Early Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			
	Amendments to PFRS 1: Government Loans			
	Amendments to PFRS 1: Borrowing Costs			
	Amendments to PFRS 1: Meaning of Effective PFRS			
PFRS 2	Share-based Payment			
	Amendments to PFRS 2: Vesting Conditions and Cancellations			
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			
PFRS 3 (Revised)	Business Combinations			
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		Adopted	Not Early Adopted	Not Applicable
PFRS 4	Insurance Contracts			
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			
	Amendments to PFRS 4: Applying PFRS 9 with PFRS 4			
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			
	Amendments to PFRS 5: Changes in Methods of Disposal			
PFRS 6	Exploration for and Evaluation of Mineral Resources			
PFRS 7	Financial Instruments: Disclosures			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments			
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			
PFRS 8	Operating Segments			
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets.			
PFRS 9	Financial Instruments (2010 version)			
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			
	Financial Instruments - Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)			
	Financial Instruments (2014 or final version)			
	Amendments to PFRS 10: Investment Entities			

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		Adopted	Not Early Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements			
	Amendments to PFRS 10: Investment Entities			
	Amendments to PFRS 10: Sale or Contribution of Assets between an investor and its Associate or Joint Venture			
	Amendments to PFRS 10: Investment Entities Applying the Consolidation Exception			
PFRS 11	Joint Arrangements			
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			
PFRS 12	Disclosure of Interests in Other Entities			
	Amendments to PFRS 12: Investment Entities			
	Amendments to PFRS 12: Investment Entities Applying the Consolidation Exception			
	Amendments to PFRS 12: Classification of the Scope of the Standard			
	Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard (Part of Annual Improvements to PFRS 2014 - 2016 Cycle)			
PFRS 13	Fair Value Measurement			
	Amendments to PFRS 13: Short-term Receivables and Payables			
PFRS 14	Regulatory Deferral Accounts			
PFRS 15	Revenue from Contracts with Customers			
PFRS 16	Leases			
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements			
	Amendment to PAS 1: Capital Disclosures			
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income			
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation			

Approved for printing

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		Adopted	Not Early Adopted	Not Applicable
PAS 1 (Revised)	Amendments to PAS 1: Disclosure Initiative			
PAS 2	Inventories			
PAS 7	Statement of Cash Flows			
	Amendments to PAS 7: Disclosure Initiative			
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors			
PAS 10	Events after the Reporting Period			
PAS 11	Construction Contracts			
PAS 12	Income Taxes			
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets			
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			
PAS 16	Property, Plant and Equipment			
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			
	Amendments to PAS 16: Bearer Plants			
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization			
PAS 17	Leases			
PAS 18	Revenue			
PAS 19 (Revised)	Employee Benefits			
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			
PAS 21	The Effects of Changes in Foreign Exchange Rates			
	Amendment to PAS 21: Net Investment in a Foreign Operation			
PAS 23 (Revised)	Borrowing Costs			
PAS 24 (Revised)	Related Party Disclosures			

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		Adopted	Not Early Adopted	Not Applicable
PAS 26	Accounting and Reporting by Retirement Benefit Plans			
PAS 27	Consolidated and Separate Financial Statements			
PAS 27 (Amended)	Separate Financial Statements			
	Amendments to PAS 27: Investment Entities			
	Amendments to PAS 27: Equity Method in Separate Financial Statements			
PAS 28	Investments in Associates			
PAS 28 (Amended)	Investments in Associates and Joint Ventures			
PAS 28 (Amended)	Amendments to PAS 28: Sale or Contribution of Assets between and Investor and its Associate or Joint Venture			
	Amendments to PAS 28: Investment Entities Applying the Consolidation Exception			
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value			
PAS 29	Financial Reporting in Hyperinflationary Economies			
PAS 32	Financial Instruments: Disclosure and Presentation			
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues			
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			
PAS 33	Earnings per Share			
PAS 34	Interim Financial Reporting			
	Amendment to PAS 34: Disclosure of Information "Elsewhere in the Interim Financial Report"			
PAS 36	Impairment of Assets			
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		Adopted	Not Early Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets			
PAS 38	Intangible Assets			
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			
	Amendment to PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization			
PAS 39	Financial Instruments: Recognition and Measurement			
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			
	Amendments to PAS 39: The Fair Value Option			
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			
	Amendment to PAS 39: Eligible Hedged Items			
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			
PAS 41	Agriculture			
	Amendments to PAS 16 and PAS 41: Bearer Plants			

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		Adopted	Not Early Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			
IFRIC 4	Determining Whether an Arrangement Contains a Lease			
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			
IFRIC 9	Reassessment of Embedded Derivatives			
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			
IFRIC 10	Interim Financial Reporting and Impairment			
IFRIC 12	Service Concession Arrangements			
IFRIC 13	Customer Loyalty Programmes			
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			
	Amendments to Philippine Interpretations IFRIC 14: Prepayments of a Minimum Funding Requirement			
IFRIC 15	Agreements for the Construction of Real Estate			
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			
IFRIC 17	Distributions of Non-cash Assets to Owners			
IFRIC 18	Transfers of Assets from Customers			
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 for the Company		Adopted	Not Early Adopted	Not Applicable
IFRIC 21	Levies			
IFRIC 22	Foreign Currency Transactions and Advance Consideration			
SIC-7	Introduction of the Euro			
SIC-10	Government Assistance - No Specific Relation to Operating Activities			
SIC-12	Consolidation - Special Purpose Entities			
	Amendment to SIC			
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			
SIC-15	Operating Leases - Incentives			
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			
SIC-29	Service Concession Arrangements: Disclosures			
SIC-31	Revenue - Barter Transactions Involving Advertising Services			
SIC-32	Intangible Assets - Web Site Costs			

Approved for printing

SWIFT FOODS, INC.

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule I : Schedule of All Effective Standards and Interpretations
Schedule II : SEC Form 17 A

Approved for printing

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2016**

2. Exact Name of Registrant as Specified in its Charter **SWIFT FOODS, INC.**

3. **4F RFM Corporate Center, Sheridan corner Pioneer Streets, Mandaluyong City** **1603**
   Address of Principal Office Postal Code

4. SEC Identification Number **AS094-005066** 5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **003-973-161-000**

7. **(+632) 631-8101 Local 7203**
   Issuer's Telephone number, including area code

8. Not applicable
   Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9

Actual number of Directors for the year	7

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Jose S. Concepcion, Jr.	ED		Jose S. Concepcion, Jr.	26 Feb 2003	29 July 2010	ASM	14
Luis Bernardo A. Concepcion	NED		Jose S. Concepcion, Jr.	1995	29 July 2010	ASM	22
Francisco A. Segovia	ED		Jose S. Concepcion, Jr.	1995	29 July 2010	ASM	22
Senen C. Bacani	ID		Jose S. Concepcion, Jr. (no relationship)	2002	29 July 2010 (15)	ASM	15
Alfredo B. Parungao	ID		Jose S. Concepcion, Jr. (no relationship)	03 Aug 2007	29 July 2010 (10)	ASM	10
Alejandrino J. Ferreria	ID		Jose S. Concepcion, Jr. (no relationship)	03 Aug 2007	29 July 2010 (10)	ASM	10
Agnes C. Reyes	ED, ID		Francisco A. Segovia (no relationship)	24 Nov 2016	24 Nov 2016	Regular Board Meeting	Less than 1

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Compliance with the principles of good corporate governance shall start with the Board of Directors. It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

(c) How often does the Board review and approve the vision and mission?

(d) Directorship in Other Companies

[1] Reckoned from the election immediately following January 2, 2012.

The company has no parent, subsidiary, associates, and joint ventures.

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
NONE	NONE	NONE

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Jose S. Concepcion, Jr.	RFM Corporation	Chairman
Francisco A. Segovia	RFM Corporation	Non-Executive

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Jose S. Concepcion, Jr.	Horizons Realty, Inc.	Father of the President/CEO
Luis Bernanrdo A. Concepcion	Horizons Realty, Inc.	Son of the Chairman

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	No limit imposed on no. of board seats	Not applicable
Non-Executive Director	No limit imposed on no. of board seats	
CEO	No limit imposed on no. of board seats	

(e) Shareholding in the Company

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Luis Bernardo A. Concepcion	(Common) 108,140 (Preferred) 19,100	0	0.006 / 0.0002
Jose S. Concepcion, Jr.	(Common) 1,324,330 (Preferred) 682	0	0.073 / 0.0000
Francisco A. Segovia	(Coomon) 3	0	0.0000
Senen C. Bacani	(Common) 1	0	0.0000
Alfredo B. Parungao	(Common) 500	0	0.0001
Alejandrino J. Ferreria	(Common) 500	0	0.0001
TOTAL	**(Common) 1,433,474 (Preferred) 19,782**	**0**	**(Common) 0.079 (Preferred) 0.0002**

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [x] No [ ]

Identify the Chair and CEO:

Chairman of the Board	Jose S. Concepcion, Jr.
CEO/President	Francisco A. Segovia

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Presides over all the meetings of the directors and sttockholders. He shall inform all stockholders in attendance of the mandatory requirement of electing independent directors and he shall ensure that independent director/s are elected during the Annual Meeting of the Stockholders. He shall ensure that specific slot/s for independent directors shall not be filled up by unqualified nominees and that in case of failure of election of independent director/s, he shall call a separate election during the same meeting to fill up the vacancy.	He shall preside in all meetings of the Board and stockholders in the absence of Chairman. He shall initiate and develop policies and formulate long range projects, plans and programs for the approval of the Board, including those for executive training, development, and compensation. General supervision and management of business affairs and property of the Corporation. Ensures administrative and operational policies of the corporation are carried out under his supervision and control. Power to appoint, remove, suspend, or discipline employees, prescribe their duties and determine their salaries subject to guidelines prescribed by

		law. Oversee preparation of budgets and statements of account. Prepare statements and reports required by law. Represent the corporation at functions and proceedings. Execute, on behalf of the corporation, contracts, agreements, and other instructments, which require the approval of the Board. Make reports to the Board and stockholders. Sign stock certificates. Perform other duties incidental to his position or entrusted to him by the Board.
Accountabilities		
Deliverables		

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

There is no policy on the succession of CEO/Managing Director/President and other key management positions.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The company requires diversity of experience and background of directors in the board as per submitted Revised Corporate Governance.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The company requires a non-executive director who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	He shall preside in all meetings of the Board and stockholders in the absence of Chairman. He shall initiate and develop corporate objectives and policies and formulate long range projects, plans, and programs for the approval of the Board, including those for executive traning, development, and compensation. General	They should be able to effectively participate in the deliberations of the Board.	They should be able to effectively participate in the deliberations of the Board.

	supervision and management of business affairs and property of the corporation. Ensures administrative and operational policies of the corporation are carried out under his supervision and control. Power to appoint, remove, suspend, or discipline employees, prescribe their duties and determine their salaries subject to guidelines prescribed by law. Oversee preparation of budgets and statements of account. Prepare statements and reports required by law. Represent the corporation at functions and proceedings. Execute, on behalf f the corporation, contracts, agreements, and other instructments, which require the approval of the Board. Make reports to the Board and stockholders. Sign stock certificates. Perform other duties incidental to his position or entrusted to him by the Board.		
Accountabilities	The powers, roles, responsibilities and accountabilities are state in both the Revised Manual on Corporate Governance and the Corporation's By-Laws.	The powers, roles, responsibilities and accountabilities are state in both the Revised Manual on Corporate Governance and the Corporation's By-Laws.	The powers, roles, responsibilities and accountabilities are state in both the Revised Manual on Corporate Governance and the Corporation's By-Laws.
Deliverables			

Provide the company's definition of "independence" and describe the company's compliance to the definition.

A person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out his responsibilities as a director of the company.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The company has no term limit of five consecutive years for independent directors.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
NONE	NONE	NONE	NONE

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Screening by the nomination committee and by election of majority of shareholders	They should possess qualification, knowledge in the industry, and stature that would enable them to participate in the Board and improve the company. Should not possess any of the grounds for disqualifications as provided for by law.
(ii) Non-Executive Directors	Screening by the nomination committee and by election of majority of shareholders	They should possess qualification, knowledge in the industry, and stature that would enable them to participate in the Board and improve the company. Should not possess any of the grounds for disqualifications as provided for by law.
(iii) Independent Directors	Screening by the nomination committee and by election of majority of shareholders	They should possess qualification, knowledge in the industry, and stature that would enable them to participate in the Board and improve the company. Should not possess any of the grounds for disqualifications

		as provided for by law. Must be at least a college graduate, or he shall have been engaged or exposed to the business of the corporation for at least 5 years. He shall possess integrity / probity. He shall be assiduous.
b. Re-appointment		
(i) Executive Directors	Screening by the nomination committee and by election of majority of shareholders	They should possess qualification, knowledge in the industry, and stature that would enable them to participate in the Board and improve the company. Should not possess any of the grounds for disqualifications as provided for by law.
(ii) Non-Executive Directors	Screening by the nomination committee and by election of majority of shareholders	They should possess qualification, knowledge in the industry, and stature that would enable them to participate in the Board and improve the company. Should not possess any of the grounds for disqualifications as provided for by law.
(iii) Independent Directors	Screening by the nomination committee and by election of majority of shareholders	They should possess qualification, knowledge in the industry, and stature that would enable them to participate in the Board and improve the company. Should not possess any of the grounds for disqualifications as provided for by law. Must be at least a college graduate, or he shall have been engaged or exposed to the business of the corporation for at least 5 years. He shall possess integrity / probity. He shall be assiduous.
c. Permanent Disqualification		
(i) Executive Directors	Screening by the nomination committee.	Finally convicted by a competent jurisdiction or administrative body of the following: (i) any crime involving the purchase of securities; (ii) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment

		company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (iii) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them. Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the Commission of any court or other administrative body or competent jurisdiction from body of competent jurisdiction from: (i) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (ii) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (iii) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the Commission or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulation Code, or any other law administered by the

		Commission or Bangko Sentral ng Pilipinas, or under any rule or regulation promulgated by the Commission or Bangko Sentral ng Pilipinas, or otherwise restrained to engage in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization. Any person finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent act or transgressions. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Commission or Bangko Sentral ng Pilipinas, or who has filed a materially false or misleading application, report or registration statement required by the Commission, or any rule, regulation or order of the Commission. Any person judicially declared to

		be insolvent. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in paragraphs (a) to (e) hereof. Any affiliated person who is ineligible, by reason of paragraphs (a) to (e) hereof to serve or act in the capacities listed in those paragraphs. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.
(ii) Non-Executive Directors	Screening by the nomination committee.	Convicted by final judgment of an offense punishable by imprisonment for a period of 6 years, or a violation of the Corporation Code committed within 5 years prior to the date of election
(iii) Independent Directors	Screening by the nomination committee.	Convicted by final judgment of an offense punishable by imprisonment for a period of 6 years, or a violation of the Corporation Code committed within 5 years prior to the date of election
d. Temporary Disqualification		
(i) Executive Directors	Screening by the nomination committee.	Refusal to fully disclose the extent of his business. Absence or non-participation for whatever reason/s for more than 50% of all meetings, both regular and special, during his incumbency, or any 12 months period during said incumbency. Dismissal / termination from directorship in another listed company for
(ii) Non-Executive Directors	Screening by the nomination committee.	
(iii) Independent Directors	Screening by the nomination committee.	

		cause. Being under preventive suspension by the corporation. If the Independent Director becomes an officer or employee of the same corporation. If the beneficial security ownership in the company or in its related companies shall exceed the 10% limit. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.
e. Removal		
(i) Executive Directors	Vote from office by a vote of the stockholders holding or representing at least 2/3 of the outstanding capital stock	With or without cause.
(ii) Non-Executive Directors	Vote from office by a vote of the stockholders holding or representing at least 2/3 of the outstanding capital stock	With or without cause.
(iii) Independent Directors	Vote from office by a vote of the stockholders holding or representing at least 2/3 of the outstanding capital stock	He becomes an officer or employee of the corporation where he is such a member of the board, or becomes any of the persons listed below: 1. Director of officer of substantial stockholder of the corporation or any of its related companies or any of its substantial shareholders. 2. Relative of any director, officer, or substantial shareholder, any of its related companies and substantial shareholders. 3. Not acting as nominee or representative of a substantial shareholder of the corporation, any of its related companies, or any of its substantial shareholders. 4. Has been employed in any executive capacity by the corporation, any of its related companies, or by any of its substantial shareholders within the last 5 years. 5. Retained as professional

		adviser by the company, any of its related companies, or any of its substantial shareholders, either personally or through his firm. 6. Engaged in any transaction with the company, any of its related companies, or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant. His beneficial ownership exceeds 10% of the outstanding capital stock. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless due to grave illness or death of an immediate family.
f. Re-instatement		
(i) Executive Directors	Screening by the nomination committee. By approval of the Board of Directors	Same criteria and disqualifications for appointment or selection.
(ii) Non-Executive Directors	Screening by the nomination committee. By approval of the Board of Directors	Same criteria and disqualifications for appointment or selection.
(iii) Independent Directors	Screening by the nomination committee. By approval of the Board of Directors	Same criteria and disqualifications for appointment or selection.
g. Suspension		
(i) Executive Directors	By approval of the Board of Directors	Convicted by final judgment of an offense punishable by imprisonment for a period of 6 years, or a violation of the Corporation Code committed within 5 years prior to the date of election
(ii) Non-Executive Directors	By approval of the Board of	

	Directors	
(iii) Independent Directors	By approval of the Board of Directors	

Voting Result of the last Annual General Meeting

Directors and officers are on a hold over capacity for failure to muster a quorum for the scheduled Annual Stockholders' Meetings in 2011, 2012, 2013, and 2014, and Annual Stockholders' Meetings for 2015, 2016, and 2017 were postponed for failure to muster a quorum since 2011.

Name of Director	Votes Received

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

There are no orientation programs for new directors.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:

There are no in-house training and external courses attended by Directors and Senior Management for the past 3 years.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Francisco A. Segovia	29 November 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Agnes C. Reyes	29 November 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Alejandro B. Lopez	29 November 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Marie Lourdes T. Sia-Bernas	29 November 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Alfredo B. Parungao	20 December 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Senen C. Bacani	20 December 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.
Alejandrino J. Ferreria	20 December 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

			Governance, Inc.
Jose A. Bernas	20 December 2016	Corporate Governance and AMLA Seminar	Philippine Corporate Enhancement and Governance, Inc.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Any direct or indirect interest in, connection with, or benefits from business or commercial activities which will in any way adversely affect the company	Any direct or indirect interest in, connection with, or benefits from business or commercial activities which will in any way adversely affect the company	Any direct or indirect interest in, connection with, or benefits from business or commercial activities which will in any way adversely affect the company
(b) Conduct of Business and Fair Dealings	Ownership of material interest or acting in any capacity with which the company does business which will directly or indirectly influence the terms and conditions of any business deal or transaction with the company such as sale, purchase, or award	Ownership of material interest or acting in any capacity with which the company does business which will directly or indirectly influence the terms and conditions of any business deal or transaction with the company such as sale, purchase, or award	Ownership of material interest or acting in any capacity with which the company does business which will directly or indirectly influence the terms and conditions of any business deal or transaction with the company such as sale, purchase, or award
(c) Receipt of gifts from third parties	Acceptance directly or indirectly of payments, services, or loans from a supplier, contractor, sub-contractor, customer, or other entity with which the company does business and the receiver is directly responsible for the functional area.	Acceptance directly or indirectly of payments, services, or loans from a supplier, contractor, sub-contractor, customer, or other entity with which the company does business and the receiver is directly responsible for the functional area.	Acceptance directly or indirectly of payments, services, or loans from a supplier, contractor, sub-contractor, customer, or other entity with which the company does business and the receiver is directly responsible for the functional area.
(d) Compliance with Laws & Regulations	Company complies with all laws and regulations affecting its business operation	Company complies with all laws and regulations affecting its business operation	Company complies with all laws and regulations affecting its business operation
(e) Respect for Trade Secrets/Use of Non-public Information	The company respects trade secrets and use of non-public information with utmost confidentiality	The company respects trade secrets and use of non-public information with utmost confidentiality	The company respects trade secrets and use of non-public information with utmost confidentiality
(f) Use of Company Funds, Assets and	Provides for a deed of trust for funds and	Provides for a deed of trust for funds and audit	Provides for a deed of trust for funds and audit

Information	audit committee reports for use of company assets and information	committee reports for use of company assets and information	committee reports for use of company assets and information
(g) Employment & Labor Laws & Policies	Company abides by all labor laws and policies	Company abides by all labor laws and policies	Company abides by all labor laws and policies
(h) Disciplinary action	The Board of Directors approves any disciplinary actions against erring directors	The President approves any disciplinary actions against erring executive	The company creates a panel or committee to hear, recommend, and decide all cases
(i) Whistle Blower	No existing policy on whistle blowing	No existing policy on whistle blowing	No existing policy on whistle blowing
(j) Conflict Resolution	Observes due process through committee hearing to settle disputes	Observes due process through committee hearing to settle disputes	Observes due process through committee hearing to settle disputes

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The code of ethics or conduct has been disseminated to all directors, senior management, and employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

The corporation has no related party transactions.

Related Party Transactions	Policies and Procedures
(1) Parent Company	
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may

be involved.

There are no conflict of interest between the corporation's directors, officers, and shareholders owning at least 5% of the corporation's outstanding capital stock.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

The company has a small number of employees, hence, the transactions entered into by the company are known by the employees, officers, and directors.

	Directors/Officers/Significant Shareholders
Company	
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

There are no relations of a family, commercial, contractual, or business nature that exist between and among the holders of significant equity, to the extent that they are known to the company.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

There are no relations of a commercial, contractual, or business nature that exist between the holders of significant equity and the company, to the extent that they are known to the company.

Names of Related Significant Shareholders	Type of Relationship	Brief Description

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

There are no shareholders' agreements that may impact on the control, ownership, and strategic direction of the company.

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

The company has no alternative dispute resolution system in amicably settling conflicts or differences between the company and its stockholders, and the company and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

The Board of Directors' meetings are scheduled either before or at the beginning of the year.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Jose S. Concepcion, Jr.	7-29-10	4	1	25
Member	Luis Bernardo A. Concepcion	7-29-10	4	1	25
Member	Francisco A. Segovia	7-29-10	4	4	100
Independent	Senen C. Bacani	7-29-10	4	4	100
Independent	Alejandrino J. Ferreria	7-29-10	4	4	100
Independent	Alfredo B. Parungao	7-29-10	4	4	100
Independent	Agnes C. Reyes	11-24-16	1	1	100

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

Non-executive directors do not hold separate meetings during the year without the presence of any executive.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Section 6 of the Corporation's By-Laws states that "a majority of the numbers of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business, and every decision of a least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which require the vote of a majority of all members of the Board."

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

[5] Board papers consist of complete and adequate information about the matters to be taken in the board meeting.

The board papers are provided on the day of the scheduled meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

The board members have independent access to Management and the Corporate Secretary.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The duties and responsibilities of the Corporate Secretary include the following:

- **Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.**
- **Provide the Board members with the schedule of the meetings for the current year during the first month of the year and put the Board on notice before every meeting together with a copy of the agenda of the meeting.**
- **Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations.**

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

The company secretary is trained in legal, accountancy, and company secretarial practices.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [x] No [ ]

Committee	Details of the procedures
Executive	
Audit	Prior to the commencement of audit, discuss with external auditor the nature, scope and expenses of audit, and ensure proper coordination
Nomination	Prior to nomination, the committee pre-screen and shortlist all candidates nominated to become member of the Board in accordance with qualifications and disqualifications
Remuneration	Provides in the Corporation's Annual Report, information and proxy statements, a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year.
Others (specify)	

6) External Advice

Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

There is no procedure provided by the corporation whereby directors can receive external advise.

Procedures	Details

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

There are no changes introduced by the Board of Directors on existing policies that may have an effect on the business of the company.

Existing Policies	Changes	Reason

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Board of Directors determines the fixed remuneration	Board of Directors determines the fixed remuneration upon recommendation of the President
(2) Variable remuneration	Board of Directors determines the fixed remuneration	Board of Directors determines the fixed remuneration upon recommendation of the President
(3) Per diem allowance	Based on the existing company policy on per diem allowance	Based on the existing company policy on per diem allowance
(4) Bonus	Board of Directors determines the fixed remuneration	Board of Directors determines the fixed remuneration upon recommendation of the President
(5) Stock Options and other financial instruments	None	None
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration	Structure of	How

	Policy	Compensation Packages	Compensation is Calculated
Executive Directors	Remuneration Committee decides		Based on qualifications, tenure, and performance
Non-Executive Directors	Remuneration Committee decides		Based on qualifications, tenure, and performance

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Stockholders approve all board resolutions passed by the directors during the annual stockholders meeting. However, the last stockholders' meeting was held in 2010 and no quorum was gathered in the scheduled Annual Stockholders' Meetings in 2011, 2012, 2013, and 2014. Annual Stockholders' Meetings for 2015, 2016, and 2017 were postponed for failure to muster a quorum since 2011.

Remuneration Scheme	Date of Stockholders' Approval

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	none	none	none
(b) Variable Remuneration	none	none	none
(c) Per diem Allowance	Php5,000 / meeting	Php5,000 / meeting	Php5,000 / meeting
(d) Bonuses	none	none	none
(e) Stock Options and/or other financial instruments	none	none	None
(f) Others (Specify)			
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	none	none	none
2) Credit granted	none	none	none
3) Pension Plan/s Contributions	none	none	none

(d) Pension Plans, Obligations incurred	none	none	none
(e) Life Insurance Premium	none	none	none
(f) Hospitalization Plan	none	none	none
(g) Car Plan	none	none	none
(h) Others (Specify)	none	none	none
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

The company has no incentive programs.

Incentive Program	Amendments	Date of Stockholders' Approval

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

There are no members of management who are not at the same time executive directors.

Name of Officer/Position	Total Remuneration

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the

power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2	1	4		Assist Board in performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations; Oversight over management's activities; check financial reports, perform oversight functions over its internal and external auditors; review annual internal audit; discussions with external auditor prior to audit; organize internal audit department; monitor and evaluate internal control system; review reports of internal and external auditors		
Audit		1					

					before submission to the board; coordinate, monitor, and facilitate compliance with laws, rules, and regulations, among others.		
Nomination	1	1	1		Reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors		
Remuneration		1	3		Establishes procedure on executive remuneration, remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and personnel enduring that compensation is consistently and equitably implemented in accordance with the Corporation's culture, strategy and		

					control environment.		
Strategic Planning							

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Senen C. Bacani	29 July 2010				
Member (ED)	Luis Bernardo A. Concepcion	29 July 2010				
Member (NED)						
Member (ID)	Alfredo B. Parungao	29 July 2010				
Member						

Disclose the profile or qualifications of the Audit Committee members.

Senen C. Bacani, 72, born on July 30, 1945 in Guagua, Pampanga, he obtained a Bachelor of Science Degree in Commerce from De La Salle University in 1965, Summa cum Laude & class valedictorian. A Certified Public Accountant, he was granted an East-West Center Scholarship in 1966 and graduated from the University of Hawaii with a Master of Business Administration in 1968. He started his career with Dole Company in Honolulu and for the next 22 years, he progressively occupied management positions of increasing responsibility in the Philippines, Thailand, Ecuador, and Costa Rica. Former President Corazon C. Aquino appointed him Secretary of Agriculture in 1989. He holds several key positions in various companies and institutions as follows: Chairman of La Frutera, Inc., Trully Natural Food Corporation, UMIC International, Inc., President of Ultrex Management and Investments Corporation, member of the Board of Advisers of Roxas Holdings Inc., and East West Seed (Philippines), Inc., member of Board of Directors of Franklin Baker Company of the Philippines, Icebox Logistics Services, Inc. and Cooperative Insurance System of the Philippines. He is an independent director.

Luis Bernardo Ma. A. Concepcion, 56, born on August 20, 1960, has a degree in Business Administration from St. Ambrose College and completed the International Course on Swine and Poultry Husbandry from the Barneveld College, The Netherlands. Mr. Concepcion was the President of Philippine Association of Broiler Integrators (PABI) in 1988-1989.

***Alfredo B. Parungao,* 79**, born on January 24, 1938, obtained his Bachelor of Science Degree in Commerce at the Far Eastern University, graduated summa cum laude. A certified public accountant, he also got a Program for Management Development at Harvard Business School. He is at present the President of Ligaya Management Corporation, CIBI Foundation, Member of the Board of Trustees and Chairman of Insular Life Assurance Co., Ltd,

Member of the Board of Directors of Insular Investment and Trust Corporation and UBIX Corporation and Chief of Staff, Social Security Commission. He is an independent director.

Describe the Audit Committee's responsibility relative to the external auditor.

Performs oversight functions over external auditors to ensure that external auditors act independently, and is given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions.

Prior to the commencement of the audit, discusses with the external auditor the nature, scope, and expenses of audit, and ensures proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

Reviews the reports submitted by the external auditors.

Pre-approves all audit plans, scope and frequency one (1) month before the conduct of the external audit.

Performs direct interface functions with the external auditors.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Jose S. Concepcion, Jr.	29 July 2010				
Member (ED)	Luis Bernardo A. Concepcion	29 July 2010				
Member (NED)						
Member (ID)	Senen C. Bacani	29 July 2010				
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)	Jose S. Concepcion, Jr.	29 July 2010				
Member (ID)	Alejandrino J. Ferreria	29 July 2010				
Member						

(e) Strategic Planning Committee

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Alejandrino J. Ferreria	29 July 2010				
Member (ED)	Luis Bernardo A. Concepcion	29 July 2010				
Member (NED)						
Member (ID)	Senen C. Bacani	29 July 2010				

Member	Alfredo B. Parungao	29 July 2010				

***Alejandrino J. Ferreria*, 66**, born on February 18, 1951, obtained a Bachelor of Science Degree in Management from the Ateneo de Manila University, a Master's Degree in Business Administration from the University of the Philippines, and a Doctorate in Education Management from National University. He was also the Bank of America Foundation Professor of Business Management in Asian Institute of Management ("AIM") and was school dean of 3 of the 4 schools of AIM. He currently sits on several boards, some of which are: Goodyear Philippines, Pascual Laboratories, Producers Savings Bank, G&S Transport (Avis Rent a Car), and Radio Wealth Finance. He is an independent director.

Luis Bernardo Ma. A. Concepcion, 56, born on August 20, 1960, has a degree in Business Administration from St. Ambrose College and completed the International Course on Swine and Poultry Husbandry from the Barneveld College, The Netherlands. Mr. Concepcion was the President of Philippine Association of Broiler Integrators (PABI) in 1988-1989.

Senen C. Bacani, 72, born on July 30, 1945 in Guagua, Pampanga, he obtained a Bachelor of Science Degree in Commerce from De La Salle University in 1965, Summa cum Laude & class valedictorian. A Certified Public Accountant, he was granted an East-West Center Scholarship in 1966 and graduated from the University of Hawaii with a Master of Business Administration in 1968. He started his career with Dole Company in Honolulu and for the next 22 years, he progressively occupied management positions of increasing responsibility in the Philippines, Thailand, Ecuador, and Costa Rica. Former President Corazon C. Aquino appointed him Secretary of Agriculture in 1989. He holds several key positions in various companies and institutions as follows: Chairman of La Frutera, Inc., Trully Natural Food Corporation, UMIC International, Inc., President of Ultrex Management and Investments Corporation, member of the Board of Advisers of Roxas Holdings Inc., and East West Seed (Philippines), Inc., member of Board of Directors of Franklin Baker Company of the Philippines, Icebox Logistics Services, Inc. and Cooperative Insurance System of the Philippines. He is an independent director.

***Alfredo B. Parungao,* 79**, born on January 24, 1938, obtained his Bachelor of Science Degree in Commerce at the Far Eastern University, graduated summa cum laude. A certified public accountant, he also got a Program for Management Development at Harvard Business School. He is at present the President of Ligaya Management Corporation, CIBI Foundation, Member of the Board of Trustees and Chairman of Insular Life Assurance Co., Ltd, Member of the Board of Directors of Insular Investment and Trust Corporation and UBIX Corporation and Chief of Staff, Social Security Commission. He is an independent director.

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

There are no changes in committee membership that occurred during the year.

Name of Committee	Name	Reason
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	Supervision of external auditor;	

	Review of Audited Financial Statements before presenting to the Board for approval.	
Nomination	Submits list of qualified nominees to be elected as directors of the Corporation at its annual stockholders meeting.	
Remuneration	Review of remuneration based from the previous year.	
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Board of Directors reviews and approves policies for managing risks.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Board of Directors has reviewed the effectiveness of the risk management system and commented on the adequacy thereof.

(c) Period covered by the review;

The period covered by the review is July 2011 to June 2012.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

The risk management system is reviewed annually.

And

(e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
	Board of Directors review and approve policies for managing risks.	

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control refers to the process effected by a company's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal policies.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The directors have reviewed the effectiveness of the internal control system and have considered them effective and adequate.

(c) Period covered by the review;

Period of the review is July 2011 to June 2012.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The internal controls are reviewed annually.

(e) Where no review was conducted during the year, an explanation why not.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	

Issues[6]	
Findings[7]	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare		
Supplier/contractor selection practice		

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

The company has no separate corporate responsibility report / section or sustainability report / section.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company has an unfunded defined benefit retirement plan covering all permanent, regular, full-time employees.

(b) Show data relating to health, safety and welfare of its employees.

No data available.

(c) State the company's training and development programmes for its employees. Show the data.

The company has no training and development programmes for its employees.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The company has no reward / compensation policy that accounts for the performance of the company beyond short – term financial measure.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

There is no procedure for handling complaints by employees concerning illegal and unethical behaviour.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	1,312,245,293	72.16%	PCD Nominee
PCD Nominee G/F Makati Stock	14,847,539	30.53%	PCD Nominee

Exchange 6767 Ayala Ave., Makati City			
Horizons Realty, Inc.	13,925,994	28.63%	Horizons Realty, Inc.
Renaissance Property Management Corporation	117,292,756	6.45%	Renaissance Property Management Corporation
Concepcion Industries, Inc.	3,138,155	6.45%	Concepcion Industries, Inc.
Ronald S. Po	2,809,514	5.78%	Ronald S. Po
Li Chih Hui	100,000,000	5.50%	Li Chih Hui
Sahara Management & Development Corporation	2,515,033	5.17%	Sahara Management & Development Corporation

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Jose S. Concepcion, Jr.	1,324,330 (“r”)	0	0.073%
Luis Bernardo Ma. A. Concepcion	108,140 (“r”)	0	0.006%
Francisco A. Segovia	3 (“b”)	0	0.000%
Senen C. Bacani	1 (“b”)	0	0.000%
Alfredo B. Parungao	500 (“b”)	0	0.000%
Alejandrino J. Ferreria	500 (“b”)	0	0.000%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	No
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No

Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

Number of board of directors meeting and attendance of the directors are reported to the Securities and Exchange Commission in the Updates to the ACGR which is attached to the Issuer's Annual Report.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo & Co.	₱450,000.00	

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Disclosures files to the Securities and Exchange Commission and the Philippine Stock Exchange.

5) Date of release of audited financial report: **31 March 2017**

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	
Financial statements/reports (current and prior years)	
Materials provided in briefings to analysts and media	
Shareholding structure	
Group corporate structure	
Downloadable annual report	
Notice of AGM and/or EGM	
Company's constitution (company's by-laws, memorandum and articles of association)	

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT – Not Applicable**

RPT	Relationship	Nature	Value

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of outstanding capital stock

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Ratification by stockholders of corporate acts during the annual stockholders meeting.
Description	All approved corporate acts are subject to stockholders ratification during the annual stockholders meetings.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	**Stockholders' Rights not in The Corporation Code**
Voting Right	**None**
Pre-emptive Right	
Power of Inspection	
Right to Dividends	
Appraisal Right	
Right to Information	

Dividends

There were no dividends declared in 2016.

Declaration Date	Record Date	Payment Date

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	**Communication Procedure**
The Chairman opens the floor for questions of the stockholders during annual stockholders meetings.	**The Chairman announces during the annual stockholders meeting.**

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution - **Ratified through a special or during the annual**

stockholders meeting.

b. Authorization of additional shares - **Ratified through a special or during the annual stockholders meeting.**

c. Transfer of all or substantially all assets, which in effect results in the sale of the company - **Ratified through a special or during the annual stockholders meeting.**

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? - **The By-Laws of the Corporation provides that "Notices for the regular or special meeting of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known post office address or by publication in a newspaper of general circulation."**

   a. Date of sending out notices: **Annual Stockholders' Meeting was not called this year for failure to muster a quorum since 2011.**

   b. Date of the Annual/Special Stockholders' Meeting: **Annual Stockholders' Meeting was not called this year for failure to muster a quorum since 2011.**

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. – **Not applicable**

5. Result of Annual/Special Stockholders' Meeting's Resolutions

   Not applicable

Resolution	Approving	Dissenting	Abstaining

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Not applicable

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

There are no modifications made in the Annual / Stockholder's Meeting regulations.

Modifications	Reason for Modification

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Annual Stockholders' Meeting was not called this year for failure to muster a quorum since 2011.

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual						
Special						

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The company does not appoint an independent party to count and/or validate the votes at the ASM / SSMs.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

The company's common shares carry one vote for one share.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	A sample proxy form is enclosed in the Notices distributed to the stockholders.
Notary	Aside from personal identification, representatives of corporate stockholders should present a notarized Secretary's Certificate indicating the representative's authority to represent the corporation. Beneficial owners whose shares are lodged with the Philippine Central Depository ("PCD"), or registered under the name of a broker, bank, or other fiduciary, must, in addition to the required proof of identification, present a notarized certification from the owner of record that he is the beneficial owner, indicating thereon the number of shares.
Submission of Proxy	Proxies must be presented to the Corporate Secretary for inspection, validation, and record, at least seven (7) days prior to the Stockholders' Meeting.
Several Proxies	Only one (1) proxy for one stockholders is allowed by the Corporation.
Validity of Proxy	Valid only for the date of the special or annual stockholders meeting, and any adjournment thereof.
Proxies executed abroad	In lieu of notarization, must be consularized.
Invalidated Proxy	
Validation of Proxy	Proxy forms are review by assigned employees of the Corporation.
Violation of Proxy	

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	**Procedure**
Prior Notice	Notices are sent by registered mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known post

	office address and by publication in a news paper of general circulation.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	**All registered stockholders.**
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	**Not Applicable**
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	**Not Applicable**
State whether CD format or hard copies were distributed	**Not Applicable**
If yes, indicate whether requesting stockholders were provided hard copies	**Not Applicable**

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	**Not Applicable**
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	**Not Applicable**
The auditors to be appointed or re-appointed.	**Not Applicable**
An explanation of the dividend policy, if any dividend is to be declared.	**Not Applicable**
The amount payable for final dividends.	**Not Applicable**
Documents required for proxy vote.	**Not Applicable**

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Respect the right of stockholders as provided in the Corporation Code and By-Laws	
Stockholders are encouraged to personally attend stockholders meetings	
Accurate and timely information are made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.	

(b) Do minority stockholders have a right to nominate candidates for board of directors?

The candidates for board of directors are screened and nominated by the nomination committee.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors		
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 07 August 2017.

SIGNATURES

(out of the country)
Jose S. Concepcion, Jr.
Chairman of the Board

Francisco A. Segovia
President and Chief Executive Officer

Alfredo B. Parungao
Independent Director

Senen C. Bacani
Independent Director

Jose A. Bernas
Corporate Secretary / Compliance Officer

SUBSCRIBED AND SWORN to before me this 07 AUG 2017, affiants exhibiting to me their government-issued identification cards, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Jose S. Concepcion, Jr.		
Francisco A. Segovia / DRIVER'S LICENSE NO. N03-72-019088	APRIL 2, 2014	EAST AVE. QUEZON CITY
Alfredo B. Parungao / PASSPORT ID NO. EB8372623	JUNE 11, 2013	DFA MANILA
Senen C. Bacani / SENIOR CITIZEN ID NO. 2470	NOVEMBER 18, 2005	SAN JUAN METRO MANILA
Jose A. Bernas / IBP Lifetime Membership ID NO. 01738	JANUARY 25, 2000	MAKATI CITY

Doc No. 540;
Page No. 4;
Book No. II;
Series of 2017.

ANGELICA ROSE C. DIMALANTA
Commission No. M-198
Notary Public - City of Makati
Until 31 December 2018
Bernas Law Offices
8th Floor Raha Sulayman Bldg., 108 Benavidez St.,
Legaspi Village, Makati City
IBP Membership No. 1060668 / 09 January 2017 / Quezon City
PTR No. 5912449 / 09 January 2017 / Makati City
Roll of Attorneys No. 66411