

COVER SHEET
for
SEC FORM 17-A

SEC Registration Number

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COMPANY NAME

[illegible]

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

[illegible]

Form Type

1	7	A	
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Department requiring the report

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Secondary License Type,
If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

None

Company's Telephone
Number

631-8101

Mobile Number

N/A

No. of Stockholders

10,670

Annual Meeting (Month / Day)

Any day of June

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty. Jose A. Bernas

Email Address

jbernas@bernaslaw.com

Telephone
Number/s

Number/s
892-7470

Mobile Number

11

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, 2018**.
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**.....

Address of principal office

1603

Postal Code

8. **(+632) 719-51-90**

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
Preferred
Debt**

1,818,436,953

48,633,664

Not applicable

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

Yes ☒ 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 ☒ No ☐

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

Yes ☒ No ☐ []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (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 shut down all branch operations 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 balance of 50.00% are sold to Secondary Accounts Group representing 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 15 employees as of December 31, 2018, broken down as follows:

Executive	1
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 a company name.

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, 2018:

	Neither past due nor impaired		Past due but not impaired						Credit impaired	Total
	High grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days	Subtotal		
Cash and cash equivalents	₱10,662	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱10,662
Receivables:										
Trade	-	3,065	667	401	292	165	304	1,829	239	5,133
Nontrade	-	-	-	-	-	-	-	-	13,266	13,266
	₱10,662	₱3,065	₱667	₱401	₱292	₱165	₱304	₱1,829	₱13,505	₱29,061

As of December 31, 2017:

	Neither past due nor impaired		Past due but not impaired						Credit impaired	Total
	High grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days	Subtotal		
Cash and cash equivalents	₱9,787	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱9,787
Receivables:										
Trade	-	1,630	702	310	138	185	419	1,754	40,905	44,289
Nontrade	-	1,761	-	-	-	-	-	-	36,470	38,231
	₱9,787	₱3,391	₱702	₱310	₱138	₱185	₱419	₱1,754	₱77,375	₱92,307

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

As of December 31, 2018:

	Neither past due nor impaired		Total
	High grade	Standard grade	
Cash and cash equivalents	₱10,662	₱–	₱10,662
Trade receivables	--	1,630	1,630
	₱10,662	₱1,630	₱12,292

As of December 31, 2017:

	Neither past due nor impaired		Total
	High grade	Standard grade	
Cash and cash equivalents	₱9,787	₱–	₱9,787
Trade receivables	--	1,630	1,630
	₱9,787	₱1,630	₱11,417

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, 2018:

	On Demand	Less than 3 months	3 to 12 months	3 Total
Debt instruments at amortized cost:				
Cash and cash equivalents	₱10,662	₱–	₱–	₱10,662
Trade receivables	2,068	3,065	–	5,133
Total financial assets	12,730	3,065	–	15,795
Other financial liabilities:				
Accounts payable and other payables*	37,716	–	–	37,716
Liquidity position (gap)	(₱24,986)	₱3,065	₱–	(₱21,921)

* Excluding nonfinancial liabilities amounting to ₱31,815

As of December 31, 2017:

	On Demand	Less than 3 months	3 to 12 months	3 Total
Loans and receivables:				
Cash and cash equivalents	₱9,787	₱–	₱–	₱9,787
Trade receivables	1,754	1,630	–	3,384
Total financial assets	11,541	1,630	–	13,171
Other financial liabilities:				
Accounts payable and other payables*	41,268	–	–	41,268
Liquidity position (gap)	(₱29,727)	₱1,630	₱–	(₱28,097)

* Excluding nonfinancial liabilities amounting to ₱29,344

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 has no pending legal case.

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 2018 and 2017. 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
2018			
Quarter ended March 28	₱0.14	₱0.14	₱0.14
Quarter ended June 29	0.13	0.13	0.13
Quarter ended September 28	0.12	0.12	0.12
Quarter ended December 28	0.13	0.13	0.13
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

The price as of the last trading date for this report is ₱0.13 on December 28, 2018.

There are seven thousand two hundred eighty two (7,282) stockholders of one billion eight hundred eighteen million four hundred thirty six thousand nine hundred fifty three (1,818,436,953) common shares of stock of the Company as of December 31, 2018.

(b) Preferred Stocks

The preferred shares of stock of the Company are traded on the Philippine Stock Exchange (PSE). There are 3,388 stockholders of 48,633,664 issued and outstanding preferred shares of stock of the Company as of December 31, 2018.

(2) Holders

A list of the top one hundred (100) common and preferred stockholders of the Company as of December 31, 2018 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)	1,308,570,725	71.960%
2	Renaissance Property Management Corporation	117,292,756	6.450%
3	Li Chih-Hui	100,000,000	5.500%
4	Feati University	77,119,994	4.240%
5	PCD Nominee Corporation (Foreign)	55,941,993	3.080%
6	Chilco Holdings, Inc.	44,511,824	2.450%
7	S & A Industrial Corp.	26,145,590	1.440%
8	Concepcion Industries, Inc.	17,766,734	0.980%
9	Sahara Management & Devt. Corp.	9,342,729	0.510%
10	Republic Commodities Corp.	8,242,083	0.450%
11	S & A Industrial Corporation	6,167,888	0.340%
12	Foresight Realty & Dev't Corp.	4,782,433	0.260%
13	Horizons Realty Inc.	3,854,960	0.210%
14	S & A Industrial Corp.	2,921,394	0.160%
15	Eumelia Concepcion Hechanova	1,929,856	0.110%
16	Segovia & Co., Inc.	1,600,689	0.090%
17	S & A Industrial Corporation	1,599,845	0.090%
18	Joseph Server Jr. or Estelita L. Server	1,335,674	0.070%
19	Rafael Hechanova &/or Eumelia C. Hechanova.	1,050,581	0.060%
20	Guillermo F. Gili Jr.	970,000	0.050%

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)	14,821,783	30.48%
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	5.78%
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)	1,092,468	2.25%
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 –CY2018 vs. CY2017

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, 2018 totaled to ₱177 million as compared to ₱173 million as of December 31, 2017 due to increase in cash, biological assets and fair value of investment property. Current ratio for the year 2018 is 0.2935:1 against last year's current ratio of 0.2517:1. Available cash on hand and in banks increased by 6.69% compared with last year. Accounts receivable increased by ₱1.5m due to increase in sales of HRI customers (term customers). Inventories decreased by 29.95% due to decrease in buffer stocks of feeds, medicine and vaccines inventories for Palawan. Biological assets increased by 37.61% due to increase in livestock in Palawan. Increase in Investment property of P1.4million is due to increase in fair value of the property. Accrued liabilities slightly decreased by 1.53% mainly due to adjustment of long outstanding trade payables and payment of non trade obligations as of year-end. The retirement benefits obligation increased by 8.11% due to recognition of service cost for the additional year of service rendered by the employees.

Net cash used in operations amounted to ₱.876 million. There is no cash from investing activity. In summary, cash and cash equivalents for the year increased by about 6.69%.

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.

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	CY2018	CY2017
Sales Revenue Growth	Sales this period	103.19%	127.35%
	Sales in the prior period		
Operating Margin	Income from Operations	-15.84%	-7.05%
	Net Sales		
Net income/(loss)		4,264	(11,254)
ROS	Net income before tax after interest	8.72%	-10.77%
	Net sales		
Current Ratio	Current assets	0.2935:1	0.2517:1
	Current liabilities		
Debt to equity	Total liabilities	2.16	2.35
Asset to equity	Total assets	3.16	3.35
	Total equity		
Solvency ratio	Income before income tax + depreciation	4.19%	-5.00%
	Total liabilities		
Interest coverage ratio	EBIT	-	-
	Interest expense		
Profitability ratio	Gross profit	9.89%	11.79%
	Net sales		

Item 7. Financial Statements

See Audited Financial Statements as of December 31, 2018, attached hereto as Annex “B”.

	2018	2017
Trade - net of allowance for doubtful accounts of ₱239 and ₱40,905 in 2018 and 2018 respectively	₱4,894	₱3,384
Employees - net of allowance for doubtful accounts of ₱104 in 2018 and 2017	1,786	1,761
Nontrade receivables - net of allowance for doubtful accounts of ₱13,162 and ₱36,366 in 2018 and 2017	-	-
	₱6,680	₱5,145

There are no advances made to any directors, officers, stockholders, or related interests (DOSRI) or any affiliates as of December 31, 2018.

Prepaid Expenses and Other Current Assets (in thousands):

	2018	2017
Creditable withholding tax net of allowance for probable loss of P16,190 in 2018 and 2017.	P56	P420
Rental deposits	158	158
Others	23	24
	P237	P602

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, 2018, 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 the 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 2018 is four hundred eighty thousand pesos (P480,000.00) 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
Alejandro 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, 65, 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, 81, 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.

Alejandro J. Ferreria, 68, 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.

Jose A. Bernas, 59, 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 VST ECS Phils. Inc., Perdana Land 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., 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 Berjaya 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 bar reviewer and lecturer 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. She is the Corporate Secretary of Juillet Trading Corporation, Ultrasaurus Philippine Trading Inc., Discovery Centre Condominium 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 Auto Asia Inc., Berjaya Foundation 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, 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 first 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, started to receive compensation and benefits for year 2018. The Compensation Committee of the Board of Directors approved the compensation of Company's Chief Executive Officer. The compensation received by Company's Executive is P6,129,860.93 and P657,507.99 for 2018 and 2017 respectively.

There are only 3 executive officers, namely, the Chairman, the President/Chief Executive Officer, and the Treasurer, but only the Chairman of the Board received no compensation for the years 2018 and 2017.

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:

	2018	2017	2016
Net loss attributable to common stockholders (in thousand)	(₱4,264)	(₱11,254)	(₱861)
Divided by weighted average number of common stock	1,818,436,953	1,818,436,953	1,818,436,953
Basic/diluted loss per share	(₱0.0023)	(₱0.0062)	(₱0.0005)

3) Capital Stock:

Information on capital stock in 2018 and 2017 follows:

Number of shares	2018	2017
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, 2018 and 2017, the deficit of the Company (in thousands) amounted to ₱3,011,771, and ₱3,016,158, respectively.

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

5) Treasury Stock

As of December 31, 2018 and 2017, 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 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, 2018 are as follows:

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner	Citizenship	Number of Shares Held	Percent age Held
Common	PCD Nominee G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	PCD Nominee	Filipino	1,308,570,725	71.96%
Preferred	PCD Nominee G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	PCD Nominee	Filipino	14,821,783	30.48%
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	Alejandro 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, 2018 and 2017.

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 2018, referred to in Item 5(2) as Annex "A"
2. Audited Financial Statements & Report of Independent Auditors as of 31 December 2018, 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, during the last twelve-month period covered by this report:

Event reported	Date reported
The Board's resolution not to hold the annual stockholders' meeting of the Corporation for the year 2018 in order to save on the related costs considering that the Corporation has not been able to muster a quorum since 2011. Instead, the Board instructed the management to allocate the funds to hold the 2018 ASM to fund the operations of the Corporation and to pay the Corporation's obligations.	23 May 2018

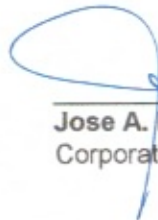
SIGNATURES

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 Mandaluyong on 8 April 2019.

By:



Jose S. Concepcion, Jr.
Chairman of the Board



Jose A. Bernas
Corporate Secretary



Francisco A. Segovia
President and Chief Executive Officer

APR 11 2019

SUBSCRIBED AND SWORN to before me this 11 day of April 2019 affiants exhibiting to me their identification cards, as follows: City of Mandaluyong

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

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Book No. XXVII
Series of 2019.



ADELEEN B. ALBERTO

Aopt No. 0250-19 until Dec. 31 2020
5/F RFM Corporate Center, Pioneer St., Mand
IBP No. 053803/11.07.18/RSM
PTR NO. 3810508/ 1.03.2019/Mand.
Roll of Attorneys No. 51345
MCLE Compliance No. VI-0017167/4.14.2022

Stock Transfer Service Inc.
SWIFT FOODS, INC.
List of Top 100 Stockholders
As of 12/31/2018

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Rank	Sth. No.	Name	Citizenship	Holdings	Rank
1	0850223092	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	1,308,570,725	71.96%
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	55,941,993	03.08%
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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Stock Transfer Service Inc.
SWIFT FOODS, INC.
List of Top 100 Stockholders
As of 12/31/2018

Page No.

2

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	0850009929	ALL ASIA LIFE ASS. CORP.	Filipino	185,000	00.01%
36	0850115028	LEONG, CELIA Y.	Filipino	171,000	00.01%

37	0850233225	LIBRADO S. CALILUNG	Filipino	170,024	00.01%
38	0852002578	VICTONETA INVESTMENT CORP.	Filipino	159,542	00.01%
39	0850192308	TAN, JESUS Q.	Filipino	157,500	00.01%
40	0850238782	LIM, EUGENE L.	Filipino	149,333	00.01%
41	0853021962	CHUA, CONSTANTINO WY, &/OR WILLINGTON WY CHUA &/OR GEORGE WY CHUA	Filipino	149,332	00.01%
42	0850180393	SERVER, ERNEST FRITZ	Filipino	140,083	00.01%
43	0850152276	PHILIPPINE OVERSEAS TELECOMMUNICATIONS CORPORATION	Filipino	135,000	00.01%
44	0853021717	CHUA, CONSTANTINO	Filipino	134,260	00.01%
45	0853021353	CONCEPCION, RAUL ANTHONY	Filipino	132,742	00.01%
46	0853017895	MENDOZA, RODOLFO G., &/OR ALBINA M. MENDOZA	Filipino	124,444	00.01%
47	0859030746	TACUB, PACIFICO BUMANGLAG	Filipino	120,000	00.01%
48	0850054282	CONCEPCION, LUIS BERNARDO A.	Filipino	108,140	00.01%
49	0850046794	CHUA, BOBBY G.	Filipino	101,500	00.01%
50	0850232075	CHUA KEE LIN	Chinese	100,000	00.01%
51	0850235597	SY, LAURO C., &/OR LIBERATA C. SY	Filipino	100,000	00.01%

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Stock Transfer Service Inc.
SWIFT FOODS, INC.
List of Top 100 Stockholders
As of 12/31/2018

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

75	0850066337	DY, JOHNNY K.	Filipino	63,000	00.00%
76	0859026807	SY,BENITO,&/OR DALISAY SY	Filipino	62,222	00.00%
77	0859029563	HIPOLITO, MA. TERESITA S.	Filipino	61,480	00.00%

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Rank	Sth. No.	Name	Citizenship	Holdings	Rank
78	0850152209	PHILIPPINE COMMUNICATION SATELLITE CORPORATION	Filipino	60,000	00.00%
79	0850115354	LEY BEE ONG	Filipino	60,000	00.00%
80	0850066779	E. N. MADRAZO CORPORATION	Filipino	58,426	00.00%
81	0852005804	ABELARDO BUENAVENTURA	Filipino	58,092	00.00%
82	0859011780	SHAU PANG, MARGARET	Filipino	56,831	00.00%
83	0859026765	SAW, NANCY	Filipino	55,750	00.00%
84	0853007955	MANOTOC, AURORA PIJUAN	Filipino	53,573	00.00%
85	0850237808	CHING, EDGAR	Filipino	52,500	00.00%
86	0850066493	DY, MANUEL A.	Filipino	52,500	00.00%
87	0850129592	MEDRANO, BENJAMIN R.	Filipino	51,744	00.00%
88	0859026741	SERVER JR., ERNEST FRITZ	Filipino	51,037	00.00%
89	0856030079	PO, GRACE	Filipino	50,275	00.00%
90	0085903088	JOSE T. ONG BUN	Filipino	50,190	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	0857006980 GURNAMAL, AIL	Filipino	47,846	00.00%
98	0851003754 KAWSEK, PAUL L.	Filipino	47,476	00.00%
99	0853017727 MENDOZA, ALBERTO, &/OR JEANNIE C. MENDOZA	Filipino	47,288	00.00%
100	0850001685 CORNELIA M. ABREU	Filipino	46,500	00.00%

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Stock Transfer Service Inc.
SWIFT FOODS, INC.
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Rank	Sth. No.	Name	Citizenship	Holdings	Rank

Total Top 100 Shareholders :

1,803,098,246 99.15%

Total Outstanding Shares

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1,818,436,953

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BENEFICIAL OWNER REPORT

Company Code - SFI0000000 & Company Name - SWIFT FOODS

Business Date: December 28, 2018

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	2,444,000
A & A SECURITIES, INC.	4,671,991
ABACUS SECURITIES CORPORATION	154,258,148
PHILSTOCKS FINANCIAL INC	58,848,977
A. T. DE CASTRO SECURITIES CORP.	659,660
ALL ASIA SECURITIES MANAGEMENT CORP.	4,985
ALPHA SECURITIES CORP.	5,147,019
BA SECURITIES, INC.	2,682,827
AP SECURITIES INCORPORATED	11,971,460
ANSALDO, GODINEZ & CO., INC.	74,483,929
AB CAPITAL SECURITIES, INC.	18,474,777
SB EQUITIES, INC.	5,515,876
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	502,719
ASIASEC EQUITIES, INC.	912,502
ASTRA SECURITIES CORPORATION	34,105
CHINA BANK SECURITIES CORPORATION	13,635
MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.	13,444
BELSON SECURITIES, INC.	51,197,933
BENJAMIN CO CA & CO., INC.	425,098
B. H. CHUA SECURITIES CORPORATION	13,023,532
JAKA SECURITIES CORP.	2,482,567
BPI SECURITIES CORPORATION	51,518,184
CAMPOS, LANUZA & COMPANY, INC.	251,049
SINCERE SECURITIES CORPORATION	6,185,306
CENTURY SECURITIES CORPORATION	10,462
BDO NOMURA SECURITIES INC	1,538,899
CITISECURITIES, INC.	44,930,973
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 PHILIPPINES, INC.	510,994
DAVID GO SECURITIES CORP.	40,469,030
DIVERSIFIED SECURITIES, INC.	2,023,968
E. CHUA CHIACO SECURITIES, INC.	13,123,081
EQUITABLE SECURITIES (PHILS.) INC.	13,746
EAST WEST CAPITAL CORPORATION	21,401
EASTERN SECURITIES DEVELOPMENT CORPORATION	3,872,116
EQUITIWORLD SECURITIES, INC.	1,642,391
EVERGREEN STOCK BROKERAGE & SEC., INC.	34,862,087
FIRST ORIENT SECURITIES, INC.	5,626,493
FIRST INTEGRATED CAPITAL SECURITIES, INC.	497
F. YAP SECURITIES, INC.	3,209,146
AURORA SECURITIES, INC.	568,145
GLOBALINKS SECURITIES & STOCKS, INC.	13,986,684
JSG SECURITIES, INC.	2,401,876
GOLDSTAR SECURITIES, INC.	4,293,358

BPNAME	HOLDINGS
GUILD SECURITIES, INC.	4,832,557
HDI SECURITIES, INC.	787,333
H. E. BENNETT SECURITIES, INC.	229,713
HIGHLAND SECURITIES PHIL., INC.	1,369
HK SECURITIES, INC.	4,364
I. ACKERMAN & CO., INC.	239,002
I. B. GIMENEZ SECURITIES, INC.	166,459
INVESTORS SECURITIES, INC.	1,723,891
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	5,471,642
INTRA-INVEST SECURITIES, INC.	640,318
ASIAN CAPITAL EQUITIES, INC.	15,726
J.M. BARCELON & CO., INC.	1,185,817
VALUE QUEST SECURITIES CORPORATION	10,400,000
STRATEGIC EQUITIES CORP.	1,361,349
LARRGO SECURITIES CO., INC.	8,119
LIPPO SECURITIES, INC.	1
LOPEZ, LOCSIN, LEDESMA & CO., INC.	768,978
LUCKY SECURITIES, INC.	1,357,995
LUYS SECURITIES COMPANY, INC.	1,358,181
MANDARIN SECURITIES CORPORATION	26,668
COL Financial Group, Inc.	146,040,959
DA MARKET SECURITIES, INC.	2,752,087
MERCANTILE SECURITIES CORP.	13,728,129
MERIDIAN SECURITIES, INC.	2,798,286
MDR SECURITIES, INC.	967,951
DEUTSCHE REGIS PARTNERS, INC.	9,087
MOUNT PEAK SECURITIES, INC.	956,992
NEW WORLD SECURITIES CO., INC.	42,968,251
NIEVES SECURITIES, INC.	5,733
OPTIMUM SECURITIES CORPORATION	1,014,248
RCBC SECURITIES, INC.	2,768,255
PAN ASIA SECURITIES CORP.	3,140,183
PAPA SECURITIES CORPORATION	3,670,997
MAYBANK ATR KIM ENG SECURITIES, INC.	90,561,918
PLATINUM SECURITIES, INC.	429,051
PNB SECURITIES, INC.	11,103,108
PREMIUM SECURITIES, INC.	2,036,449
PRYCE SECURITIES, INC.	1,985
SALISBURY BKT SECURITIES CORPORATION	19,951
QUALITY INVESTMENTS & SECURITIES CORPORATION	25,142,747
R & L INVESTMENTS, INC.	1,554,210
ALAKOR SECURITIES CORPORATION	901,495
R. COYIUTO SECURITIES, INC.	42,898,088
REGINA CAPITAL DEVELOPMENT CORPORATION	13,585,460
R. NUBLA SECURITIES, INC.	170,127
AAA SOUTHEAST EQUITIES, INCORPORATED	241,553
R. S. LIM & CO., INC.	3,448,346
RTG & COMPANY, INC.	80,405
S.J. ROXAS & CO., INC.	3,883,409
SECURITIES SPECIALISTS, INC.	199
FIDELITY SECURITIES, INC.	29,464
SUMMIT SECURITIES, INC.	7,104,990
STANDARD SECURITIES CORPORATION	692,625

BPNAME	HOLDINGS
SUPREME STOCKBROKERS, INC	22,795
TANSENCO & CO., INC.	8,539,340
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	5,197,868
TOWER SECURITIES, INC.	8,191,564
TRANS-ASIA SECURITIES, INC.	127,750
TRENDLINE SECURITIES CORPORATION	33,422
TRI-STATE SECURITIES, INC.	135,485
UCPB SECURITIES, INC.	1,801,293
E.SECURITIES, INC.	33,930
VENTURE SECURITIES, INC.	168,997
FIRST METRO SECURITIES BROKERAGE CORP.	35,714,290
WEALTH SECURITIES, INC.	58,481,299
WESTLINK GLOBAL EQUITIES, INC.	10,434,972
BERNAD SECURITIES, INC.	11,781,815
WONG SECURITIES CORPORATION	610,124
YAO & ZIALCITA, INC.	43,766,504
YU & COMPANY, INC.	4,021,945
BDO SECURITIES CORPORATION	14,435,190
EAGLE EQUITIES, INC.	845,973
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	8,837,292
SOLAR SECURITIES, INC.	15,221,674
G.D. TAN & COMPANY, INC.	4,132,680
DW CAPITAL INC.	1,991
PHILIPPINE EQUITY PARTNERS, INC.	2,345,027
UNICAPITAL SECURITIES INC.	1,499,334
SunSecurities, Inc.	124,411
ARMSTRONG SECURITIES, INC.	214,193
KING'S POWER SECURITIES, INC.	6,000
TIMSON SECURITIES, INC.	550,500
CITIBANK N.A.	11,136,458
DEUTSCHE BANK MANILA-CLIENTS A/C	622
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	216
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	163,760
MBTC - TRUST BANKING GROUP	50,026
SWIFT FOODS, INC.	104

TOTAL	1,364,512,718
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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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Stock Transfer Service Inc.
SWIFT FOODS, INC. - PREFERRED
List of Top 100 Stockholders
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Rank	Sth. No.	Name	Citizenship	Holdings	Rank
1	0850223092	PCD NOMINEE CORPORATION (FILIPINO)	Filipino	14,821,783	30.48%
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	1,092,468	02.25%
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	WILLINGTON CHUA,	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	REYNALDO CONCEPCION	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	BERNARDO A. CONCEPCION	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	ANGELITA A. CRUZ	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	RAUL ANTHONY CONCEPCION	Filipino	24,736	00.05%
37	0859027796	CONSTANTINO CHUA	Filipino	23,714	00.05%
38	0859028583	MENDOZA, RODOLFO G., &/OR ALBINA M. MENDOZA	Filipino	21,980	00.05%
39	0859027631	LUIS BERNARDO A. CONCEPCION	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	HANS JOSEPH BANZHAF	Filipino	17,551	00.04%
43	0859030350	FRANCISCO, ERLINDA	Filipino	16,444	00.03%
44	0859027188	JOHN MARIE A. CONCEPCION	Filipino	16,263	00.03%
45	0859028874	ALITA C. ALMEDA	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	BELLA S. BARRERA	Filipino	13,537	00.03%
51	0859029241	VERGEL DE DIOS, GLORIA S.	Filipino	13,537	00.03%

Stock Transfer Service Inc.
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List of Top 100 Stockholders
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Rank	Sth. No.	Name	Citizenship	Holdings	Rank
52	0859028960	ESTRADA, CORAZON S.	Filipino	13,537	00.03%
53	0859028307	ALFREDO B. CHIA	Filipino	13,187	00.03%
54	0859028197	GUALTERIO C. ABRANTES	Filipino	12,799	00.03%
55	0859029382	GAMILLA, OFELIA E.	Filipino	12,538	00.03%
56	0859027636	RAUL JOSEPH CONCEPCION	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	ABELARDO BUENAVENTURA	Filipino	10,260	00.02%
63	0859029405	SHAU PANG, MARGARET	Filipino	10,037	00.02%
64	0859027714	ONG,JOSE C.,&/OR JUANITA T. ONG	Filipino	9,792	00.02%
65	0859029090	MANOTOC, AURORA PIJUAN	Filipino	9,462	00.02%
66	0859027680	SERVER JR., ERNEST FRITZ	Filipino	9,013	00.02%
67	0859028730	SINGH, MARGARITA A. DE	Filipino	8,995	00.02%
68	0859029343	MENDOZA, PROCESO G.	Filipino	8,791	00.02%
69	0859027645	CONCEPCION,REYNALDO,&/OR JESUSA P. CONCEPCION	Filipino	8,791	00.02%
70	0859028308	CHRISTINE MAE G. CHING	Filipino	8,791	00.02%
71	0859027775	BIAO,MARIANO GO,&/OR PETER GO BIAO	Filipino	8,791	00.02%
72	0859030063	VERONA S. AGUSTINES	Filipino	8,791	00.02%
73	0859030472	TIONGCO,NAPOLEON S.,&/OR JOHN L. TIONGCO	Filipino	8,791	00.02%
74	0859027887	FRANCISCO, REMEDIOS	Filipino	8,552	00.02%
75	0859027637	RAUL JOSEPH CONCEPCION	Filipino	8,510	00.02%
76	0859029295	GURNAMAL, AIL	Filipino	8,451	00.02%
77	0859029564	KAWSEK, PAUL L.	Filipino	8,385	00.02%

Stock Transfer Service Inc.
SWIFT FOODS, INC. - PREFERRED
List of Top 100 Stockholders
As of 12/31/2018

Page No. 4

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
78	0859027994	MENDOZA,ALBERTO,&/OR JEANNIE C. MENDOZA	Filipino	8,352	00.02%
79	0859027641	RAUL T. CONCEPCION	Filipino	8,168	00.02%
80	0859028410	FERNANDEZ, PIO	Filipino	7,893	00.02%
81	0859029572	MACAPAGAL,MA. ELZABETH,&/OR ALEX MACAPAGAL &/OR ANDREI MACAP	Filipino	7,868	00.02%
82	0859027797	GEORGE CHUA	Filipino	7,458	00.02%
83	0859029077	LOPEZ, ROSARIO S.	Filipino	7,300	00.02%
84	0859029053	LEBRON, MA. LOURDES CELINE C.	Filipino	7,143	00.01%
85	0859027704	LIZARES, JOSE L.	Filipino	6,801	00.01%
86	0859029569	LIM, MA. LOURDES S.	Filipino	6,781	00.01%
87	0859028674	RAMOS, GRACIA FERNANDEZ	Filipino	6,738	00.01%
88	0859028023	ONG,ROSALIE P.,&/OR MILAGROS T. CHAN	Filipino	6,515	00.01%
89	0859029006	GONZALES, BLANQUITA S.	Filipino	6,503	00.01%
90	0859029230	TOUCHSTONE RESOURCES CORP.	Filipino	6,421	00.01%
91	0859028171	WY GUA HONG, PACITA	Filipino	6,164	00.01%
92	0859028886	ARCENAS,TERESITA V.,&/OR MA. ANNA V. ARCENAS	Filipino	6,154	00.01%
93	0859029898	SIMON, JOSE G.	Filipino	6,146	00.01%
94	0859029011	GOZON, ERLINDA S.	Filipino	6,016	00.01%
95	0859027195	SERVER JR., JOSEPH B.	Filipino	5,950	00.01%
96	0859027671	ARANETA,SALVADOR,&/OR VICTORIA L. ARANETA	Filipino	5,917	00.01%
97	0859030517	LLANTO,LIDUVINA C.	Filipino	5,714	00.01%
98	0859029768	LABADAN, MARIO M.	Filipino	5,582	00.01%
99	0859030428	VILLA, LEONARDO K.	Filipino	5,428	00.01%
100	0859030648	WEE, OSCAR T.	Filipino	5,385	00.01%

Stock Transfer Service Inc.
SWIFT FOODS, INC. - PREFERRED
List of Top 100 Stockholders
As of 12/31/2018

Page No. 5

Rank	Sth. No.	Name	Citizenship	Holdings	Rank
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Total Top 100 Shareholders :	47,671,080	98.02%
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Total Outstanding Shares	48,633,664
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BENEFICIAL OWNER REPORT

Company Code - SFIP000000 & Company Name - SWIFT FOODS CONV. PREF.

Business Date: December 28, 2018

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	3,408
A & A SECURITIES, INC.	1,757
ABACUS SECURITIES CORPORATION	3,881,720
PHILSTOCKS FINANCIAL INC	103,583
A. T. DE CASTRO SECURITIES CORP.	7,306
ALPHA SECURITIES CORP.	11,437
BA SECURITIES, INC.	9,023
AP SECURITIES INCORPORATED	53,469
ANSALDO, GODINEZ & CO., INC.	221,936
AB CAPITAL SECURITIES, INC.	439,199
SB EQUITIES, INC.	34,660
ASIASEC EQUITIES, INC.	5,308
ASTRA SECURITIES CORPORATION	702
MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.	2,197
BELSON SECURITIES, INC.	584,454
BENJAMIN CO CA & CO., INC.	4,587
B. H. CHUA SECURITIES CORPORATION	218
JAKA SECURITIES CORP.	48,040
BPI SECURITIES CORPORATION	678,430
CAMPOS, LANUZA & COMPANY, INC.	8,558
SINCERE SECURITIES CORPORATION	57
CENTURY SECURITIES CORPORATION	99
BDO NOMURA SECURITIES INC	33,622
CITISECURITIES, INC.	15,991
TRITON SECURITIES CORP.	71,614
IGC SECURITIES INC.	28,781
CUALOPING SECURITIES CORPORATION	11,874
DBP-DAIWA CAPITAL MARKETS PHILIPPINES, INC.	175
DAVID GO SECURITIES CORP.	459
DIVERSIFIED SECURITIES, INC.	6,497
E. CHUA CHIACO SECURITIES, INC.	163,660
EASTERN SECURITIES DEVELOPMENT CORPORATION	14,225
EQUITIWORLD SECURITIES, INC.	204,135
EVERGREEN STOCK BROKERAGE & SEC., INC.	28,181
FIRST ORIENT SECURITIES, INC.	366,145
FIRST INTEGRATED CAPITAL SECURITIES, INC.	989
F. YAP SECURITIES, INC.	388,318
AURORA SECURITIES, INC.	2,338
GLOBALINKS SECURITIES & STOCKS, INC.	395
JSG SECURITIES, INC.	380
GOLDSTAR SECURITIES, INC.	14,122
GUILD SECURITIES, INC.	70
HDI SECURITIES, INC.	23,795
I. ACKERMAN & CO., INC.	15,641
I. B. GIMENEZ SECURITIES, INC.	55,862
INVESTORS SECURITIES, INC.	105,187
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	4,563

BPNAME	HOLDINGS
VALUE QUEST SECURITIES CORPORATION	21,980
STRATEGIC EQUITIES CORP.	21,419
LOPEZ, LOCSIN, LEDESMA & CO., INC.	4,277
LUCKY SECURITIES, INC.	66,530
LUYS SECURITIES COMPANY, INC.	10,589
MANDARIN SECURITIES CORPORATION	14,069
COL Financial Group, Inc.	500,233
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	22,355
RCBC SECURITIES, INC.	14,684
PAN ASIA SECURITIES CORP.	12,528
PAPA SECURITIES CORPORATION	36,929
MAYBANK ATR KIM ENG SECURITIES, INC.	250,345
PLATINUM SECURITIES, INC.	699
PNB SECURITIES, INC.	41,962
PREMIUM SECURITIES, INC.	111,791
SALISBURY BKT SECURITIES CORPORATION	1,733
QUALITY INVESTMENTS & SECURITIES CORPORATION	61,369
R. COYIUTO SECURITIES, INC.	34,588
REGINA CAPITAL DEVELOPMENT CORPORATION	84,844
R. NUBLA SECURITIES, INC.	20,731
AAA SOUTHEAST EQUITIES, INCORPORATED	20,373
R. S. LIM & CO., INC.	58,361
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.	24,912
TOWER SECURITIES, INC.	938,741
TRI-STATE SECURITIES, INC.	24,316
UCPB SECURITIES, INC.	65,501
VENTURE SECURITIES, INC.	15,334
FIRST METRO SECURITIES BROKERAGE CORP.	412,115
WEALTH SECURITIES, INC.	68,172
WONG SECURITIES CORPORATION	70
YAO & ZIALCITA, INC.	90,000
YU & COMPANY, INC.	11,509
BDO SECURITIES CORPORATION	34,448
EAGLE EQUITIES, INC.	12,000
GOLDEN TOWER SECURITIES & HOLDINGS, INC.	5,130
SOLAR SECURITIES, INC.	22,828
G.D. TAN & COMPANY, INC.	202,334
PHILIPPINE EQUITY PARTNERS, INC.	4,990
UNICAPITAL SECURITIES INC.	13,683
SunSecurities, Inc.	2,426

BPNAME	HOLDINGS
KING'S POWER SECURITIES, INC.	43,102
CITIBANK N.A.	29,265
DEUTSCHE BANK MANILA-CLIENTS A/C	959
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	1,022,869
MBTC - TRUST BANKING GROUP	8,924
SWIFT FOODS, INC.	3,427,691

TOTAL	15,914,251
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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**

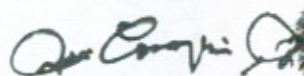
The management of **Swift Foods, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

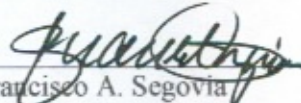
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

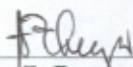
SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion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



Jose Concepcion, Jr.
Chairman of the Board



Francisco A. Segovia
President & Chief Executive Officer



Agnes C. Reyes
Treasurer

Signed this 8th day of April 2019.

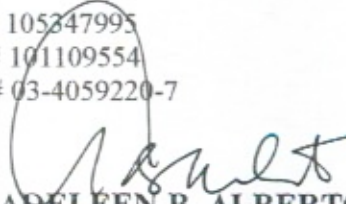
SUBSCRIBE AND SWORN to before me in Mandaluyong City this 11 day of April 2019 by the following affiants who are personally known to me, with their identification cards, as follows:

Jose Concepcion, Jr.
Francisco A. Segovia
Agnes C. Reyes

TIN # 105347995
TIN # 101109554
SSS # 03-4059220-7

Doc. No. 873 ;
Page No. 76 ;
Book No. xxviii ;
Series of 2019




ADELEEN B. ALBERTO

Appt. No. 0250-19 until Dec. 31 2020
5/F RFM Corporate Center, Pioneer St., Mand
IBP. No. 053803/11.07.18/RSM
PTR NO. 3810508/ 1.03.2019/Mand.
Roll of Attorneys No. 51345
MCLE Compliance No. VI-0017167/4.14.2022

Swift Foods, Inc.

Financial Statements
December 31, 2018 and 2017
and Years Ended December 31, 2018,
2017 and 2016

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Swift Foods, Inc.

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, 2018 and 2017, 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, 2018, and notes to 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, 2018 and 2017, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 ₱3.01 billion and ₱3.02 billion as of December 31, 2018 and 2017, respectively, resulting from accumulated losses in prior years. Also, the Company's current liabilities already exceeded its current assets by ₱49.13 million and ₱52.84 million as of December 31, 2018 and 2017, respectively. 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.



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 measured its investment properties at fair value method. As of December 31, 2018, the carrying value of the Company's investment properties amounted to ₱157.05 million, representing 88.40% of the Company's total assets. In addition, the Company recognized a revaluation gain of ₱1.41 million for the year ended December 31, 2018. 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, 16 and 23 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 considering their qualification, experiences and reporting responsibilities. We involved our internal specialist in the review of methodology and assumptions used in the valuation of investment properties. We assessed the methodology adopted by referencing common valuation models and 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 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 claims is brought about by the differences in the interpretation and application of the regulations, laws and rulings.



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 25 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 estimated cost to sell while the agricultural produce consist of harvested live broilers which are carried at fair value less cost to sell. 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, 2018, the Company has biological assets amounting to ₱2.56 million. Fair value change of biological assets and agricultural produce amounted to ₱0.56 million and ₱3.12 million, respectively, in 2018. 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 Notes 7, 16 and 23 for the disclosure about the fair value of biological assets and agricultural produce.

Audit response

For the fair value of the growing livestock and harvested live broilers, we reviewed the farmgate prices used by management by considering the location where the Company operates, comparability of the assets with those traded in the said market, and the quality, maturity and life cycle of the assets. We compared the estimated cost to sell against the relevant documents such as cost accumulation sheets from third party contract growers and historical information. We compared the estimated quantities of live broilers to be harvested against historical information.

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, 2018, 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, 2018 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.
- 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.

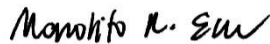
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

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 Manolito R. Elle.

SYCIP GORRES VELAYO & CO.



Manolito R. Elle

Partner

CPA Certificate No. 106471

SEC Accreditation No. 1618-A (Group A),

March 16, 2017, valid until March 15, 2020

Tax Identification No. 220-881-929

BIR Accreditation No. 08-001998-128-2017,

February 9, 2017, valid until February 8, 2020

PTR No. 7332547, January 3, 2019, Makati City

April 8, 2019



SWIFT FOODS, INC.**BALANCE SHEETS****(Amounts in Thousands)**

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱10,662	₱9,787
Receivables (Note 5)	6,680	5,145
Inventories (Note 6)	262	374
Biological assets (Note 7)	2,565	1,864
Other current assets (Note 8)	237	602
Total Current Assets	20,406	17,772
Noncurrent Assets		
Investment properties (Note 9)	157,054	155,648
Other noncurrent assets	207	207
Total Noncurrent Assets	157,261	155,855
TOTAL ASSETS	₱177,667	₱173,627
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable, provisions and other payables (Note 10)	69,531	70,612
Noncurrent Liabilities		
Deferred income tax liabilities (Note 19)	46,876	46,454
Retirement benefits liability (Note 18)	4,161	3,849
Other employee benefits liability (Note 18)	863	863
Total Noncurrent Liabilities	51,900	51,166
Total Liabilities	121,431	121,778
Equity (Note 11)		
Capital stock	1,878,169	1,878,169
Capital in excess of par value	1,281,414	1,281,414
Deficit	(3,011,771)	(3,016,158)
Revaluation increment on investment properties (Note 9)	19,406	19,406
Cost of preferred treasury shares	(110,982)	(110,982)
Total Equity	56,236	51,849
TOTAL LIABILITIES AND EQUITY	₱177,667	₱173,627

See accompanying Notes to Financial Statements.

SWIFT FOODS, INC.**STATEMENTS OF INCOME****(Amounts in Thousands, Except Basic and Diluted Loss Per Share)**

	Years Ended December 31		
	2018	2017	2016
REVENUE			
Revenue from contracts with customers (Note 12)	₱54,698	₱–	₱–
Gross sales	–	54,842	43,294
Less sales discounts	–	(1,046)	(852)
Net sales	54,698	53,796	42,442
Fair value change of agricultural produce (Note 7)	3,121	2,782	1,987
Fair value change of biological assets (Note 7)	564	–	–
	58,383	56,578	44,429
COST OF GOODS SOLD (Note 13)	52,611	49,907	40,052
GROSS INCOME	5,772	6,671	4,377
GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	(13,839)	(9,679)	(7,833)
SELLING AND MARKETING EXPENSES (Note 15)	(1,183)	(982)	(728)
OTHER INCOME (LOSS) - Net [Note 16]	14,339	(2,103)	4,569
INCOME (LOSS) BEFORE INCOME TAX	5,089	(6,093)	385
PROVISION FOR INCOME TAX (Note 19)			
Current	403	320	133
Deferred	422	4,841	1,113
	825	5,161	1,246
NET INCOME (LOSS)	₱4,264	(₱11,254)	(₱861)
Basic/Diluted Earnings (Loss) Per Share (Note 20)	₱0.0023	(₱0.0062)	(₱0.0005)

See accompanying Notes to Financial Statements.

SWIFT FOODS, INC.**STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands)**

	Years Ended December 31		
	2018	2017	2016
NET INCOME (LOSS)	₱4,264	(₱11,254)	(₱861)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain (loss) on defined benefit plan (Notes 11 and 18)	123	69	(32)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱4,387	(₱11,185)	(₱893)

See accompanying Notes to Financial Statements.

SWIFT FOODS, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Amounts in Thousands)

	Capital Stock (Note 11)			Capital in Excess of Par Value (Note 11)			Deficit	Revaluation Increment on Properties Transferred to Investment Properties	Treasury Shares Preferred	Total
	Preferred	Common	Total	Preferred	Common	Total	(Note 11)	(Notes 9 and 11)	(Note 11)	Total
BALANCES AT JANUARY 1, 2016	₱59,732	₱1,818,437	₱1,878,169	₱414,519	₱866,895	₱1,281,414	(₱3,004,080)	₱19,406	(₱110,982)	₱63,927
Net loss for the year	—	—	—	—	—	—	(861)	—	—	(861)
Other comprehensive loss for the year	—	—	—	—	—	—	(32)	—	—	(32)
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
Net loss for the year	—	—	—	—	—	—	(11,254)	—	—	(11,254)
Other comprehensive income for the year	—	—	—	—	—	—	69	—	—	69
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
Net income for the year	—	—	—	—	—	—	4,264	—	—	4,264
Other comprehensive income for the year	—	—	—	—	—	—	123	—	—	123
Total comprehensive income for the year	—	—	—	—	—	—	4,387	—	—	4,387
BALANCES AT DECEMBER 31, 2018	₱59,732	₱1,818,437	₱1,878,169	₱414,519	₱866,895	₱1,281,414	(₱3,011,771)	₱19,406	(₱110,982)	₱56,236

See accompanying Notes to Financial Statements.



SWIFT FOODS, INC.**STATEMENTS OF CASH FLOWS****(Amounts in Thousands)**

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱5,089	(₱6,093)	₱385
Adjustments for:			
Fair value change on investment properties (Note 9)	(1,406)	(16,301)	(3,784)
Provision for probable loss (Notes 16 and 25)	1,070	27,865	928
Fair value change on biological assets (Note 7)	(564)	—	—
Movement in retirement benefits liability and other employee benefits (Note 18)	435	440	199
Unrealized foreign exchange loss - net	—	19	89
Operating income (loss) before working capital changes	4,624	5,930	(2,183)
Decrease (increase) in:			
Receivables	(1,535)	(1,334)	(50)
Inventories	112	746	131
Biological assets	(137)	480	165
Other current assets	—	(10)	(517)
Increase (decrease) in accounts payable and other payables	(2,152)	(28,413)	216
Cash generated from (used in) operations	912	(22,601)	(2,238)
Income taxes paid, including creditable withholding taxes	(37)	(22)	(35)
Net cash flows from (used in) operating activities	875	(22,623)	(2,273)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	—	(9)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	875	(22,623)	(2,282)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,787	32,410	34,692
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱10,662	₱9,787	₱32,410

See accompanying Notes to Financial Statements.



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 and is registered with the Securities and Exchange Commission on June 6, 1994 with a corporate life of 50 years 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 ₱3.01 billion and ₱3.02 billion as of December 31, 2018 and 2017, respectively, resulting from accumulated losses in prior years. Also, the Company's current liabilities already exceeded its current assets by ₱49.13 million and ₱52.84 million as of December 31, 2018 and 2017, respectively. 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 properties. These will enable the Company to operate for the next 12 months from balance sheet date. The Company continues to wait for better business opportunities and carefully evaluates 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, 2018 and 2017 and for each of the three years in the period ended December 31, 2018 were authorized for issue by the Board of Directors (BOD) on April 8, 2019.



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 (P000), 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, 2018, as shown below:

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

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. Entities are required to apply the amendments to: (a) share-based payment transactions that are unvested or vested but unexercised as of January 1, 2018, (b) share-based payment transactions granted on or after January 1, 2018 and to (c) modifications of share-based payments that occurred on or after January 1, 2018. Retrospective application is permitted if elected for all three amendments and if it is possible to do so without hindsight.

The Company has no share-based payment transaction. Accordingly, these amendments are not relevant on the Company's financial statements.

- PFRS 9, *Financial Instruments*

PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied PFRS 9 using the modified retrospective approach, with the initial application date of January 1, 2018. The Company has not restated the comparative information, which continues to be reported under PAS 39, *Financial Instruments: Recognition and Measurement*.



The impact of the adoption is described below:

(a) Classification and measurement

Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest (SPPI)" on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 did not have a significant impact on the Company, except for cash in banks and cash equivalents and receivables, which were previously classified as loans and receivables as at December 31, 2017, qualify for held to collect contractual cash flows and give rise to cash flows representing SPPI. These are classified and measured as debt instruments at amortized cost beginning January 1, 2018.

In summary, upon the adoption of PFRS 9, the Company had the following required or elected reclassifications as at January 1, 2018.

	PFRS 9 measurement category (At amortized cost)	
PAS 39 measurement category		
<i>Loans and receivables</i>		
Cash and cash equivalents	₱9,787	₱9,787
Receivables*	5,145	5,145
	₱14,932	₱14,932

**net of allowance for doubtful accounts*

The Company does not have any debt instruments and equity instruments at FVOCI or FVPL. Also, the Company has not designated any financial liabilities as at FVPL. There are no changes in the classification and measurement for the Company's financial liabilities.

(b) Impairment

The adoption of PFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Company to recognize an allowance for ECLs for all debt instruments not held at FVPL and contract assets.

The adoption of PFRS 9 did not have any significant impact on the Company's provision for impairment on its financial assets.



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

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

The amendments are not applicable since the Company has no activities that are connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

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

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

The Company adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application on January 1, 2018. Under this method, the standard can be applied either to all contracts at date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 1, 2018.

The adoption of PFRS 15 did not change the timing of revenue recognition and amount of revenue to be recognized. However, the Company provided new disclosures to comply with the requirements of PFRS 15 such as disaggregated revenue information, among others.

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

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



These amendments did not have any significant impact to the Company.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

These amendments did not have any significant impact to the Company.

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

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

These amendments did not have any significant impact to the Company.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

These amendments have no impact on the financial statements of the Company.

- 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.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.



- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

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

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The amendments will not have a significant impact on its financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Company is currently assessing the impact of this new interpretation.

- *Annual Improvements to PFRSs 2015-2017 Cycle*

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a



business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

These amendments are currently not applicable to the Company but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments have no significant impact on the Company's financial statements.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

These amendments have no significant impact on the Company's financial statements.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Company, if any, and is expected to have no significant impact to the financial statements.



- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. These amendments have no significant impact on the financial statements.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted. This new accounting standard has no significant impact on the financial statements.

Deferred effectivity

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

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

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result



in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies

The 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. Interest income from bank deposits are recognized as interest accrues.

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.

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, 2018 and 2017, 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

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Accounting Policies Starting January 1, 2018

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Company has applied the practical expedient are measured at transaction price determined under PFRS 15. Refer to the *Accounting Policy in Section "Revenue Recognition"*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The Company has no financial assets at FVPL, financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments) and financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).



Financial assets at amortized cost (debt instruments). This category is most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at December 31, 2018, the Company's financial assets at amortized cost includes cash and cash equivalents and receivables.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. (a) For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). (b) For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



Accounting Policies Prior to January 1, 2018

Classification and measurement

Financial assets within the scope of PAS 39 are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments or AFS financial assets, as appropriate. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities, as appropriate. The Company determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, reevaluates this designation at each reporting period.

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

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

As of December 31 2017, the Company's financial instruments consist of loans and receivables and other financial liabilities.

Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

As of December 31, 2017, the Company's cash in banks and cash equivalents and receivables are classified as loans and receivables.

Impairment of financial assets

The Company assesses at each reporting period whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortized cost. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. 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. The Company reviews the age and status of the financial assets and evaluates on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customer, the customer's payment behavior, and other known market factors. Financial 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.

If there is objective evidence that an impairment loss on financial assets 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). Objective evidence of impairment include, but are not limited to,



bankruptcy or insolvency on the part of the customer and adverse changes in the economy. The Company provides an allowance when it is probable that the financial asset will not be collected in the future. The amount of loss is recognized in the statement of income. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

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 of an impairment loss 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.

Accounting Policies Applicable to All Periods Presented

Classification and measurement of other financial liabilities

Other financial liabilities are liabilities that are neither held-for-trading nor designated at FVPL upon the inception of the liability. These are initially recognized 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.

Gains and losses are recognized in the statement of income when these other financial liabilities are derecognized, as well as through the amortization process.

As of December 31, 2018 and 2017, other financial liabilities include accounts payable and other payables.

Derecognition of financial assets and liabilities

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

- the contractual right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the 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 asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset.

Financial liabilities. A financial liability is derecognized when the obligation under the liability has been 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 of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. The Company has currently enforceable right when 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.

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.

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). |

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 (agricultural produce) harvested from the Company's biological assets are carried at fair value less cost to sell.

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.

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 at revalued amount) 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

Accounting Policies Starting January 1, 2018

Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered to and accepted by the customer. The normal credit term is 30 to 60 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration such as sales discounts, the existence of significant financing component, noncash considerations, and considerations payable to the customer, if any.

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.

Contract Balances

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables. A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under *Financial Assets and Financial Liabilities – Financial assets at amortized cost (debt instruments)*.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Accounting Policies Prior to January 1, 2018

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 discounts.

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.

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 the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement depends on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease, only if any of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) there is substantial change to the asset.

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

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease expense is recognized in the statement of income on a straight-line basis over the terms of the lease agreements.



Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of profit or loss.

Operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Company as a lessor

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

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

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;

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.

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 reporting period.

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.

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

For management reporting purposes, the Company considers the poultry and leasing business as its reportable operating segments. Such business segments are the basis upon which the Company reports its operating segment information. The operating segments are reported in a manner that is more consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the BOD that makes strategic decisions. The Company has no inter-segment sales and transactions.



Events After the Reporting Period

Events after the reporting period that provide additional information about the Company's position at balance sheet date (adjusting events) are reflected in the financial statements. Events after the reporting period 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.

In 2015, 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 (see Notes 9 and 11).

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:

Provision for expected credit losses on trade receivables (PFRS 9) - Effective starting on January 1, 2018

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

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

The Company did not recognize any ECL on its receivables with carrying value of ₱4.89 million as of December 31, 2018 because the Company's credit risk exposure is not significant as the trade receivables are covered by cash bonds. For receivable from employees amounting to ₱1.79 million as



of December 31, 2018, the Company believes that the ECL is not significant since these are deductible through salary deductions and are effectively being collateralized by unpaid retirement benefits of these employees (see Note 5).

Estimation of allowance for doubtful accounts (PAS 39) - Effective prior to January 1, 2018

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.

Trade and other receivables amounted to ₱5.14 million as of December 31, 2017 (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 carrying value of creditable withholding taxes amounted to ₱0.06 million and ₱0.42 million as of December 31, 2018 and 2017, respectively. Allowance for probable losses amounted to ₱16.19 million as of December 31, 2018 and 2017 (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.

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 ₱2.57 million and ₱1.86 million as of December 31, 2018 and 2017, respectively (see Note 7). The Company's fair value gains on agricultural produce that were harvested and sold during the year amounted to ₱3.12 million in 2018, ₱2.78 million in 2017, and ₱1.99 million in 2016 (see Note 7).

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 ₱0.26 million and ₱0.37 million as of December 31, 2018 and 2017, 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 ₱157.05 million and ₱155.65 million as of December 31, 2018 and 2017, 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, 2018 and 2017, the retirement benefits liability amounted to ₱4.16 million and ₱3.85 million, respectively. Retirement benefits costs amounted to ₱0.44 million in 2018 and ₱0.41 million in 2017 and ₱0.38 million in 2016 (see Note 18).

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 25).

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, 2018 and 2017, 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 19).

4. Cash and Cash Equivalents

	2018	2017
Cash on hand and in banks	₱7,534	₱6,703
Cash equivalents	3,128	3,084
	₱10,662	₱9,787

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 ₱0.05 million in 2018, ₱0.19 million in 2017 and ₱0.09 million in 2016 (see Note 16).



5. Receivables

	2018	2017
Trade - net of allowance for doubtful accounts of ₱239 and ₱40,905 in 2018 and 2017, respectively	₱4,894	₱3,384
Employees - net of allowance for doubtful accounts of ₱104 in 2018 and in 2017	1,786	1,761
Nontrade receivables - net of allowance for doubtful accounts of ₱13,162 and ₱36,366 in 2018 and 2017	—	—
	₱6,680	₱5,145

Movements of allowance for doubtful accounts follow:

	Trade	Employees	Nontrade	Total
Balances as of January 1, 2017 and December 31, 2017	₱40,905	₱104	₱36,366	₱77,375
Write-offs	(40,666)	—	(23,204)	(63,870)
Balances as of December 31, 2018	₱239	₱104	₱13,162	₱13,505

6. Inventories

	2018	2017
At net realizable value (net of valuation allowance of ₱43,505 in 2018 and 2017):		
Raw materials - medicine and vaccine	₱89	₱274
At cost:		
Finished goods	138	—
Packaging materials and supplies	35	100
	₱262	₱374

Cost of inventories sold amounted to ₱43.50 million in 2018, ₱41.33 million in 2017 and ₱32.32 million in 2016 (see Note 13).

7. Biological Assets

As of December 31, 2018 and 2017, biological assets consist of growing stocks.

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

	2018	2017
At January 1	₱1,864	₱2,344
Increase due to purchases	43,622	40,162
Decrease due to harvest	(43,485)	(40,642)
Fair value gain	564	—
At December 31	₱2,565	₱1,864



Fair value gains on agricultural produce amounted to ₱3.12 million in 2018, ₱2.78 million in 2017 and ₱1.99 million in 2016.

8. Other Current Assets

	2018	2017
Advance rentals	₱158	₱158
Creditable withholding tax, net of allowance for probable loss of ₱16,190 in 2018 and 2017	56	420
Others	23	24
	₱237	₱602

The Company's excess input VAT amounting to ₱2.6 million as of December 31, 2018 and 2017 has been fully provided with allowance for probable loss.

9. Investment Properties

	2018			
	Land	Buildings and Improvements	Machinery and Equipment	Total
Cost:				
Beginning of year	₱147,998	₱2,835	₱5,232	₱156,065
Fair value increase (decrease) [Note 16]	1,968	(89)	(473)	1,406
End of year	149,966	2,746	4,759	157,471
Accumulated impairment	(417)	—	—	(417)
Net Book Values	₱149,549	₱2,746	₱4,759	₱157,054

	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 16]	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

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 properties in 2015. The reclassification of owner-occupied property to investment properties is due to the change in the use of the properties 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 by a Philippine SEC-accredited appraiser as of December 31, 2018 and 2017. 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.

Fair value hierarchy disclosures for investment properties are provided in Note 23.

Related real property taxes paid by the Company amounted to ₱0.55 million in 2018, ₱0.44 million in 2017 and 2016 presented as part of taxes and licenses under “General Administrative Expenses” (see Note 14).

Total rent income recognized by the Company amounted to ₱9.29 million in 2018 and 2017 and ₱0.77 million in 2016 (see Note 16).

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

	2018	2017
Trade payables	₱22,468	₱26,110
Provisions (Note 16 and 25)	28,983	28,983
Nontrade payables	15,287	12,974
Accrued liabilities	2,793	2,545
	₱69,531	₱70,612

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.

The Company reversed its long outstanding trade payables amounting to ₱4.67 million in 2018. The income from reversal is recorded as part of “Other income (loss)” in the statement of income (see Note 16).



11. Equity

Capital Stock

Issued and outstanding preferred stock are held by 3,388 and 3,383 stockholders as of December 31, 2018 and 2017, respectively. Issued and outstanding common stocks are held by 7282 and 7,267 stockholders as of December 31, 2018 and 2017, respectively.

Information on capital stock as of December 31 follows:

Number of shares	2018	2017
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

In 2018, 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, 2018 and 2017, 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 19).

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. Accumulated actuarial loss amounted to ₱47.21 million and ₱47.33 million as of December 31, 2018 and 2017, respectively. (see Note 18).

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.

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. Revenue from Contracts with Customers

Disaggregated Revenue Information

Set out below is the disaggregation of the Company's revenue from contracts with customers for the year ended December 31, 2018:

By type	Amount
Dressed chicken	₱47,639
By-products	5,034
Day old chicks	2,025
Total revenue from contract with customers	₱54,698

Contract Balances

The Company's trade receivables amounted to ₱4.89 million and ₱3.38 million as of December 31, 2018 and January 1, 2018, respectively. The increase in trade receivables is due to increase in sales during the year (see Note 5).

The Company has no contract assets and liabilities as at December 31, 2018 and January 1, 2018.

Performance Obligations

For the sale of goods, the performance obligation is satisfied when the goods are taken out of the Company premises for delivery and payment is generally due 30 to 60 days after delivery. The Company has no outstanding performance obligations as at December 31, 2018 and January 1, 2018. There are no revenue recognized in 2018 from performance obligations satisfied in the previous period.



13. Cost of Goods Sold

	2018	2017	2016
Raw materials used (Note 6)	₱43,503	₱41,326	₱32,324
Freight and handling	2,955	2,604	2,053
Supplies and facilities	1,889	1,967	1,760
Outside services	1,580	1,587	1,553
Personnel costs (Notes 14 and 18)	872	832	731
Rental	865	930	975
Taxes and licenses	250	245	224
Repairs and maintenance	241	30	40
Communication, light and water	219	211	208
Others	237	175	184
	₱52,611	₱49,907	₱40,052

14. General and Administrative Expenses

	2018	2017	2016
Personnel costs (Notes 13, 17 and 18)	₱9,411	₱3,899	₱3,672
Outside services	1,768	1,891	2,022
Taxes and licenses	835	2,271	697
Communication, light and water	411	426	419
Rental	402	402	315
Transportation and travel	395	440	321
Repairs and maintenance	256	101	158
Supplies and facilities	172	87	55
Advertising and promotion	89	—	—
Insurance	79	84	81
Others	21	78	93
	₱13,839	₱9,679	₱7,833

Personnel costs pertain to:

	2018	2017	2016
Salaries and wages (Notes 13 and 14)	₱9,848	₱4,323	₱4,022
Retirement benefits costs (Note 18)	435	408	381
	₱10,283	₱4,731	₱4,403

15. Selling and Marketing Expenses

	2018	2017	2016
Rental	₱519	₱433	₱317
Transportation and travel	239	163	171
Outside services	178	85	183
Supplies and facilities	106	138	44
Repairs and maintenance	—	104	6
Others	141	59	7
	₱1,183	₱982	₱728



16. Other Income (Loss) - Net

	2018	2017	2016
Rent income (Note 9)	₱9,286	₱9,286	₱774
Reversal of long outstanding payables (Note 10)	4,671	—	—
Fair value change on investment properties (Note 9)	1,406	16,301	3,784
Interest income (Note 4)	46	192	91
Provision for probable loss (Notes 10 and 25)	(1,070)	(27,865)	(928)
Others	—	(17)	848
	₱14,339	(₱2,103)	₱4,569

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

17. 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 and accrued to the Company's key management personnel follow:

	2018	2017	2016
Salaries and allowances	₱6,902	₱1,850	₱1,833
Retirement benefits costs	432	440	449
	₱7,334	₱2,290	₱2,282

18. 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 (see Note 14):

	2018	2017	2016
Current service cost	₱213	₱202	₱175
Interest cost	222	206	206
Retirement benefits costs	₱435	₱408	₱381

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:

	2018	2017	2016
Remeasurement gain (loss) arising from changes in:			
Experience adjustments	(₱237)	₱90	₱86
Financial assumptions	360	(21)	(118)
	₱123	₱69	(₱32)

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:

	2018	2017	2016
At January 1	₱3,849	₱3,510	₱3,183
Current service cost	213	202	175
Interest cost	222	206	206
Retirement benefits payments	—	—	(86)
Remeasurement loss (gain) recognized in other comprehensive income	(123)	(69)	32
At December 31	₱4,161	₱3,849	₱3,510

The latest actuarial valuation report is as of December 31, 2018. The principal actuarial assumptions used to determine pension benefits cost as of December 31, 2018 and 2017 follow:

	2018	2017
Discount rate	7.50%	5.78%
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 60	A scale ranging from 24% at age 18 to 0% at age 60
Voluntary separation	60	60
Early retirement	Nil	Nil

**Commissioners Standard Ordinary Table*

The Company does not expect to contribute to the retirement plan in 2019.



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, 2018 and 2017 assuming all other assumptions were held constant.

		Increase (decrease) in present value of defined benefit obligation	
	Movement	2018	2017
Discount rate	+100 basis points	(P179)	(P211)
	-100 basis points	200	239
Salary rate	+100 basis points	210	207
	-100 basis points	(190)	(185)

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 4.60 years and 5.90 years as of December 31, 2018 and 2017, respectively.

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

Plan year	2018	2017
Less than one year	P1,457	P1,453
More than one year to five years	2,225	253
More than 5 years	2,952	2,925
	P6,634	P4,631

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 P0.86 million as of December 31, 2018 and 2017.

19. Income Taxes

- The provision for current income tax represents the MCIT in 2018, 2017 and 2016.
- The components of the Company's deferred income tax liabilities follow:

	2018	2017
Deemed cost adjustment on land (Note 11)	P32,112	P32,112
Revaluation increment on properties transferred to investment properties (Note 11)	8,317	8,317
Fair value changes on investment properties (Note 9)	6,447	6,025
	P46,876	P46,454



- 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:

	2018	2017
Allowance for doubtful accounts (Note 5)	₱13,505	₱77,735
Retirement benefits liability (Note 18)	4,161	3,849
Other employee benefits (Note 18)	863	863
Excess of MCIT over RCIT	856	558
Allowance for inventory obsolescence (Note 6)	44	44
NOLCO	—	4,871
Unrealized foreign exchange loss	—	6

- d. The details of the NOLCO and excess of MCIT over RCIT outstanding as of December 31, 2018 follow:

Year Incurred	Available Until	NOLCO	MCIT
2016	2019	—	₱133
2017	2020	—	320
2018	2021	—	403
		₱—	₱856

Following are the movements of NOLCO and MCIT:

	NOLCO			MCIT		
	2018	2017	2016	2018	2017	2016
At January 1	₱4,871	₱11,571	₱36,035	₱558	₱264	₱259
Additions	—	—	1,549	403	320	133
Application	(4,871)	(3,626)	—	—	—	—
Expiration	—	(3,074)	(26,013)	(105)	(26)	(128)
At December 31	₱—	₱4,871	₱11,571	₱856	₱558	₱264

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

	2018	2017	2016
Provision for (benefit from) income tax at statutory income tax rate	₱1,526	(₱1,828)	₱116
Additions to (reductions in) income tax resulting from:			
Movement in MCIT, NOLCO, and temporary differences for which no deferred income tax assets were recognized	(1,251)	(710)	1,147
Nondeductible interest and other expenses	564	7,757	10
Interest income subjected to final tax	(14)	(58)	(27)
Provision for income tax	₱825	₱5,161	₱1,246



20. Basic and Diluted Loss Per Share

Basic/diluted earnings (loss) per share are computed as follows:

	2018	2017	2016
Net income (loss) attributable to common stockholders	₱4,264	(₱11,254)	(₱861)
Divided by weighted average number of common stock	1,818,437	1,818,437	1,818,437
Basic/diluted earnings (loss) per share	₱0.0023	(₱0.0062)	(₱0.0005)

The effect of convertible preferred shares is antidilutive for 2018, 2017 and 2016. Accordingly, the basic and dilutive earnings (loss) per share presented are the same.

21. 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.

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

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		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Segment revenues*	₱58,383	₱56,578	₱44,429	₱10,692	₱25,587	₱4,558	₱69,075	₱82,165	₱48,987
Segment net income (loss)	(2,836)	(28,863)	(3,747)	7,100	17,609	2,886	4,264	(11,254)	(861)
Total assets	20,613	17,979	40,782	157,054	155,648	139,347	177,667	173,627	180,129
Total liabilities	121,431	121,778	117,095	—	—	—	121,431	121,778	117,095

*Segment revenues from leasing business are presented as part of "Other income" in the statements of income (see Note 16).

Revenue from agricultural produce amounted to ₱21.29 million, ₱19.88 million and ₱13.42 million derived from one customer, representing 38.17%, 35.14% and 27.97% of total revenue, in 2018, 2017 and 2016, 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.



22. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, receivables 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 a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), including deposits with banks and financial institutions and other financial instruments.

The Company has concentration with one customer whose sales represent 38.17%, 35.14% and 27.97% of total sales in 2018, 2017 and 2016, respectively. It is the Company's policy to require all customers, who wish to trade on credit terms, to comply with and undergo the credit verification process. This process emphasizes on the customer's capacity and willingness to pay. In addition, receivables are closely monitored so that exposure to bad debts is minimized. The Company deals only with creditworthy customers with whom it has already firmly established a good business relationship. The maximum credit exposure of the Company's financial assets is equal to their carrying values as of December 31, 2018 and 2017. Trade receivables are covered by cash bonds provided by customers, thereby, reducing the Company's credit risk exposure.

Starting January 1, 2018, an impairment analysis is performed using a provision matrix to measure ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. Prior to January 1, 2018, the Company assessed for impairment when objective evidence of impairment exists on the financial assets. Credit impaired receivables represent receivables from inactive customers which are fully provided with allowance for credit losses. Generally, receivables are written off if past due for more than one year and are not subject to enforcement activity.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.



The tables below show the credit quality and aging analysis of financial assets.

As of December 31, 2018:

	Neither past due nor impaired		Past due but not impaired					Subtotal	Credit impaired	Total
	High grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days			
Cash and cash equivalents	₱10,662	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱10,662
Receivables:										
Trade	—	3,065	667	401	292	165	304	1,829	239	5,133
Nontrade	—	—	—	—	—	—	—	—	13,266	13,266
	₱10,662	₱3,065	₱667	₱401	₱292	₱165	₱304	₱1,829	₱13,505	₱29,061

As of December 31, 2017:

	Neither past due nor impaired		Past due but not impaired					Subtotal	Credit impaired	Total
	High grade	Standard grade	1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over365 Days			
Cash and cash equivalents	₱9,787	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱—	₱9,787
Receivables:										
Trade	—	1,630	702	310	138	185	419	1,754	40,905	44,289
Nontrade	—	1,761	—	—	—	—	—	—	36,470	38,231
	₱9,787	₱3,391	₱702	₱310	₱138	₱185	₱419	₱1,754	₱77,375	₱92,307

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.

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, 2018:

	On Demand	Less than 3 months	3 to 12 months	Total
Debt instruments at amortized cost:				
Cash and cash equivalents	₱10,662	₱—	₱—	₱10,662
Trade receivables	2,068	3,065	—	5,133
Total financial assets	12,730	3,065	—	15,795
Other financial liabilities:				
Accounts payable and other payables*	37,716	—	—	37,716
Liquidity position (gap)	(₱24,986)	₱3,065	₱—	(₱21,921)

* Excluding nonfinancial liabilities amounting to ₱31,815



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
Trade receivables	1,754	1,630	–	3,384
Total financial assets	11,541	1,630	–	13,171
Other financial liabilities:				
Accounts payable and other payables*	41,268	–	–	41,268
Liquidity position (gap)	(₱29,727)	₱1,630	₱–	(₱28,097)

* Excluding nonfinancial liabilities amounting to ₱29,344

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 in 2018 and 2017 and ₱0.77 million in 2016 (see Note 16).

23. Fair Value Measurement

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

Assets measured at fair value and recurring fair value measurement	Fair value measurement using significant unobservable inputs (Level 3)
Investment properties	
2018	₱157,054
2017	₱155,648
Biological assets	
2018	₱2,565
2017	₱1,864
Agricultural produce (presented as finished goods)	
2018	₱138
2017	₱–

There have been no transfers between Level 1 and 2 in 2018, 2017 and 2016.

The table below summarizes the valuation techniques used and the significant unobservable input valuation for investment properties, biological assets and agricultural produce held by the Company.

Assets measured at fair value-Investment properties	Valuation Techniques	Significant unobservable Inputs	Interrelationship between key unobservable input and fair value measurement
Investment Properties			
2018	Sales Comparison Approach	Price per square meter. Range of estimates is about ₱760/sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

(Forward)



Assets measured at fair value-Investment properties	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)
Biological assets and agricultural produce 2018	Market Data Approach	Farmgate price rate at December 31, 2018 is ₱98.50	The estimated fair value would increase (decrease) if the farmgate price rate increase (decrease)
2017	Market Data Approach	Farmgate price rate at December 31, 2017 is ₱92.46	The estimated fair value would increase (decrease) if the farmgate price rate increase (decrease)

Investment Properties

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

Market Data Approach is a method of comparison based on the assumption that no prudent purchaser will buy more than what it will cost him to acquire an equally desirable substitute asset. The approach is primarily based on sales and listings, which are adjusted for the time of sale, location and general characteristics of comparable asset where the asset is located.

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 Bureau of Agricultural Statistics 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, Receivables and 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.

24. 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 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:

	2018	2017
Capital stock	₱1,878,169	₱1,878,169
Capital in excess of par value	1,281,414	1,281,414
Deficit	(3,011,771)	(3,016,158)
Revaluation increment on investment properties (Note 9)	19,406	19,406
Cost of preferred treasury shares	(110,982)	(110,982)
Total Equity	₱56,236	₱51,849

25. Commitments and Contingencies

Provisions

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 possible claims, 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:

	2018	2017
Beginning balance	₱28,983	₱29,134
Provisions during the year (Note 16)	1,070	27,865
Settlement during the year	(1,070)	(28,016)
Ending balance	₱28,983	₱28,983

Commitments

In 2015, the Company entered into commercial property lease for its investment property for a period of five years.

The future minimum rental income under the operating lease as of December 31 is as follows:

	2018	2017
Within one year	₱9,285,714	₱ 9,285,714
After one year but not more than five years	27,083,333	36,369,047
	₱36,369,047	₱ 45,654,761

Rental income earned amounted to ₱9.29 million in 2018 and 2017 and ₱0.77 million in 2016.

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 2018.

- 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	54,698	—
	₱63,984	₱1,114

The Company has VAT-exempt transactions pursuant to Sections 106, and 109 of the Tax Code. Exempt sales consist of sales of that are not subject to output VAT and the seller is not allowed any tax credit or input VAT on purchases.

- 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	1,259
Total	1,259
Less:	
Input VAT claimed as deduction against output VAT	(31)
Income tax allocable to exempt sales	(1,228)
Ending balance	₱—

- c. The taxes, duties and license fees paid or accrued in 2018 follow:

Business taxes	₱239
Registration fees	36
Real property tax	549
Meat inspection fee	250
Community tax certificate	11
	₱1,085

- d. The withholding taxes paid or accrued in 2018 are categorized into:

	Accrued	Paid
Withholding tax on compensation	₱236	₱1,517
Expanded withholding tax	67	740

- e. Tax cases

The Company has no tax cases and amounts involved, under preliminary investigation, litigation and prosecution in courts or bodies outside the BIR. 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, 2018.



INDEPENDENT AUDITORS' REPORT

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

We have audited the basic parent company financial statements of Swift Foods, Inc., as at and for the year ended December 31, 2018, on which we have rendered the attached report dated April 8, 2019.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), we are stating that the above Company has 10,670 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.



Manolito R. Elle

Partner

CPA Certificate No. 106471

SEC Accreditation No. 1618-A (Group A),

March 16, 2017, valid until March 15, 2020

Tax Identification No. 220-881-929

BIR Accreditation No. 08-001998-128-2017,

February 9, 2017, valid until February 8, 2020

PTR No. 7332547, January 3, 2019, Makati City

April 8, 2019



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of Swift Foods, Inc. (the Company) as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, included in this Form 17-A, and have issued our report thereon dated April 8, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Manolito R. Elle

Partner

CPA Certificate No. 106471

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February 9, 2017, valid until February 8, 2020

PTR No. 7332547, January 3, 2019, Makati City

April 8, 2019



SWIFT FOODS, INC.
**SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS
AND INTERPRETATIONS**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	☒	☐	☐
PFRS 2	Share-based Payment	☐	☐	☒
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions	☐	☐	☒
PFRS 3	Business Combinations	☐	☐	☒
PFRS 4	Insurance Contracts	☐	☐	☒
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts	☐	☐	☒
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	☐	☐	☒
PFRS 6	Exploration for and Evaluation of Mineral Resources	☐	☐	☒
PFRS 7	Financial Instruments: Disclosures	☒	☐	☐
PFRS 8	Operating Segments	☒	☐	☐
PFRS 9	Financial Instruments	☒	☐	☐
PFRS 10	Consolidated Financial Statements	☐	☐	☒
PFRS 11	Joint Arrangements	☐	☐	☒
PFRS 12	Disclosure of Interests in Other Entities	☐	☐	☐
PFRS 13	Fair Value Measurement	☒	☐	☐
PFRS 14	Regulatory Deferral Accounts	☐	☐	☒
PFRS 15	Revenue from Contracts with Customers	☒	☐	☐
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	☒	☐	☐
PAS 2	Inventories	☒	☐	☐
PAS 7	Statement of Cash Flows	☒	☐	☐
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	☒	☐	☐
PAS 10	Events after the Reporting Period	☒	☐	☐
PAS 12	Income Taxes	☒	☐	☐
PAS 16	Property, Plant and Equipment	☒	☐	☐

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 17	Leases	☒	☐	☐
PAS 19	Employee Benefits	☒	☐	☐
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	☐	☐	☒
PAS 21	The Effects of Changes in Foreign Exchange Rates	☒	☐	☐
PAS 23	Borrowing Costs	☐	☐	☒
PAS 24	Related Party Disclosures	☒	☐	☐
PAS 26	Accounting and Reporting by Retirement Benefit Plans	☐	☐	☒
PAS 27	Separate Financial Statements	☐	☐	☒
PAS 28	Investments in Associates and Joint Ventures	☐	☐	☒
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)	☐	☐	☒
PAS 29	Financial Reporting in Hyperinflationary Economies	☐	☐	☒
PAS 32	Financial Instruments: Presentation	☒	☐	☐
PAS 33	Earnings per Share	☒	☐	☐
PAS 34	Interim Financial Reporting	☒	☐	☐
PAS 36	Impairment of Assets	☒	☐	☐
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	☒	☐	☐
PAS 38	Intangible Assets	☐	☐	☒
PAS 39	Financial Instruments: Recognition and Measurement	☒	☐	☐
PAS 40	Investment Property	☒	☐	☐
	Amendments to PAS 40, Transfers of Investment Property	☐	☐	☒
PAS 41	Agriculture	☒	☐	☐
Philippine Interpretations				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	☐	☐	☒
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments	☐	☐	☒

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2018				
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease	☒	☐	☐
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	☐	☐	☒
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	☐	☐	☒
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies	☐	☐	☒
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment	☒	☐	☐
Philippine Interpretation IFRIC-12	Service Concession Arrangements	☐	☐	☒
Philippine Interpretation IFRIC-14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	☐	☐	☒
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation	☐	☐	☒
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners	☐	☐	☒
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments	☐	☐	☒
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine	☐	☐	☒
Philippine Interpretation IFRIC-21	Levies	☒	☐	☐
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration	☐	☐	☒
Philippine Interpretation SIC-7	Introduction of the Euro	☐	☐	☒

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation SIC-10	Government Assistance - No Specific Relation to Operating Activities	☐	☐	☒
Philippine Interpretation SIC-15	Operating Leases - Incentives	☐	☐	☒
Philippine Interpretation SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	☐	☐	☒
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	☒	☐	☐
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures	☐	☐	☒
Philippine Interpretation SIC-32	Intangible Assets - Web Site Costs	☐	☐	☒

SWIFT FOODS, INC.

**INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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



108092018003356

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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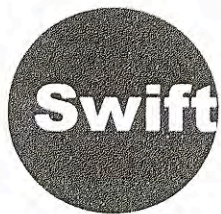
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Company Information

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Company Name SWIFT FOODS INC.
Industry Classification
Company Type Stock Corporation

Document Information

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SWIFT FOODS, INC.

9 August 2018

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Pasay City, Metro Manila

Attn : Ms. Rachel Esther J. Guntang-Remalante, Esq.
Officer-In-Charge, Corporate Governance and Finance Department

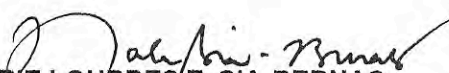
Re: SEC Memorandum Circular Number 15, Series of 2017

We received your letter dated 27 June 2018 on 30 July 2018 stating that the Corporation's filed Integrated Annual Corporate Governance Report (I-ACGR) on 30 May 2018 was not signed by its Chairman of the Board Mr. Jose S. Concepcion, Jr. Your letter further directed the Corporation to submit its I-ACGR with complete signatories and explain within ten (10) days from receipt of said letter why it should not be held liable for violation of the aforementioned Circular.

In compliance with your letter of 27 June 2018, we hereby re-submit our I-ACGR with the signatures of all the signatories. Our Chairman of the Board was unable to sign the first I-ACGR submitted as he was out of the country when said I-ACGR was being routed for signature up to the day of the deadline on 30 May 2018. This is the reason why we indicated in our I-ACGR the words "(out of the country)" under the printed name of Mr. Concepcion Jr.

Swift Foods Inc. has every intention of complying with all of the Securities and Exchange Commission's (SEC) requirements and has a good record of compliance as may be gleaned from its past record for the other reportorial requirements. Since no injury was caused to the investing public, and since this is the Corporation's *first offense* in this regard, and one that was unforeseeable, undersigned apologizes for the omission and humbly requests that no financial penalty be imposed at this time.

Very truly yours,


MARIE LOURDES T. SIA-BERNAS
Assistant Corporate Secretary



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2017**.
2. SEC Identification Number **ASO94-005066** 3. BIR Tax Identification No. **003-973-161**
4. Exact name of issuer as specified in its charter **Swift Foods, Inc.**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **4F RFM Corporate Center, Sheridan cor. Pioneer Streets**
Mandaluyong City
Address of principal office Postal Code
8. **(632) 631-8101 loc. 7203**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	compliant	Provide information or link/reference to a document containing information on the following:	The resumé of the directors as found in the Issuer's Annual Report and Definitive Information Statement are self explanatory.
2. Board has an appropriate mix of competence and expertise.	compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	This information is found in the Corporation's Annual Report or SEC Form 17-A and Information Statement or SEC Form 20-IS
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	compliant	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	This information is found in the Corporation's Annual Report or SEC Form 17-A and Information Statement or SEC Form 20-IS
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	compliant	Identify or provide link/reference to a document identifying the directors and the type of their directorships	This information is found in the Corporation's Annual Report or SEC Form 17-A and Information Statement or SEC Form 20-IS
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	compliant	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
2. Company has an orientation program for first time directors.	compliant	Provide information or link/reference to a document containing information	http://edge.pse.com.ph/company/Disclosures/form.do?

3. Company has relevant annual continuing training for all directors	compliant	on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	cmpr_id=165 http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
Recommendation 1.4			
1. Board has a policy on board diversity.	compliant	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
2. Corporate Secretary is a separate individual from the Compliance Officer.	compliant		
3. Corporate Secretary is not a member of the Board of Directors.	compliant		

4. Compliance Officer attends training/s on corporate governance.	compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	Attended seminar on 26 January 2018 at Makati City, conducted by the Philippine Corporate Enhancement and Governance Inc. on the following topics: 1. Updates on Corporate Governance Regulatory Developments in 2016 & Pointers to Ensure Effective Corporate Governance. 2. Corporate Risk Management – An Effective Framework in Corporate Governance 3. Compliance with the Anti-Money Laundering Law (AMLA).
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	compliant	Provide information or reference to document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	
Recommendation 2.2.			
1. Board has a clearly defined and updated vision, mission and core values.	compliant	Indicate or provide link/reference to a document containing the company's vision, mission, and core values. Indicate frequency of review of the vision, mission and core values.	
2. Board has a strategy execution process that facilitates effective management	compliant	Provide information on or link/reference to a document	

performance and is attuned to the company's business environment, and culture.		containing information on the strategy execution process.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	compliant	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	This information is found in the Corporation's Annual Report or SEC Form 17-A
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
2. Board adopts a policy on the retirement for directors and key officers.	compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	compliant		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	compliant		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Not Applicable	Provide proof of board approval	Not Applicable

2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Not Applicable	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	Not Applicable
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	compliant	Provide proof if minority shareholders have a right to nominate candidates to the board.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	compliant		
4. Board nomination and election policy includes how the board shortlists candidates.	compliant		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	compliant		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	compliant	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or	compliant	Identify the professional search firm used or other external sources of candidates	

shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Not Applicable	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs	Not Applicable
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Not Applicable	Identify transactions that were approved pursuant to the policy.	Not Applicable
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Not Applicable		Not Applicable
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Not Applicable	Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories.	Not Applicable
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Not Applicable	Provide information on voting system, if any.	Not Applicable

Recommendation 2.8			
1. Board id primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	compliant	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identity the Management team appointed.	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	compliant	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management. Provide information on the assessment process and indicate frequency of assessment of performance.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	compliant	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	
2. Board establishes an effective performance management framework that ensure that personnel's performance is at par with the standards set by the Board and Senior Management.	Not Applicabe		Not Applicabe
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and	
2. The internal control system includes a mechanism for monitoring and managing	compliant		

potential conflict of interest of the Management, members and shareholders.		what is included in the internal control system	
3. Board approves the Internal Audit Charter.	compliant		
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Not Applicable	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	Not Applicable
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	compliant	Provide proof of effectiveness of risk management strategies, if any.	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Not Applicable	Provide link to the company's website where the Board Charter is disclosed.	Not Applicable
2. Board Charter serves as a guide to the directors in the performance of their functions.	compliant		
3. Board Charter is publicly available and posted on the company's website.	compliant		http://swiftfoods.com.ph/
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Not Applicable	Provide information on or link/reference to a document showing company's insider trading policy.	Not Applicable
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at		Provide information on or link/reference to a document showing company's policy on granting loans to	

arm's length basis and at market rates.		directors, if any.	
2. Company discloses the types of decision requiring board of director's approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
3. All the members of the committee have relevant background, knowledge, skills,	compliant	Provide information or link/reference to a document containing information	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165

and/or experience in the areas of accounting, auditing and finance.		on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	cmpy_id=165
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	compliant	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Not Applicable	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.	Not Applicable
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in performance of its corporate governance responsibilities, including the functions that were formerly assigned to a	Not Applicable	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions.	Not Applicable

Nomination and Remuneration Committee.		Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
3. Chairman of the Corporate Governance Committee is an independent director.	Not Applicable		Not Applicable
Optional: Recommendation 3.3			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Not Applicable	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions.	Not Applicable
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Not Applicable	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	Not Applicable
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Not Applicable	Provide information or link/reference to a document containing information on the Chairman of the BROC.	Not Applicable

4. At least one member of the BROC has relevant through knowledge and experience on risk and risk management.	Not Applicable	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	Not Applicable
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Not Applicable	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	Not Applicable
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Not Applicable	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	Not Applicable
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Not Applicable	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	Not Applicable
2. Committee Charters provide standards for evaluating the performance of the Committees.	Not Applicable		Not Applicable
3. Committee Charters were fully disclosed on the company's website.	compliant	Provide link to company's website where the Committee Charters are disclosed.	http://swiftfoods.com.ph/
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board,	Not Applicable	Provide information or link/reference to a document containing information	Not Applicable

Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.		on the process and procedure for tele/videoconferencing board and/or committee meetings. Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	
2. The directors review meeting materials for all Board and Committee meetings.	compliant		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Not Applicable	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.	Not Applicable
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Not Applicable	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	Not Applicable

Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.		Indicate the number of board meetings during the year and provide proof	
4. Company requires as minimum quorum of at least 2/3 for board decisions.		Indicate the required minimum quorum for board decisions	
Principle 5: The board should endeavor the exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	compliant	Provide information or link/reference to a document containing information on the number of independent directors in the board.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	compliant	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Not Applicable	Provide link/reference to a document containing information that directors are not constrained to vote independently.	Not Applicable

Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Not Applicable	Provide information or link/reference to a document showing the years IDs have served as such.	Not Applicable
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Not Applicable	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	Not Applicable
3. In the instance that the company retains on independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Not Applicable	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	Not Applicable
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Not Applicable	Identify the company's Chairman of the Board and Chief Executive Officer	Jose S. Concepcion, jr.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	compliant	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	compliant	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165

Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Not Applicable	Provide proof of abstention, if this was the case	Not Applicable
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Not Applicable	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	Not Applicable
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years. 2.	Compliant	Provide name/s of company CEO for the past 2 years	Jose S. Concepcion, Jr.
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Not Applicable	Provide proof of self-assessment conducted for the whole board, the individual members, the Chairman and the Committees	Not Applicable
2. The Chairman conducts a self-assessment of his performance.	Not Applicable		
3. The individual members conduct a self-assessment of their performance.	Not Applicable		
4. Each committee conducts a self-assessment of its performance.	Not Applicable		
5. Every three years, the assessments are supported by an external facilitator.	Not Applicable	Identify the external facilitator and provide proof of use of an external facilitator.	Not Applicable

Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism form shareholders.	
2. The system allows for a feedback mechanism from the shareholders.	compliant		http://swiftfoods.com.ph/
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Not Applicable	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	Not Applicable
2. The Code is properly disseminated to the Board, senior management and employees.	Not Applicable	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	Not Applicable
3. The Code is disclosed and made available to the public through the company website.	compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	http://swiftfoods.com.ph/
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Not Applicable	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	Not Applicable

Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	compliant	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	compliant	Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Not Applicable	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	Not Applicable
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	compliant	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the	compliant	Provide link or reference to the company's annual report where the following are disclosed:	

degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.		1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.		Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	compliant	Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	compliant	Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board	compliant	Provide link or reference to the directors' academic qualifications,	http://edge.pse.com.ph/company/Disclosures/form.do?

members to evaluate their experience and qualifications, and assess any potential conflicts of interests that might affect their judgment.		share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	cmphy_id=165
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	compliant	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	http://edge.pse.com.ph/company/Disclosures/form.do?cmphy_id=165
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	This information is found in the Manual Corporate Governance Report
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	This information is found in the Manual Corporate Governance Report
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	There is no standard arrangement for the compensation of directors, other than a <i>per diem</i> of P5,000.00 for every Board of Directors' Meeting and a <i>per diem</i> of P5,000.00 for every Committee (Nomination, Compensation and Audit) Meeting.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions		Disclose or provide reference/link to company's RPT policies.	

in their Manual on Corporate Governance.		Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Not Applicable	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions	Such an event did not arise
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Not Applicable	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	Did not occur
Optional: Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any.	

Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Provide link or reference where this is disclosed.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpry_id=165
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	Identify independent party appointed to evaluate the fairness of the transaction price. Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	Board Lot Reports, Foreign Ownership Reports, and Public Ownership Reports prepared by the Stock and Transfer Agent, Stock and Transfer Service, Inc. (STSI)
Supplemental to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Provide link or reference where these are disclosed.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpry_id=165
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpry_id=165
2. Company's MCG is submitted to the SEC and PSE.			
3. Company's MCG is posted on its company website.			

Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	compliant	Provide proof of submission.	Manual on Corporate Governance was filed on 31 May 2017 at the Philippine Stock Exchange (PSE) and at the Securities and Exchange Commission
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	compliant	Provide link or reference to the company's Annual Report containing the said information.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
a. Corporate Objectives	compliant		
b. Financial performance indicators	compliant		
c. Non-financial performance indicators	compliant		
d. Dividend Policy	compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	compliant		
f. Attendance details of each director in all directors meetings held during the year	compliant		
g. Total remuneration of each member of the board of directors	compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	compliant	Provide link or reference to where this is contained in the Annual Report.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165

3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	compliant	Provide link or reference to where this is contained in the Annual Report	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	compliant	Provide link or reference to where this is contained in the Annual Report.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	compliant	Provide link or reference to where these are contained in the Annual Report	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	compliant	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	The annual Audit Fee for 2017 is four hundred fifty thousand pesos (P450,000.00) only. Unfortunately, this did not pass stockholders' approval due to failure to muster a quorum.

3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Not Applicable	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	Not Applicable
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Not Applicable	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	Not Applicable
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	compliant	Provide link/reference to the company's Audit Committee Charter	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	compliant	Provide link/reference to the company's Audit Committee Charter	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and	Not Applicable	Provide link/reference to the company's Audit Committee Charter	Not Applicable

valuations of such transactions.			
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Non Compliant	Provide link/reference to the company's Audit Committee Charter	The Audit Committee does not have any formal policies and procedures for the services of the external auditor.
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Not Applicable	Disclose the nature of non-audit services performed by the external auditor, if any.	Not Applicable
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	compliant	Provide link or reference to guidelines or policies on non-audit services.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpry_id=165
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	compliant	Provide information on audit and non-audit fees paid.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category	compliant	Provide information on company's external auditor, such as: 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm.	Sycip, Gorres, Velayo & Co. ("SGV"). Dible S. Garcia CPA Certificate no. 0097907 SEC Accreditation No. 1285-AR-1 (Group A), May 12, 2016, valid until May 12, 2019 TIN 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

2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Not Applicable	Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC.	Not Applicable
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Not Applicable	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	Not Applicable
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Not Applicable	Provide link to Sustainability Report, if any. Disclose the standards used.	Not Applicable
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings/press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	compliant	Provide link to company website	http://swiftfoods.com.ph/

a.	Financial statements/reports (latest quarterly)	Compliant		
b.	Materials provided in briefings to analysts and media	Compliant		
c.	Downloadable annual report	Compliant		
d.	Notice of ASM and/or SSM	Compliant		
e.	Minutes of ASM and/or SSM	Compliant		
f.	Company's Articles of Incorporation and By-Laws	compliant		
Additional Recommendation to Principle 11				
1.	Company complies with SEC-prescribed website template.			
Internal Control System and Risk Management Framework				
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of tis affairs, the company should have a strong and effective internal control system and enterprise risk management framework.				
Recommendation 12.1				
1.	Company has an adequate and effective internal control system in the conduct of its business.	Compliant	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system.	
2.	Company has an adequate and effective enterprise risk management framework in the conduct of its business.	compliant	Identify international framework used for Enterprise Risk Management Provide information or reference to a document containing information on: 1. Company's risk management procedures and processes 2. Key risks the company is currently facing	Company's Annual Report under SEC Form 17-A

		3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework.	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	compliant	Provide information on or link/reference to a document containing the company's compliance program covering compliance with a laws and relevant regulations. Indicate frequency of review.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpry_id=165
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.		Provide information on IT governance process	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides on independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Not Applicable	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	Not Applicable
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Not Applicable	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a	Not Applicable

		document containing his/her responsibilities.	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Not Applicable		Not Applicable
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not Applicable	Identify qualified independent executive or senior management personnel, if applicable.	Not Applicable
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Not Applicable	Provide information on company's risk management function.	Not Applicable
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Not Applicable	Identify source of external technical support, if any.	Not Applicable
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Not Applicable	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	Not Applicable
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Not Applicable		Not Applicable
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and	Not Applicable	Provide link to CEO and CAE's attestation	Not Applicable

working effectively.			
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Company's common share has one vote for one share.	compliant		
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	compliant	Provide information on all classes of shares, including their voting rights if any.	Board Lot Report, Foreign Ownership Report, and Public Ownership Report
3. Board has an effective, secure, and efficient voting system.	Not Applicable	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	Not Applicable
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Not Applicable	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	Not Applicable
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Not Applicable	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	Not Applicable
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Not Applicable	Provide information or link/reference to the policies on treatment of minority shareholders	Not Applicable
7. Company has a transparent and specific dividend policy.	Not Applicable	Provide information on or link/reference to the company's dividend Policy. Indicate if company declared dividends. If yes, indicate the number of days within which the dividends	Not Applicable

		were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration	
Optional: Recommendation 13.1			
1. Company appoints an independent party to court and/or validate the votes at the Annual Shareholders' Meeting.		Identify the independent party that counted/validated the votes at the ASM, if any.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Non Compliant	Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out. Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting. Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)	Annual Stockholders Meeting did not push through due to lack of quorum since 2010.
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Non Compliant	Provide link or reference to the company's notice of Annual Shareholders' Meeting	Not Applicable
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Not Applicable		Not Applicable

b. Auditors seeking appointment/re-appointment	Not Applicable		Not Applicable
c. Proxy documents	Not Applicable		Not Applicable
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Not Applicable	Provide link or reference to the rationale for the agenda items	No ASM was held.
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Not Applicable	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	No ASM was held.
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Not Applicable	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any	No ASM was held.
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions	Not Applicable	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special	No ASM was held.

during the ASM and SSM.		meeting	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Not Applicable	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	Not Applicable
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	compliant	Provide link/reference to where it is found in the Manual on Corporate Governance	http://edge.pse.com.ph/company/Disclosures/form.do?cmpr_id=165
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Not Applicable	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	Not Applicable
2. IRO is present at every shareholder's meeting	Not Applicable	Indicate if the IRO was present during the ASM.	Not Applicable
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Not Applicable	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	Not Applicable
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	compliant	Indicate the company's public float.	Public Ownership Percentage as of 31 March 2018 are; Common Shares - 99.71% Preferred Shares – 71.32%
Optional: Principle 13			
1. Company has policies and practices to		Disclose or provide link/reference to	

encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		policies and practices to encourage shareholders' participation beyond ASM	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Not Applicable	Disclose the process and procedure for secure electronic voting in absentia, if any.	Not Applicable
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholder's rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Not Applicable	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	Not Applicable
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Not Applicable	Identify policies and programs for the protection and fair treatment of company's stakeholders.	Not Applicable
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Not Applicable	Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. Provide information on whistleblowing policy, practices and procedures for stakeholders.	Not Applicable

Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Not Applicable	Provide information on the alternative dispute resolution system established by the company.	Not Applicable
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Not Applicable	Disclose any requests for exemption by the company and the reason for the request.	Not Applicable
2. Company respects intellectual property rights.	Not Applicable	Provide specific instances, if any.	Not Applicable
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Not Applicable	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	Not Applicable
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Not Applicable	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	Not Applicable
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to	Not Applicable	Provide information on or link/reference to company policies,	Not Applicable

actively participate in the realization of the company's goals and in its governance.		programs and procedures that encourage employee participation.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Not Applicable	Disclose if any has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	Not Applicable
2. Company has policies and practices on health, safety and welfare of its employees.	Not Applicable	Disclose and provide information on policies and practices on health, safety and welfare of employees. Includes statistics and data, if any.	Not Applicable
3. Company has policies and practices on training and development of its employees.	Not Applicable	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	Not Applicable
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	compliant	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.	http://edge.pse.com.ph/company/Disclosures/form.do?cmpy_id=165
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Not Applicable	Identify how the board disseminated the policy and program to employees across the organization.	Not Applicable
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying	Not Applicable	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in	Not Applicable

and receiving bribes.		corrupt practices. Include any finding of violations of the company policy.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Not Applicable	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior.	Not Applicable
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Not Applicable		Not Applicable
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Not Applicable	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	Not Applicable
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows	Not Applicable	Provide information or reference to a document containing information on the company's community involvement and environment-related	Not Applicable

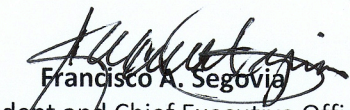
the company to grow its business, while contributing to the advancement of the society where it operates.		programs.	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development		Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates.		Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	

SIGNATURES

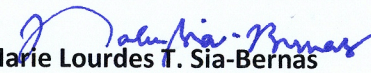

Jose S. Concepcion, Jr.
Chairman of the Board


Alfredo B. Parungao
Independent Director


Jose A. Bernas
Corporate Secretary


Francisco A. Segovia
President and Chief Executive Officer


Senen C. Bacani
Independent Director


Marie Lourdes T. Sia-Bernas
Compliance Officer

SUBSCRIBED AND SWORN to before me this 25 day of MAY 2018 affiants exhibiting to me the following:

NAME

Jose S. Concepcion, Jr.
Francisco A. Segovia
Alfredo B. Parungao
Senen C. Bacani
Jose A. Bernas
Marie Lourdes T. Sia-Bernas

GOVERNMENT ISSUED ID

Passport No. P2514823 A
Driver's License No. N09-72-019088
Passport No. EB8372623
Senior Citizen ID No. 2470
IBP Lifetime Membership No. 01738
IBP Lifetime Membership No. 02165

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