

SWIFT FOODS, INC.

4F RFM Corporate Center, Sheridan corner Pioneer Street, Mandaluyong City

21 October 2014

Dear Stockholder,

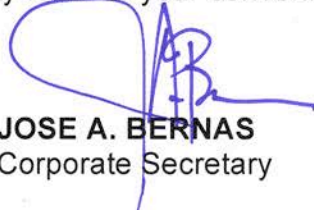
Please take notice that this year's annual meeting of the stockholders of SWIFT FOODS, INC. will be held on 27 November 2014 at 3:00 p.m. at the RFM Auditorium, RFM Corporate Center, corner Pioneer and Sheridan Streets, Mandaluyong City.

The Agenda for the meeting will be as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 30 July 2010
4. Ratification of the Acts of Management, and the Directors from July 2010 to November 2014
5. Amendment of the third article of the Corporation's Articles of Incorporation in order to reflect the address of the Corporation with particularity, in compliance with SEC's Memorandum Circular No. 6, Series of 2014
6. Report of the President
7. Election of the Board of Directors of the Corporation
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

Only stockholders of record at the close of business hours on 15 October 2014 are entitled to notice, and to vote at this meeting. Registration will start at 1:30 p.m. and will close at exactly 2:45 p.m. Please present any government issued ID as proof of identification such as a driver's license, passport, postal ID, or SSS/GSIS I.D. Aside from personal identification, representatives of corporate stockholders should present a notarized Secretary's Certificate indicating the representative's authority to represent the corporation. Beneficial owners whose shares are lodged with the Philippine Central Depository ("PCD"), or registered under the name of a broker, bank, or other fiduciary, must, in addition to the required proof of identification, present a notarized certification from the owner of record that he is the beneficial owner, indicating thereon the number of shares.

Should you be unable to attend the meeting, you may want to execute a proxy in favor of a representative. Proxies must be presented to the Corporate Secretary for inspection, validation, and record, at least seven (7) days prior to the Stockholders' Meeting. We enclose a proxy form for your convenience.


JOSE A. BERNAS
Corporate Secretary

PROXY

The undersigned stockholder of SWIFT FOODS, INC. (the "Corporation") hereby constitutes and appoints _____ as proxy to represent the undersigned stockholder, and to vote all the shares registered in the name of the undersigned stockholder in the books of the Corporation at the meeting of the stockholders of the Corporation, and any adjournment thereof to be held on 27 November 2014.

The proxy is authorized to vote on all matters, which may properly be taken in the said meeting of stockholders.

This proxy shall be valid only for the said meeting of the stockholders, unless withdrawn by the undersigned stockholder by written notice filed with the Corporate Secretary of the Corporation. This proxy shall not be valid for meetings where the undersigned stockholder personally registers and attends the aforementioned meeting, and at any adjournment thereof.

Signed this Proxy this ____ day of _____ 2014.

By:

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:

 Preliminary Information Statement
 ✓ Definitive Information Statement

2. Name of Registrant as specified in its charter – SWIFT FOODS, INC.
3. Province, country or other jurisdiction of incorporation or organization - Manila, Philippines
4. SEC Identification Number – AS094-005066
5. BIR Tax Identification Code – 003-973-161-000
6. Address of principal office – 4F RFM Corporate Center, Pioneer corner Sheridan Street, Mandaluyong City, 1603
7. Registrant's telephone number, including area code - (632) 631-81-01
8. Date, time and place of meeting of security holders -
The Annual Meeting of the Stockholders of Swift Foods, Inc. (the Corporation) shall be held on 27 November 2014 at 3:00 pm at the RFM Auditorium, RFM Corporate Center, corner Pioneer and Sheridan Streets, Mandaluyong City
9. Approximate date on which the Information Statement is first to be sent or given to security holders – 13 November 2014
10. *In case of Proxy Solicitations:* Not applicable

Name of Person Filing the Statement/Solicitor: _____

Address and Telephone No. _____

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

Title of Each Class	Number of Shares of Stock Outstanding
COMMON	1,814,423,473 shares
PREFERRED	49,035,012 shares

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

Yes ✓ No

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

The shares are listed in the Philippine Stock Exchange and classified either as common or preferred shares.

A. GENERAL INFORMATION

I. Date, time and place of meeting of security holders

The Annual Meeting of the Stockholders of Swift Foods, Inc. (the Corporation) shall be held on 27 November 2014 at 3:00pm at the RFM Auditorium, RFM Corporate Center, corner Pioneer and Sheridan Streets, Mandaluyong City

The complete mailing address of the principal office of the registrant is 4F RFM Corporate Center, Sheridan corner Pioneer Street, Mandaluyong City.

The Information Statement will be sent or given to stockholders of record as of 15 October 2014 on or before 13 November 2014 or two (2) weeks before the meeting date, as provided in the By-Laws.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

2. Dissenters' Right of Appraisal

Pursuant to Section 81 of the Corporation Code of the Philippines (the Corporation Code), any stockholder of the Corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and
3. In case of merger or consolidation.

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

No current director or officer of the Corporation, or nominee for election as director of the Corporation, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than elections to office.

No director has informed the Corporation in writing that he intends to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

There are one billion eight hundred twelve million nine hundred six thousand eight hundred eighty three (1,814,423,473) outstanding common shares of stock of the Corporation entitled to vote at the Annual Meeting, each of which is entitled to one (1) vote on 27 November.2014

The record date, or the date during which the stock and transfer book of the Corporation shall be closed for the determination of stockholders entitled to vote at the Annual Meeting is 15 October 2014.

For purposes of the election of directors, all stockholders of record are entitled to cumulative voting rights as provided by the Corporation Code, and there are no conditions precedent to the exercise thereof. Further, no discretionary authority to cumulate votes is being solicited. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

Security Ownership of Certain Record and Beneficial Owners

There are 7,446 stockholders of 1,814,423,473 common shares of stock of SFI as of 30 September 2014, whereas, there are 3,422 stockholders of 49,035,012 preferred shares of stock of SFI as of 30 September 2014. There are no other outstanding or such clearances of shares of stock of SFI.

The top twenty (20) stockholders of the common shares of stock of SFI, including their shares and the percentage of the common shares outstanding held by each as of 30 September 2014 are as follows:

Stockholder Name	No. of shares held	Percentage of total shares held
1. PCD Nominee Corporation (Filipino)	1,306,159,240	71.987%
2. Renaissance Property Management Corp	117,292,756	6.464%
3. Li Chih-Hui	100,000,000	5.511%
4. Feati University	77,119,994	4.250%
5. Chico Holdings, Inc.	44,511,824	2.453%
6. PCD Nominee Corporation (Foreign).	42,631,907	2.349%
7. S & A Industrial Corporation	26,145,590	1.440%
8. Concepcion Industries, Inc	17,766,734	0.979%
9. Sahara Management & Devt. Corp.	9,342,729	0.515%
10. Republic Commodities Corp.	8,242,083	0.454%
11. S & A Industrial Corporation	6,167,888	0.339%
12. Foresight Realty & Dev't. Corp	4,782,433	0.263%
13. Horizon Realty, Inc.	3,845,810	0.211%
14. Ernesto B. Lim	3,030,000	0.166%
15. S & A Industrial Corporation	2,921,394	0.161%
16. Ching Tian Chiong or Cheryl Ladd Uy Ching	2,000,000	0.110%
17. Zenaída Incognito Alano or Jenny Alano Ragaza	2,000,000	0.110%
18. Eumelia Concepcion Hechanova	1,929,856	0.106%
19. Segovia & Co. Inc.	1,600,689	0.088%
20. S & A Industrial Corporation	1,599,845	0.088%
	<u>1,779,090,772</u>	<u>98.052%</u>

The top twenty (20) stockholders of the convertible preferred shares of stock of SFI, including their shares and the percentage of the preferred shares held by each as of 30 September 2014 are as follows:

Stockholder Name	No. of shares held	Percentage of total shares held
1. PCD Nominee Corporation (Filipino)	15,069,483	30.732%
2. Horizon, Realty, Inc	13,925,994	28.400%
3. Concepcion Industries, Inc.	3,138,155	6.399%
4. Ronald S. Po	2,809,514	5.729%
5. Sahara Management & Dev. Corp.	2,515,033	5.129%
6. Select Two Incorporated	2,176,069	4.437%
7. Republic Commodities Corp.	1,455,806	2.968%
8. PCD Nominee Corporation (Foreign)	1,221,378	2.490%
9. Foresight Realty & Dev't. Corp.	844,725	1.722%
10. Silang Forest Park, Incorporated	655,713	1.337%
11. Hyland Realty Corporation	523,997	1.068%
12. Arcon Group Holdings	523,997	1.068%
13. Lace Express Inc.	506,059	1.032%
14. Eumelia Concepcion. Hechanova	340,872	.695%
15. Rafael Hechanova & /or Eumelia C. Hechanova	185,565	0.378%
16. Willington Chua	177,391	0.361%
17. Mercury Management Corporation	168,694	0.344%
18. Home Development Mutual Fund	152,991	0.312%
19. Joseph Server Jr. or Estelita L. Server	121,003	0.246%
20. Reynaldo Concepcion	101,049	0.206%
	46,613,488	95.061

Dividends

Prior to 7 July 2004, the preferred stock earns cumulative dividends up to a maximum of 15%. The dividend rate is based on the issue price of P10 per share. The dividends are payable quarterly. One preferred share is convertible to 10 common shares at any time after the issuance up to 7 August 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 7 August 2003, which was extended until 27 February 2004. Upon the exercise of said right, the Company shall redeem the convertible preferred shares at the offer price plus any accumulated dividends.

On 12 May 2004, the stockholders amended the terms of the convertible preferred shares by extending the conversion period until 7 August 2038, and the put option period until 7 August 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 declare in favor of common shares. The above amendment was approved by the stockholders during the annual stockholders' meeting on 25 June 2004 approved by the Securities and Exchange Commission on 7 July 2004.

On 1 September 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 7 August 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 7 August 2038. These amendments were approved by the Securities and Exchange Commission on 19 October 2005.

On 11 October 2006, the stockholders removed the term of the convertible preferred shares formerly set at 7 August 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 6 December 2006.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities in the last five (5) fiscal years.

Security Ownership of Holders of More than 5%

Owners of more than five percent (5%) of the Corporation's securities as of 30 September 2014 are as follows:

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner	Citizenship	Number of Shares Held	Percentage Held
Common	PCD Nominee G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	PCD Nominee	Filipino	1,306,159,240	71.98%
Common	Renaissance Property Management Corp Helios St., Sta. Cruz, Manila	Renaissance	Filipino	117,292,756	6.46%
Common	Li Chih-Hui	Li Chih-Hui	Filipino	100,000,000	5.511%
Preferred	PCD Nominee G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	PCD Nominee	Filipino	15,069,483	30.73%
Preferred	Horizon, Realty, Inc		Filipino	13,925,994	28.40%
Preferred	Concepcion Industries, Inc.		Filipino	3,138,155	6.39%
Preferred	Ronal S. Po		Filipino	2,809,514	5.72%
Preferred	Sahara Management & Development Corporation		Filipino	2,515,033	5.12%

All corporations above-listed are neither affiliate nor subsidiary of the Issuer and are mere stockholders of the Issuer.

Security Ownership of Management

Security ownership of the directors and officers of the Corporation as of 15 October 2014 are as follows:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	% of Class
Common	Jose Concepcion, Jr.	1,320,239 ("r")	Filipino	0.073%
Common	Luis Bernardo 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	Antonette Palma-Angeles	1,000 ("b")	Filipino	0.000%
Common	Alfredo Parungao	500 ("b")	Filipino	0.000%
Common	Alejandrino Ferreria	500 ("b")	Filipino	0.000%

There are no voting trust holders of five percent (5%) or more of the Corporation's securities. The figures above are based on current market price as of 15 October 2014.

There are no arrangements, which may result in a change in the control of the Corporation.

5. Directors and Executive Officers

The current directors and officers of the Corporation are listed below:

Name	Position	Citizenship
Jose Concepcion, Jr.	Chairman of the Board	Filipino
Francisco A. Segovia	President	Filipino
Luis Bernardo A. Concepcion	Director	Filipino
Senen C. Bacani*	Director	Filipino
Antonette Palma-Angeles*	Director	Filipino
Alfredo Parungao*	Director	Filipino
Alejandrino Ferreria*	Director	Filipino
Agnes C. Reyes	Treasurer	Filipino
Jose A. Bernas	Corporate Secretary	Filipino
Marie Lourdes T. Sia-Bernas	Asst. Corporate Secretary	Filipino
Nerissa L. Marasigan-Shaw	Asst. Corporate Secretary	Filipino

- Mr. Senen C. Bacani, Ms. Antonette Palma-Angeles, Mr. Alfredo Parungao, and Mr. Alejandrino Ferreria are independent minority stockholders who are not employees or officers of the Corporation, and whose shareholdings are less than two percent (2%) of the Corporation's equity pursuant to Section 38 of the Securities Regulation Code (SRC). The Chairman of the Board and CEO, Mr. Jose Concepcion, Jr., nominated the candidates for independent directors, and the Nominations Committee discussed and approved it. The qualification and nomination of the independent directors were in accordance with the procedure set in SRC Rule 38.

There are no family relationships of Mr. Jose Concepcion, Jr. with the independent directors namely: Mr. Senen C. Bacani, Ms Antonette Palma-Aneles, Mr. Alfredo Parungao and Mr. Alejandrino Ferreria.

The Directors each have a term of one (1) year and are elected annually during the annual stockholders meeting. This year's nominees for election to the Board of Directors and as Corporate Secretary are the same Directors and Corporate Secretary currently holding office, further information on whom may be obtained in the attached Annual Report. The nominees are as follows:

Name	Age	Positions/Offices/Directorships Held for the past five years
1. Jose Concepcion, Jr.	83	Chairman of the Board: Swift Foods, Inc., RFM Corporation, RFM Foundation, Inc., Co-Chairman: Bishops-Businessmen's Conference Executive Committee: ASEAN Chamber of Commerce and Industry
2. Francisco A. Segovia	60	President and CEO: Swift Foods, Inc. Vice-Chairman and CEO: FEATI University RPMC Holdings Inc. President: Segovia & Company, Inc., Fritz International Philippines, Inc., Intellicon, Inc., Chilco Holdings, Araneta Institute of Agriculture, Republic Dynamic Corporation, Republic Consolidated Corporation Director: RFM Corporation, Philippine Township, Inc., Invest Asia Corporation, WWWExpress Corporation
3. Luis Bernardo A. Concepcion	54	Director: Swift Foods, Inc. Board Member: Chamber of Agriculture & Food, Inc.

4. Senen C. Bacani	69	Director: Swift Foods, Inc. President: Ultrex Management and Investments Corp. Chairman: La Frutera, Inc., Member, Board of Directors: Roxas Holdings Inc., Franklin Baker Inc., and Icebox Services Inc.
5. Antonette Palma-Angeles	58	Director: Swift Foods, Inc. Academic Vice-President: Ateneo de Manila University Director of Ethics Center and Professor: Ateneo de Manila University Member, Board of Trustees, Lecturer in Business and Government Ethics: Asian Institute of Management
6. Alfredo B. Parungao	76	Director Swift Foods, Inc. President Ligaya Management Corp., CIBI Foundation Member Board of Trustees & Chairman Insular Life Assurance Co. Ltd Member Board of Director Insular Investment & Trust Corp Ubix Corporation Chief of Staff: Social Security Commission
7. Alejandrino Ferreria	63	Director Swift Foods, Inc Member Board of Director Goodyear Philippines, Pascual Laboratories, Producers Savings Bank, G&S Transport (Avis Rent a Car), Radiowealth Finance.

8. Jose A. Bernas	54	Corporate Secretary Swift Foods, Inc., Berjaya Philippines, Inc., Steven Leach, Jr. + Associates (Consultants) Inc., Philippine Gaming Management Corporation, Perdana Hotel Philippines, Inc., Berjaya Pizza (Philippines), Inc., Friendster Philippines, Inc., Dun and Bradstreet Philippines, Inc., MOL AccessPortal Inc., Uniwiz Trade Sales, Inc., Berjaya Auto Philippines Inc., Cosway Philippines Inc., Philippine National Construction Corporation Chairman of the Board and Director: Automation Specialists and Power Exponents Inc. (ASPEX), Dun and Bradstreet Philippines Inc., Perdana Land Philippines Inc. Director and President Discovery Centre Condominium Corporation Director MSI - ECS Philippines Inc., Trustee and Corporate Secretary: Berjaya Foundation, Inc. Managing Partner Bernas Law Office Professor Ateneo de Manila University – School of Law
9. Marie Lourdes T. Sia-Bernas	48	Assistant Corporate Secretary Swift Foods, Inc., Berjaya Philippines Inc., Philippine Gaming Management Corporation, Berjaya Pizza (Philippines) Inc., Friendster Philippines Inc. Perdana Land Philippines Inc., Perdana Hotel Philippines, Inc., MOL AccessPortal Inc., Uniwiz Trade Sales Inc., Steven Leach, Jr. + Associates (Consultants) Inc., Berjaya Foundation, Inc., Berjaya Auto Philippines Inc., Cosway Philippines Inc. Corporate Secretary Automation Specialists & Power Exponents Inc., Juillet Trading Corporation, Ultrasaurus Philippine Trading Inc., Neptune Holdings Inc., Discovery Centre Condominium Corporation

		Administrative Partner Bernas Law Office
10. Nerissa L. Marasigan	33	Assistant Corporate Secretary Swift Foods, Inc. Associate Bernas Law Office Trustee and Assistant Corporate Secretary Discovery Centre Condominium Corporation Director and Assistant Corporate Secretary Sanpiro Realty & Development Corporation Director and Treasurer Landphil Management and Development Corporation Neptune Properties Inc. Director Shaw Investments, Inc.
11. Agnes C. C Reyes	59	Treasurer – Swift Foods, Inc

There are no family relationships between and among the Directors and Executive Officers of the Corporation, except Jose S. Concepcion, Jr., who is the father of Luis Bernardo A. Concepcion. Francisco A. Segovia is the latter's first cousin. Maria 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 corporation except for the ones mentioned above.

The Directors and Executive Officers of the Corporation are not involved in any legal proceeding, and have not resigned nor declined to stand for re-election to the Board of Directors since the date of the last annual meeting on account of any disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

No other person other than the executive officers and directors is expected by the Corporation to make a significant contribution to the business. Neither is there an arrangement that may result in the change in the control of the Corporation.

Directors and Executive Officers as a Group

The total number of shares owned by the Directors and Executive Officers of the Corporation is 1,434,972 common shares, comprising 0.08% of the total number of common shares outstanding.

Title of Class	Name of Record/ Beneficial Owner	Amount and Nature of Record/ Beneficial Ownership	Percentage
Common shares	Directors and Executive Officers As a Group	1,430,383	0.08%
	Total	<u>1,430,383</u>	<u>0.08%</u>

Related Party Transactions

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

The Company has transactions with related parties which consist mainly of the following:

2013:

Related Party	Category	Amount	Outstanding Balance of Receivable (Payable)	Terms and Conditions
Entities under common major shareholder group:				
Invest Asia Corporation	Rent and utilities	(P9)	(P5,570)	On demand, non-interest bearing, unsecured
RFM Corporation	Share in common expense	(177)	(1174)	On demand, non-interest bearing, unsecured
RFM Insurance Brokers, Inc.	Insurance of livestock, building, and car	(401)	(20)	On demand, non-interest bearing, unsecured
RFM Corporation	Sale of engineering supplies=		-	On demand, non-interest bearing, unsecured, with impairment of P362
	Rent income	=	-	On demand, non-interest bearing, unsecured, with impairment of P50
Filipinas Water Bottling Company Inc.	Rent income	-	-	On demand, non-interest bearing, unsecured, with impairment of P1,034
Philippine Township, Inc.	Other receivable	-	-	On demand, non-interest bearing, unsecured, with impairment of P473
Asia Food Franchise	Trade receivables	-	-	On demand, unsecured, with impairment of P8,325
Total receivable (Note 5)			P-	
Total payable (Note 12)			(P6,764)	

2012:

Related Party	Category	Amount	Outstanding Balance of Receivable (Payable)	Terms and Conditions
Entities under common major shareholder group:				
Invest Asia Corporation	Rent and utilities	(P111)	(P5,561)	On demand, non-interest bearing, unsecured
RFM Corporation	Share in common expense	(448)	(810)	On demand, non-interest bearing, unsecured
RFM Insurance Brokers, Inc.	Insurance of livestock, building, and car	(90)	(146)	On demand, non-interest bearing unsecured
RFM Corporation	Sale of engineering supplies	348	-	On demand, unsecured, no impairment
Filipinas Water Bottling Company Inc.	Rent income	50	-	On demand, non-interest bearing, unsecured, with impairment of P1,038

(Forward)

Related Party	Category	Amount	Outstanding Balance of Receivable (Payable)	Terms and Conditions
Philippine Inc.	Township, Other receivable	P-	P-	Unsecured, with impairment of P473
Asia Franchise	Food Trade receivables	-	-	Unsecured, with impairment of P8,325
Total receivable (Note 5)			P-	
Total payable (Note 12)			(P6,517)	

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

	2013	2012	2011
Salaries and allowances	P1,937	P4,800	P7,195
Retirement benefits costs (income)	20,394	506	1,845
Other short-term employee benefits	35	323	646
	P22,366	P5,629	P9,686

6. Compensation of Directors and Executive Officers

The Chief Executive Officer and most highly compensated executives received a total of approximately P1,972,000.00 for the year 2013, P5,200,000.00 for the year 2012, P6,668,125.00 for the year 2011 broken down as follows:

Name	Principal Position	Year	Salary (P)	Bonus (P)	Other (P)	Annual Compensation
Jose Concepcion Jr.	Chairman of the Board	2013	-	-	-	-
Luis Bernardo A. Concepcion	President & CEO Jan-May 2013	2013	1,937,000	35,000	-	1,972,000
Francisco A. Segovia	President & CEO June-Dec 2013	2013	-	-	-	-
Total			1,937,000	35,000		1,972,000
Jose Concepcion Jr.	Chairman of the Board	2012	-	-	-	-
Luis Bernardo A. Concepcion	President & CEO	2012	4,800,000	400,000	-	5,200,000
Total			4,800,000	400,000	-	5,200,000
Jose Concepcion Jr.	Chairman of the Board	2011	1,316,700	109,725	-	1,426,425
Luis Bernardo A. Concepcion	President & CEO	2011	4,841,700	400,000	-	5,241,700
Total			6,158,400	509,725	-	6,668,125

List of highly compensated officers and employees for the year 2014.

Name	Position	Total Compensation
Francisco A. Segovia	President & CEO	-0-
Alejandro B. Lopez	Accounting Manager	812,500.00
Agnes C. Reyes	Treasurer/Hr officer	650,000.00
Dante C. Lamera	Branch Manager	325,000.00
Victoria S. Manosca	Accountant 1	281,117.46

There are only 2 Executive Officers, The Chairman and the President/Chief Executive Officer. Only Mr. Luis Bernardo A. Concepcion as the Chief Executive Officer received compensation for the period of January to May 2013. Mr. Francisco A. Segovia, as the Chief Executive Officer did not received compensation for the period of June to December 2013. The Compensation Committee has not yet fixed the compensation of the Corporation's Chief Executive Officer.

Name	Position
Jose S. Concepcion Jr.	Chairman of the Board
Luis Bernardo A. Concepcion	President & CEO (Jan-May 2013)
Francisco A. Segovia	President & CEO (June-Dec 2013)

The following directors are the members of the following committees of the Corporation:

Nomination Committee

Chairman	: Jose S. Concepcion, Jr.
Member	: Senen C. Bacani
Member	: Luis Bernardo A. Concepcion

Compensation Committee

Chairman	: Antonette Palma-Angeles
Member	: Jose S. Concepcion, Jr.
Member	: Alejandrino J. Ferreria

Audit Committee

Chairman : Senen C. Bacani
Member : Alfredo B. Parungao
Member : Luis Bernardo A. Concepcion

Strategic Planning Committee

Chairman : Alejandrino J. Ferreria
Member : Senen C. Bacani
Member : Alfredo B. Parungao
Non-Voting
Member : Luis Bernardo A. Concepcion

There is no standard arrangement for the compensation of directors, other than a *per diem* of P5,000.00 for every Board of Directors' Meeting as of September 3, 2007 and a *per diem* of P5,000.00 for every Committee (Nomination, Compensation and Audit) Meeting as of September 3, 2007.

The company paid the following for 2013:

Per Diem -- P100,000.00
Committee meeting -- 20,000.00

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 to be borne by the Corporation
- (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 not convertible to cash
- (c) Sick Leave of fifteen (15) days per year, which may be accumulated up to 45 days, but not convertible to cash
- (d) Executive check-up once every four (4) years, including SPEC 23 KSAT blood test every two 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 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 P2,500,000.

Material Pending Legal Proceedings

The pending cases involving the Corporation, in the normal course of business, are in the nature of collection and labor cases. For cases, which the Corporation is likely to be held liable, accruals have been made in the financial statements.

7. Independent Public Accountants

The election, approval or ratification of the registrant's public accountant shall also be discussed during the Annual Meeting. Sycip Gorres and Velayo & Co., which is the principal accountant for the fiscal year ending 31 December 2013, has been selected and shall be recommended to stockholders for election, approval or ratification for the current year.

Representatives of Sycip Gorres and Velayo & Co. 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 shall commence in year 2002.

The signing partner assigned to the corporation 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 of 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 2013 is P330,000.00 only.

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

8. Compensation Plans

There are no compensation plans.

C. ISSUANCE & EXCHANGE OF SECURITIES

No authorization or issuance of securities, otherwise than for exchange, or mergers, consolidations, acquisitions and similar matters, or acquisitions or dispositions of property, or restatement of accounts, or action with respect to reports, or amendment of the Charter, the By-laws or other documents, or other proposed actions, will be discussed or submitted at the Annual Meeting.

D. OTHER MATTERS

Except for the President's Report, which will discuss the financial performance and overall performance of the Corporation during the year ended 31 December 2013, no other report will be rendered by any director, officer, or committee. The President's Report is not subject to approval or disapproval.

There is no other proposed action that will be discussed in the Annual Meeting.

Voting Procedures

The election of the Board of Directors, as well as the appointment of the external auditors, shall be decided by the plurality vote of stockholders present in person and entitled to vote thereat, provided that quorum is present.

Voting shall be by ballot unless the nominees do not exceed the number of directors to be elected in which case, voting by ballot may be dispensed with. Each ballot shall be signed by the stockholder voting, and shall state the number of shares voted by him. The votes will be counted manually and will be supervised by the transfer agent.

E. ACTION WITH RESPECT TO REPORTS

1. Summary of acts of SFI Board of Directors and Management for ratification by stockholders

- Authority to lease out the Corporation's Tanay and Salikneta Farms to one of its previous growers (2011)
- Authority to sell the Pioneer property for Five Hundred Million Two Hundred Twenty Thousand Pesos (Php 500,220,000.00) with DMCI Project Developers, Inc. (2012)
- Authority to sell the Corporation's Manggahan property to LBL Industries, Inc. for Two Hundred Sixty Six Million Nine Hundred Thirty One Thousand Pesos (Php 266,931,000.00), the proceeds of which shall be used to settle the Corporation's obligations to its various creditors (2012)
- Authority to sell the Corporation's Salikneta property to De Oro Apena Food Products, Inc. for Two Hundred Fourteen Million Seven Hundred Fifty Eight Thousand Five Hundred Thirteen Pesos and Twenty Four Centavos (Php 214,758,513.24) (2012)
- Amendment of the Articles of Incorporation of the Corporation to reflect the business address from Metro Manila to 4F RFM Corporate Center, Sheridan cor. Pioneer Streets, Mandaluyong City (2014)

2. Summary of minutes of last annual stockholders' meeting

The following transpired during the annual stockholders' meeting of Swift Foods, Inc. held on 29 August 2013:

Less than 30% of the Corporation's outstanding capital stocks was present in person, or represented by proxy at schedule annual stock holder meetings

The annual stockholders meeting could not be therefore be convened for failure to muster a quorum. Accordingly, no stockholder business was carried out.

UNDERTAKING

THE CORPORATION UNDERTAKES TO PROVIDE, WITHOUT CHARGE, TO EACH PERSON SOLICITED, UPON WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF THE REGISTRANT'S ANNUAL REPORT ON SEC FORM 17-A .

PLEASE ADDRESS THE WRITTEN REQUEST TO THE CORPORATION'S CORPORATE SECRETARY, MR. JOSE A. BERNAS AT THE 8F RAHA SULAYMAN BUILDING, 108 BENAVIDEZ STREET, LEGASPI VILLAGE, MAKATI CITY.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the Information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 05 November 2014.

By:


For: **JOSE A. BERNAS**
Corporate Secretary / Corporate Information
Officer / Compliance Officer


FRANCISCO A. SEGOVIA
President / Chief Executive Officer

**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 for the years ended December 31, 2013 and 2012, including the additional components attached therein, in accordance with *Philippine Financial Reporting Standards*. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

Signed under oath by the following:



SENEN C. BACANI

For: Jose S. Concepcion, Jr.

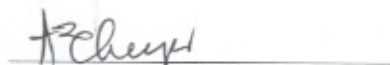
Chairman of the Board



ALFREDO B. PARUNGAO

For: Francisco A. Segovia

President & Chief Executive Officer



AGNES C. REYES

Treasurer

SUBSCRIBE AND SWORN to before me in Mandaluyong City this 23rd day of April 2014 by the following affiants who are personally known to me, with their identification cards, as follows:

Senen C. Bacani

TIN # 111790072

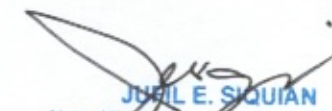
Alfredo B. Parungao

TIN # 132197846

Agnes C. Reyes

SSS # 03-4059220-7

Doc. No. 95;
Page No. 20;
Book No. 1;
Series of 2014.



JUVIL E. SIQUIAN
Notary Public for and in Mandaluyong City
Notarial Commission No. 0288-13
Commission Expires on 31, December 2014
BARBARILIM SIQUIAN & PAREDES LAW OFFICES
2nd Floor, RFM Corporate Center,
Pioneer corner Sheridan Sts. Mandaluyong City
PTR No. 2167486, 1/9/2014, Mandaluyong City
IBP No. 954321, 1/9/2014 Makati
Roll of Attorneys No. 48372

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

Atty. Jose A. Bernas

(Contact Person)

631-8101

(Company Telephone Number)

Month *Day*
(Calendar Year)

SE	C	1	7	Q
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(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

--

Total No. of Stockholders

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

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**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

QUARTERLY REPORT PURSUANT TO SECTION 11 OF THE SECURITIES
REGULATION CODE AND SRC RULE 11(a)-1(b)(2) THEREUNDER

1. For the quarterly period ended 30 June 2014
2. SEC Identification Number AS094-005066 3. BIR Tax Identification No. 003-973-161
4. Exact name of registrant as specified in its charter: SWIFT FOODS, INC.
5. Philippines 6. _____ Industry Classification Code (SEC use only)
Province, Country, or other jurisdiction of incorporation or organization
7. 4F RFM Corporate Center, Sheridan cor. Pioneer Streets, Mandaluyong City 1603
Address of principal office Postal Code
8. (632) 631-81-01 Registrant'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 4 and 8 of the SRC

<u>Title of Each Class</u>	<u>Numbers of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, P1 par value	1,814,423,473
Preferred Stock, P1 par value	49,035,012

11. Are any or all of these securities listed on the Philippines Stock Exchange?
Yes ☒ No ☐

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 11 of the Securities Regulation Code (SRC) and SRC rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 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 90 days.

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item I. Financial Statements

Please refer to pages 21 to 25 of the attached report.

Item II. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations:

For the 2nd quarter of 2014, the company generated revenue of P15.16M. This is 20.40% lower compared to last year's 2nd quarter revenue of P18.26M. The 2014 2nd quarter revenue is solely generated by Palawan branch, which is the only entity that remains in operation.

The cost of goods sold as a percentage of sales for the 2nd quarter 2014 is 97.95% vs. 95.60% for the cost of goods sold for the 2nd quarter of 2013. The increase is due to increase in cost of feeds and day old chicks.

The 2nd quarter 2014 gross profit is 2.05% of its net sales as compared to 4.40% gross profit of 2nd quarter 2013. The decrease of 2.35% in gross profit is due to increase in cost of live broiler.

The operating expense for 2nd quarter of 2014 is P2.003M compared to P4.264M of 2nd quarter of 2013. The decrease of 2.261M is due to payment of various taxes for the year 2013.

In summary, the result of operation for 2014 2nd quarter represents the sole performance of remaining Palawan branch.

Financial Position:

The Company's assets as of 30 June 2014 amounted to P153 million. This is a decrease from 31 December 2013 assets of P158 million due to payment of various payables. Current ratio as of 30 June 2014 is 67.37:1 against 31 December 2013 of 72.13:1. Cash & Cash Equivalents increase by 27.43% due to collections of accounts receivables. Accounts receivables decreased by 97.54% due to collections of receivables from various customers. Inventories increased by .28m due to purchases of day old chicks and feeds for Palawan branch. Biological Assets (current portion) decreased by 1.82% due to decrease of volume of livestock (harvest of live broiler) in Palawan. Accounts Payable & Accrued Expenses decreased by P3.45% due to payment of various suppliers.

Summary of Significant Accounting and Financial Reporting Policies:

Basis of Preparation

The financial statements were prepared on a historical cost basis, except for 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 earnings/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 and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following which were adopted as of January 1, 2013:

- Revised PAS 19, *Employee Benefits*

On January 1, 2013, the Company adopted the Revised PAS 19, *Employee Benefits*. For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

Prior to adoption of the Revised PAS 19, the Company recognizes actuarial gains and losses in other comprehensive income in the current period. The amended standard has no significant impact on the Company's accounting for retirement benefits.

The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any significant impact to the Company's financial position and financial performance.

The adoption of Revised PAS 19 did not have an effect on the total assets, equity, and net income previously reported. Also, the adoption of the standard did not have an impact on the 2012 statement of cash flows.

- PFRS 13, *Fair Value Measurement*

This establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price and requires additional disclosures. As a result of the guidance in PFRS 13, the Company reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-proforma risk for fair value measurement of liabilities. Application of PFRS 13 has not materially impacted the fair value measurements of the Company.

The following amended PFRS and amendments to existing PAS and interpretations became effective on January 1, 2013 but have no significant impact on the Company's financial statements.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)*
- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)
- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs* PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosure of Interests in Other Entities*
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*
- PAS 27, *Separate Financial Statements* (as revised in 2011)
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
- PAS 19, *Employee Benefits (Revised)*
- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

The significant accounting policies adopted in the preparation of the financial statements are set out below:

Cash and Cash Equivalents

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair

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

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

The principal or the most advantageous market must be accessible to by 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 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 input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 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, 2013 and 2012, the Company's investment property is carried at fair value and with recurring fair value measurements.

Financial Assets and Financial Liabilities

Date of recognition

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

Initial recognition of financial instruments

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

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reevaluates such designation at each balance sheet date.

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

As of December 31, 2013 and 2012, the Company's financial assets and financial liabilities consist of loans and receivables and other financial liabilities. The Company does not have contracts identified as having embedded derivatives characteristics.

Loans and receivables

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

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

This category primarily includes the Company's cash and cash equivalents, trade receivables, amounts due from related parties, employees, and other receivables and rental deposits.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL at inception. These include liabilities arising from operations or borrowings.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization for any related premium, discount and any directly attributable transaction cost. The Company's other financial liabilities include accounts payable and accrued liabilities, trust receipts and acceptances payable and bank loans.

Impairment of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

Loans and receivables

The Company first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account and the amount of the loss shall be recognized in the statement of income. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

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

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

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

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

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

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

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments

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

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 spare parts 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, except for spare parts and supplies, is the selling price in the ordinary course of business, less the estimated costs necessary to make the sale. For spare parts and supplies, NRV is the value of the inventories when sold at their condition at the balance sheet date.

Agricultural Produce

Agricultural produce, which consists of live broilers harvested from the Company's biological assets, are carried at fair value less estimated point-of-sale costs at the point of harvest. The fair value 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.

Biological Assets

The Company's biological assets include breeding stocks, growing livestock (broilers before reaching harvestable weight) and goods in process (i.e., hatching eggs and 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 Company's growing breeding stocks are raised until they reach the laying stage where they produce day-old chicks. These 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 hatching eggs are classified as current assets while growing and laying breeding stocks are classified as non current.

Growing livestock and goods in process are carried at accumulated cost while breeding stocks are carried at accumulated cost less accumulated amortization and any accumulated impairment losses. This measurement is adopted by the Company since fair value cannot be determined due to the absence of a relevant active market and other reliable market basis to measure at fair value. Moreover, estimates necessary to compute for the current value of expected net cash flows involve various data which may not result in a reliable basis for the fair value.

Amortization of laying breeding stocks is calculated using the unit-of-production method whereby all costs and expenses incurred by the Company during the approximately 25-week growing stage of its breeding stock are accumulated and amortized starting on about the 26th week over the expected total egg production of such breeders until the 65th week on the average (65 weeks useful life). Amortization is included under the cost of goods sold account in the statement of income.

Biological assets are assessed for any indication of impairment at each balance sheet date.

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.

Investment Properties

Investment properties, which 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 independent appraisers or 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.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The initial cost of property, plant and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to current operation. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally

assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Land is 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 is the “deemed cost” of the land, which is subjected to impairment testing. 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.

Depreciation and amortization of property, plant and equipment begins when it becomes available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). It ceases at the earlier of the date that it is classified as held-for-sale or derecognized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Silos, buildings and improvements	20
Machinery and equipment	10
Transportation and delivery equipment	5
Office furniture, fixtures and equipment	5

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the derecognition of the asset (computed as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

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

Borrowing Costs

Borrowing costs are capitalized to the extent that is directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of fund.

Other borrowing costs are recognized as an expense when incurred.

Impairment of Non financial Assets

The carrying values of property, plant and equipment and biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at revalued amount in which the reversal is treated as a revaluation increase. After such reversal, the depreciation expense is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Revenue Recognition

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

Sale of goods

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

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.

Rental income

Rental income on leased properties under operating lease arrangements is recognized on a straight-line basis over the lease contracts.

Interest income

Interest income is recognized as the interest accrues using the effective interest yield on the asset.

Other income

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

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.

Interest expense

Interest expense is recognized in profit or loss as the interest accrues taking into account the effective yield on the related liability. The Company's interest expense pertains mainly to its bank loans and trust receipts and acceptances payable.

Other Comprehensive Income (Loss)

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

Leases

The determination of whether an arrangement is, or contains a lease as provided in Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

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

Company as lessee

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

Retirement Benefits Cost

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

Retirement benefit costs comprise the following:

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

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

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

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 arise. Re-measurements are not reclassified to profit or loss 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 at the functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the functional currency 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. Non monetary 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 each balance sheet date.

Deferred income tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward 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, carry forward 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 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. A deficit is not an asset but a deduction from equity.

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.

Events After the Balance Sheet Date

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

Segment Reporting

The Company's operating business is organized and managed according to the nature of the products and services provided to represent a strategic business unit that offers different products and serves different markets. The Company's asset producing revenues are located in the Philippines.

Events after the Reporting Period

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

Future Changes in Accounting Policies

Standards issued and effective after December 31, 2013 are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have a significant impact on its financial statements.

Effective in 2014

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments), remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments have no impact on the Company's financial position or performance.
- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27), are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments have no impact on the Company's financial position or performance.
- Philippine Interpretation IFRIC 21, *Levies*, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the

relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The interpretation has no impact on the Company's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement -Novation of Derivatives and Continuation of Hedge Accounting* (Amendments), provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The amendments have no impact on the Company's financial position or performance.
- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments), clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have no impact on the Company's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Effective in 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments), apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service.

Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendments have no impact on the Company's financial position or performance.

Annual Improvements to PFRS

These improvements contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after July 1, 2014.

2010-2012 Cycle

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Company as it has no share-based payments.
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified

as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Company shall consider this amendment for future business combinations.

- *PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The Company expects that this amendment will not have any impact on its financial position or performance.
- *PFRS 13, Fair Value Measurement - Short-term Receivables and Payables*, clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.
- *PAS 16, Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*, clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
 - a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
 - b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Company's financial position or performance.

- *PAS 24, Related Party Disclosures - Key Management Personnel*, clarifies that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The

amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*, clarifies that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
 - a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
 - b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Company's financial position or performance.

2011-2013 cycle

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*, clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Company as it is not a first-time adopter of PFRS.
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*, clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1 2014 and is applied prospectively.
- PFRS 13, *Fair Value Measurement - Portfolio Exception*, clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.
- PAS 40, *Investment Property*, clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for

annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

Effectivity not yet determined

- PFRS 9, *Financial Instruments*, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.
- On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Company will not adopt the standard before the completion of the limited amendments and the second phase of the project.
- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the

final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

Discussion and Analysis of Material Events/s and Uncertainties:

Being in the livestock or commodity business, the uncertainties come from the erratic volatility of both prices of the produce and the costs of the raw materials. The prices and costs have become even more unpredictable in recent years with the aggressive growth of commercial players and the influx of imports of leg quarters into the domestic market.

There are no material commitments for capital expenditures that would have an impact on future operations of the company.

Key Performance Indicators:

	2 nd Quarter 2014	2nd Quarter 2013
Sales Revenue (Decline)	(16.94%)	(5.86%)
Operating Margin	(10.13%)	(9.24)%
Net Income (Loss)	(1.54M)	(3.33M)
ROS	(10.13%)	(18.25%)
Current Ratio	67.37%	99.20%

$$\text{Sales Revenue Growth} = \left[\frac{\text{Sales this period}}{\text{Sales prior period}} \right] - 1$$

$$\text{Operating Margin} = \frac{\text{Income from operations}}{\text{Net Sales}}$$

$$\text{ROS} = \frac{\text{Net Income}}{\text{Net Sales}}$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Financial Risk Management Objectives and Policies:

The Company's principal financial instruments comprise of cash and cash equivalents, trade and contract grower receivables, due from related parties, due from officers and employees, guarantee deposits, trust receipts and acceptances payable and bank loans. The main purpose of these financial instruments is to ensure adequate funds for the Company's operations and capital expansion. The Company has other financial instruments such as receivables and accounts payable and accrued liabilities arising directly from its operations.

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

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

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

Credit risk

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company manages credit risk by transacting only with a few recognized and creditworthy customers with whom it has already firmly established a good business relationship. 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. All exceptions are noted and resolved with the concerned parties. Statements of accounts are issued out to customers and reconciled on a monthly basis.

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 while receivables which are collected on their due dates provided that the Company made a persistent effort to collect them are included under *Sub-standard* receivables. 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.

Collaterals held by the Company as securities for the payment of some outstanding receivables accounts are composed of real properties. The collaterals had neither been sold nor transferred in the name of the Company as of March 31, 2011.

Reposessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment 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.

Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's bank loans, as well as interest on trust receipts and acceptances payable. Management manages its exposure to interest rate risk by closely monitoring the same with various banks and other financial institutions and maximizing borrowing period based on market volatility of interest rates.

Foreign currency risk

The Company is not exposed to significant foreign currency risk given that financial assets and financial liabilities and significant transactions involved in the Company's operations are denominated in the Company's functional currency, which is the Philippine peso.

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 which 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 of 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.

Plan of Operation:

The management plans to develop Palawan operation by increasing its volume from 45,000 heads capacity to 75,000 heads for 1st quarter of 2015. Its target is to develop and increase market share in Palawan.

Only the Palawan branch shall remain to be the only company operated facility to produce quality Sariwanok chicken.

The management continues to wait for better business opportunities and carefully evaluate various business plans. There are no definite plans of raising additional funds from external source in the next 12 months.

The company is neither conducting any product research & development nor expecting to purchase plants and equipments within the next twelve (12) months.

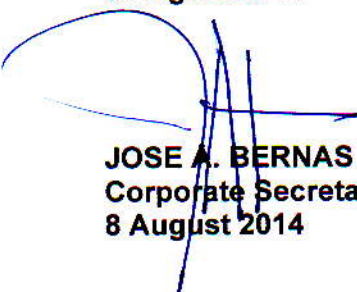
PART II – OTHER INFORMATION

Other than appearing on page 26 (Notes to Financial Statements), there are no significant or material information that occurred during the 2nd quarter of the year 2014 that require to be disclosed in this report or in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code (SRC), the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

SWIFT FOODS, INC.
Issuer


ALEJANDRO B. LOPEZ
Accounting Manager
8 August 2014
JOSE A. BERNAS
Corporate Secretary
8 August 2014

SWIFT FOODS, INC.
BALANCE SHEET
JUNE 30, 2014 & DECEMBER 31, 2013

ASSETS		June 30, 2014 INTERIM	DEC. 31, 2013 AUDITED
Current Assets			
Cash & Cash Equivalents		37,814,501.07	29,674,000.00
Accounts Receivable		358,092.55	14,567,000.00
Biological Assets		3,557,993.59	3,624,000.00
Inventories		1,885,907.64	1,606,000.00
Other Current Assets (Prepaid Exp+Dep on Purch+Marginal)		1,236,321.97	264,000.00
Total Current Assets		44,852,816.82	49,735,000.00
Noncurrent Assets			
Investment Properties		416,751.77	416,751.77
Property, Plant & Equipment		182,474,580.80	182,474,580.80
Less: Accumulated Depreciation		74,633,585.80	74,633,585.80
Property, Plant & Equipment -Net		107,840,995.00	107,840,995.00
Other Assets (Inv in Stocks/Def Chgs&HO/BR)		253,790.00	255,000.00
Total Noncurrent Assets		108,511,536.77	108,512,746.77
TOTAL ASSETS		153,364,353.59	158,247,746.77
LIABILITIES & STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts Payable & Accrued Expenses		66,573,980.14	68,952,540.52
Income Tax Payable			
Total Current Liabilities		66,573,980.14	68,952,540.52
Noncurrent Liabilities			
Retirement benefits obligations		2,883,933.45	2,763,000.00
Deferred income tax liabilities		32,156,974.91	32,156,974.91
Total Noncurrent Liabilities		35,040,908.36	34,919,974.91
Total Liabilities		101,614,888.50	103,872,515.43
Stockholder's Equity			
Capital Stock-Common		1,814,416,888.21	1,814,416,888.21
Capital Stock-Preferred		49,035,671.30	49,035,671.30
Capital in excess of par value		1,185,147,671.83	1,185,147,671.83
Treasury shares			
Total		3,048,600,231.34	3,048,600,231.34
Net Income		(2,625,766.37)	
Retained Earnings, Appropriated			
Retained Earnings, Unappropriated		(3,315,801,999.12)	(3,315,801,999.24)
Revaluation increment		321,576,999.24	321,576,999.24
Cumulative actuarial gains(losses)			
Total Retained Earnings		(2,996,850,766.25)	(2,994,225,000.00)
Total Stockholder's Equity		51,749,465.09	54,375,231.34
TOTAL LIAB. & STOCKHOLDER'S EQUITY		153,364,353.59	158,247,746.77

SWIFT FOODS, INC.**STATEMENTS OF INCOME**

(Amounts in Thousands, Except Basic Loss Per Share)

	Unaudited Jan-June, 2014	Unaudited Jan-June, 2013
NET SALES	33,126	36,721
COST OF GOODS SOLD	30,994	33,954
GROSS INCOME (LOSS)	2,132	2,766
OPERATING EXPENSES	(5,143)	(34,905)
FINANCE EXPENSES	-	-
Interest Expense - net		
OTHER INCOME (CHARGES)	385	129
INCOME (LOSS) BEFORE INCOME TAX	(2,626)	(32,010)
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current		
Deferred		
NET INCOME (LOSS)	(2,626)	(32,010)
Basic Earnings (Loss) Per Share	(0.001)	(0.02)
Common Stocks Outstanding	1,814,423,473	1,812,906,883

SWIFT FOODS, INC.**STATEMENTS OF INCOME**

(Amounts in Thousands, Except Basic Loss Per Share)

	Unaudited Jan-Mar, 2014	Unaudited Jan-Mar, 2013
NET SALES	17,961	18,462
COST OF GOODS SOLD	16,141	16,499
GROSS INCOME (LOSS)	1,821	1,963
OPERATING EXPENSES	(3,139)	(30,641)
OTHER INCOME (CHARGES)	229	0
INCOME (LOSS) BEFORE INCOME TAX	(1,089)	(28,677)
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current		
Deferred		
NET INCOME (LOSS)	(1,089)	(28,677)
Basic Earnings (Loss) Per Share	(0.001)	(0.02)
Common Stocks Outstanding	1,814,416,883	1,812,906,883

SWIFT FOODS, INC.**STATEMENTS OF INCOME**

(Amounts in Thousands, Except Basic Loss Per Share)

	U n a u d i t e d	U n a u d i t e d
	Apr-June, 2014	Apr-June, 2013
NET SALES	15,165	18,258.12
COST OF GOODS SOLD	14,853	17,455.19
GROSS INCOME (LOSS)	311	802.93
OPERATING EXPENSES	(2,004)	(4,264.73)
OTHER INCOME (CHARGES)	156	128.97
INCOME (LOSS) BEFORE INCOME TAX	(1,537)	(3,332.83)
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current		
Deferred		
NET INCOME (LOSS)	(1,537)	(3,332.83)
Basic Earnings (Loss) Per Share	(0.001)	(0.00)
Common Stocks Outstanding	1,814,423,473	1,812,906,883

SWIFT FOODS, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 2014 & 2013
(Amounts in Thousands)

	Unaudited June, 2014	Unaudited June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	(2,626)	(32,010)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:		
Depreciation		114
Changes in Assets & Liabilities:		
Decrease(Increase) in Assets:		
Accounts Receivable	14,209	108,073
Inventories	(280)	(544)
Biological Assets	66	1,669
Other Current Assets	(972)	(16,997)
Increase(Decrease) in Liabilities:		
Accounts Payable & Accrued Expenses	(2,379)	(63,409)
Net Cash Provided (Used)-Operating Activities	8,018	(3,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in:		
Property, Plant and equipment	-	284
Other Assets	1	1
Net Cash Provided (Used)-Investing Activities	1	285
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds(Payment) of:		
Retirement benefits obligations	121	(21,526)
Deferred income tax liabilities	-	(0)
Capital in Excess of par value	-	(0)
Net Cash Provided (Used)-Financing Activities	121	(21,526)
Net Increase(Decrease) in Cash & Cash Equivalents	8,141	(24,345)
Cash & Cash Equivalents at Beg. of Period	29,674	84,074
Cash & Cash Equivalents at End of Period	37,815	59,729

SWIFT FOODS, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
JUNE 30, 2014 & 2013
in Thousand Pesos

CAPITAL STOCK	JUNE, 2014	JUNE, 2013
PREFERRED STOCK		
Balance, beginning of the year	60,134	60,816
Redemption of shares	-	-
Balance, June30, 2014 & 2013	60,134	60,816
COMMON STOCK		
Issued	1,814,417	1,807,695
Payment of subscription receivable	-	-
Balance, June30, 2014 & 2013	1,814,417	1,807,695
CAPITAL IN EXCESS OF PAR VALUE		
PREFERRED STOCK		
Balance, beginning of the year	418,137	424,277
Redemption of shares	-	-
Balance, June30, 2014 & 2013	418,137	424,277
COMMON STOCK	866,895	866,895
Total Capital in excess of par value	1,285,032	1,291,172
RETAINED EARNINGS (DEFICIT)		
Balance, beginning	(3,315,802)	(3,266,654)
Net Income (loss)	(2,626)	(32,010)
Revaluation increment	321,577	321,577
Cumulative actuarial gains(losses)		
Balance, June30, 2014 & 2013	(2,996,851)	(2,977,086)

SWIFT FOODS, INC.,
AGEING OF ACCOUNTS RECEIVABLE - TRADE
AS OF JUNE, 2014
(Amount in thousands)

Current	624
1 - 30	276
31 - 60	76
61 - 90	75
Over 90 days	1,647
TOTAL	2,698

The accompanying financial statements have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in the PFRS.

The principal accounting policies and methods of computation used in the annual financial statements were also followed in the preparation of the interim financial statements.

There are no issuances, repurchases, and repayments of debt and equity securities in the current interim period.

There are no dividends paid for both Common and Preferred shares in the current interim period.

The Company has no contingent assets or liabilities.

There are no material contingencies that are material to an understanding of the current interim period.

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period other than what is disclosed in Page 2, Part II- Other Information.

There are no material commitments for Capital Expenditures.

Segment Information - This is no longer applicable

COVER SHEET

A	S	0	9	4	0	5	0	6	6
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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

Alex B. Lopez

(Contact Person)

631-8101

(Company Telephone Number)

1	2
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3	1
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Month Day
(Calendar Year)

A	A	F	S	
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(Form Type)

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Month Day
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

8,035

Total No. of Stockholders

Not applicable

Domestic

Not Applicable

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

STAMPS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Swift Foods, Inc., which comprise the balance sheets as at December 31, 2013 and 2012, 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, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

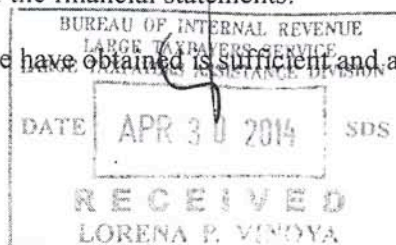
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Swift Foods, Inc. as at December 31, 2013 and 2012, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2013, in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Company has reported significant deficit which amounted to ₱2.99 billion and ₱2.94 billion as of December 31, 2013 and 2012, respectively, resulting from accumulated losses in prior years. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. To address this, the Company will continue operating its Palawan branch. We have performed audit procedures to evaluate management's plans for future actions as to likelihood to improve the situation and as to feasibility under the circumstances.

Report on the Supplementary Information Required Under Revenue Regulations 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 15-2010 in Note 29 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.

SYCIP GORRES VELAYO & CO.

Dyole S. Garcia
Dyole S. Garcia
Partner

CPA Certificate No. 0097907

SEC Accreditation No. 1285-A (Group A),

February 25, 2013, valid until February 24, 2016

Tax Identification No. 201-960-347

BIR Accreditation No. 08-001998-102-2013,

January 28, 2013, valid until January 27, 2016

PTR No. 4225176, January 2, 2014, Makati City

April 28, 2014



SWIFT FOODS, INC.**BALANCE SHEETS**

(Amounts in Thousands)

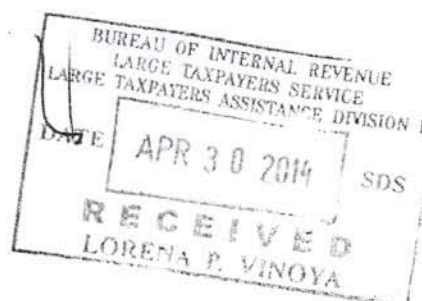
	December 31	
	2013	2012 (As restated, Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱29,674	₱84,074
Receivables (Notes 5 and 19) •	14,567	157,353
Inventories (Note 6)	1,606	1,567
Biological assets (Note 7)	3,624	4,938
Other current assets (Note 8)	264	372
Total Current Assets	49,735	248,304
Noncurrent Assets		
Investment properties (Notes 9 and 13)	417	417
Property, plant and equipment (Notes 10 and 13)	107,841	108,125
Other noncurrent assets (Note 11)	255	255
Total Noncurrent Assets	108,513	108,797
TOTAL ASSETS	₱158,248	₱357,101
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 12 and 19)	₱68,062	₱191,727
Bank loan (Notes 9, 10 and 13)	-	-
Trust receipts and acceptances payable (Notes 9, 10 and 13)	-	-
Total Current Liabilities	68,062	191,727
Noncurrent Liabilities		
Deferred income tax liabilities (Note 21)	32,157	32,157
Retirement benefits liability (Note 20)	2,763	25,308
Other employee benefits (Note 20)	890	946
Total Noncurrent Liabilities	35,810	58,411
Total Liabilities	103,872	250,138
Equity (Note 14)		
Capital stock	1,874,551	1,868,411
Capital in excess of par value	1,285,032	1,291,172
Deficit	(2,994,225)	(2,941,638)
Cost of preferred treasury shares	(110,982)	(110,982)
Total Equity	54,376	106,963
TOTAL LIABILITIES AND EQUITY	₱158,248	₱357,101

See accompanying Notes to Financial Statements.

SWIFT FOODS, INC.**STATEMENTS OF INCOME**

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

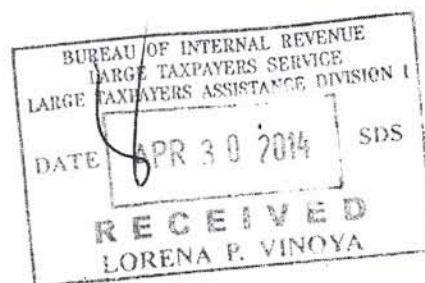
	Years Ended December 31		
	2013	2012	2011
REVENUE			
Gross sales	₱81,437	₱82,967	₱330,506
Less sales returns and discounts	(2,663)	(3,421)	(5,850)
Net sales	78,774	79,546	324,656
Fair value change of agricultural produce (Note 7)	799	5,126	(12,396)
	79,573	84,672	312,260
COST OF GOODS SOLD (Notes 15 and 19)	74,157	74,909	314,136
GROSS INCOME (LOSS)	5,416	9,763	(1,876)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	(59,098)	(66,391)	(28,979)
SELLING AND MARKETING EXPENSES (Note 17)	(1,374)	(1,370)	(16,434)
INTEREST AND PENALTIES (Notes 13 and 19)	—	(10,600)	(61,180)
OTHER INCOME - Net (Note 18)	134	159,512	14,947
INCOME (LOSS) BEFORE INCOME TAX	(54,922)	90,914	(93,522)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)			
Current	128	4,567	1,245
Deferred	—	(18,321)	(32)
	128	(13,754)	1,213
NET INCOME (LOSS)	(₱55,050)	₱104,668	(₱94,735)
Basic/Diluted Earnings (Loss) Per Share (Note 22)	(₱0.03)	₱0.06	(₱0.09)

See accompanying Notes to Financial Statements.

SWIFT FOODS, INC.**STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Thousands)

	Years Ended December 31		
	2013	2012	2011
NET INCOME (LOSS)	(P55,050)	P104,668	(P94,735)
OTHER COMPREHENSIVE INCOME (LOSS)			
Not to be reclassified to profit or loss			
in subsequent periods:			
Remeasurement gain (loss) on defined			
benefit plan (Notes 14 and 20)	2,463	—	(9,549)
TOTAL COMPREHENSIVE INCOME (LOSS)	(P52,587)	P104,668	(P104,284)

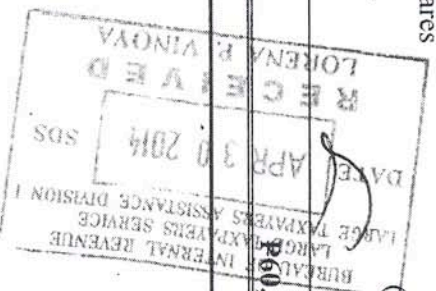
See accompanying Notes to Financial Statements.

SWIFT FOODS, INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Thousands)

	Capital Stock (Note 14)		Capital in Excess of Par Value (Note 14)		Treasury Shares -	
	Preferred	Common	Preferred	Common	Deficit (Note 14)	Preferred (Note 14)
BALANCES AT DECEMBER 31, 2010	₱150,365	₱912,099	₱1,230,224	₱866,895	(₱2,942,022)	(₱110,982)
Conversion of preferred shares to common shares						
(Note 14)	(53,835)	538,353	(484,518)	-	-	-
Net loss for the year	-	-	-	-	(94,735)	-
Other comprehensive loss for the year	-	-	-	-	(9,549)	-
BALANCES AT DECEMBER 31, 2011	96,530	1,450,452	745,706	866,895	(3,046,306)	(110,982)
Conversion of preferred shares to common shares						
(Note 14)	(35,714)	357,143	(321,429)	-	-	-
Net income for the year	-	-	-	-	104,668	-
Other comprehensive income for the year	-	-	-	-	-	-
BALANCES AT DECEMBER 31, 2012	60,816	1,807,595	424,277	866,895	(2,941,638)	(110,982)
Conversion of preferred shares to common shares						
(Note 14)	(682)	6,822	(6,140)	-	-	-
Net income for the year	-	-	-	-	(55,050)	-
Other comprehensive income for the year	-	-	-	-	2,463	-
BALANCES AT DECEMBER 31, 2013	₱60,134	₱1,814,417	₱418,137	₱866,895	(₱2,994,225)	(₱110,982)

See accompanying Notes to Financial Statements.

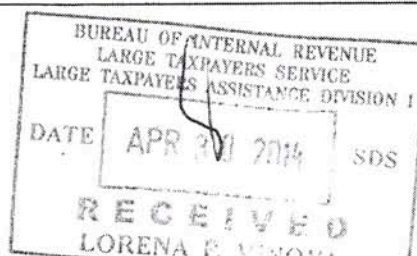


SWIFT FOODS, INC.**STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

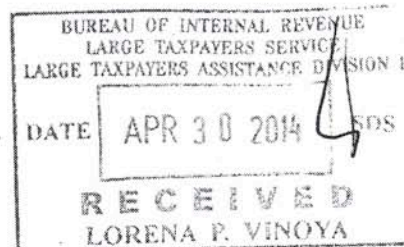
	Years Ended December 31		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(P54,922)	P90,914	(P93,522)
Adjustments for:			
Retirement benefits expense (Note 20)	312	805	2,915
Interest income (Notes 4 and 18)	(304)	(636)	(8)
Depreciation and amortization (Notes 10, 11, 15, 16 and 17)	284	682	2,792
Gain on disposal of property and equipment (Notes 10 and 18)	—	(129,223)	—
Loss on disposal of investment properties (Notes 9 and 18)	—	38,563	—
Interest and penalties	—	10,600	61,180
Fair value loss (gain) on investment properties (Note 9)	—	—	35,511
Impairment loss on property, plant and equipment (Note 10)	—	—	13,132
Unrealized foreign exchange gain – net	—	—	(43)
Operating income (loss) before working capital changes	(54,630)	11,705	21,957
Decrease (increase) in:			
Receivables	142,786	(25,460)	60,522
Inventories	(39)	1,315	22,471
Biological assets	1,312	(1,171)	36,790
Other current assets	108	1,452	2,771
Increase (decrease) in accounts payable and accrued liabilities	(123,719)	(227,054)	(117,071)
Fair value adjustment to:			
Beginning balance of agricultural produce (Note 6)	—	—	(224)
Ending balance of agricultural produce (Note 6)	—	—	—
Cash generated from (used in) operations	(34,182)	(239,213)	27,216
Income taxes paid, including creditable withholding taxes	(128)	(4,567)	(1,245)
Interest received	304	636	8
Retirement benefits payment (Note 20)	(20,394)	(162)	(8,704)
Net cash from (used in) operating activities	(54,400)	(243,306)	17,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment properties	—	637,140	—
Additions to property, plant and equipment (Note 10)	—	—	(1,933)
Decrease (increase) in other noncurrent assets (Note 11)	—	—	6,976
Net cash from investing activities	—	637,140	5,043

(Forward)



	Years Ended December 31		
	2013	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	P-	(P132,375)	(P4,247)
Payment of trust receipts and acceptances payable	-	(98,865)	(669)
Payment of bank loans (Note 13)	-	(98,090)	-
Payment of advances from a stockholder (Note 19)	-	(20,000)	-
Net cash used in financing activities	-	(349,330)	(4,916)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-	43
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(54,400)	44,504	17,445
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84,074	39,570	22,125
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P29,674	P84,074	P39,570

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 on June 6, 1994 to assume RFM Corporation's business of manufacturing, marketing, and distributing processed and canned meat products, poultry products and commercial feeds. In 2002, the production, marketing, and distribution activities of the meat division were transferred back to RFM Corporation. Starting 2006, the Company's only business is the poultry business.

In 2012, the trade license agreement between the Company and RFM Corporation was finalized giving ownership of the "Swift" brand to RFM Corporation. In October 2012, RFM Corporation sold the trademark to a third party. As of December 31, 2013 and 2012, the Company continues to operate under the brand name "Sariwanok".

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

Status of Operations and Management Plans

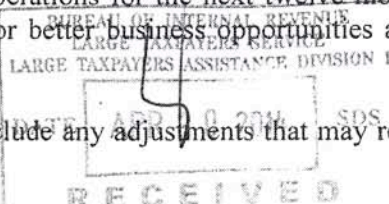
The Company has reported significant deficit which amounted to ₱2.99 billion and ₱2.94 billion as of December 31, 2013 and 2012, respectively, resulting from accumulated losses in prior years. Further, the Company reported negative operating cash flows amounting to ₱54.40 million and ₱243.31 million as of December 31, 2013 and 2012, 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 which continues to grow day-old chicks from local suppliers and contract growers into broiler, and markets them as dressed chicken.

Towards the last quarter of 2012, the Company consummated the sale of its investment properties. The Pioneer properties were sold to DMCI Project Developers, Inc. and the Manggahan property to LBL Industries, Inc. (see Note 9). Proceeds from these transactions were used to fully settle the Company's bank obligations and partially settle majority of the Company's payables.

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 Sariwanok brand of chicken and this will support its current operations for the next twelve months from balance sheet date. The Company continues to wait for better business opportunities and carefully evaluate various business plans.

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



Authorization for the Issuance of the Financial Statements

The financial statements as of and for the year ended December 31, 2013 were authorized for issue by the Board of Directors (BOD) on April 28, 2014.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The financial statements were prepared on a historical cost basis, except for agricultural produce and investment properties, which are carried at fair value. The financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All values are rounded off to the nearest thousand (₱000), except for the number of shares and earnings/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 and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following which were adopted as of January 1, 2013:

- Revised PAS 19, *Employee Benefits*
On January 1, 2013, the Company adopted the Revised PAS 19, *Employee Benefits*. For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

Prior to adoption of the Revised PAS 19, the Company recognizes actuarial gains and losses in other comprehensive income in the current period. The amended standard has no significant impact on the Company's accounting for retirement benefits but would require additional disclosures in the financial statements (see Note 20).

The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.



Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any significant impact to the Company's financial position and financial performance, except for the reclassification of portion of accrual for sick and vacation leave from current liability to noncurrent liability as follows:

<i>(Amounts in thousands)</i>	December 31, 2013	December 31, 2012
Balance sheet		
Increase (decrease) in:		
Accounts payable and accrued liabilities	(P890)	(P946)
Other employee benefits	890	946

The adoption of Revised PAS 19 did not have an effect on the total assets, equity, and net income previously reported. Also, the adoption of the standard did not have an impact on the 2012 statement of cash flows.

- PFRS 13, *Fair Value Measurement*
This establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price and requires additional disclosures. As a result of the guidance in PFRS 13, the Company reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-proforma risk for fair value measurement of liabilities. Application of PFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 25.

The following amended PFRS and amendments to existing PAS and interpretations became effective on January 1, 2013 but have no significant impact on the Company's financial statements.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)*
- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)
- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs* PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosure of Interests in Other Entities*
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*
- PAS 27, *Separate Financial Statements* (as revised in 2011)
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
- PAS 19, *Employee Benefits (Revised)*
- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*



- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

The significant accounting policies adopted in the preparation of the financial statements are set out below:

Cash and Cash Equivalents

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by 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 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 input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 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, 2013 and 2012, the Company's investment property is carried at fair value and with recurring fair value measurements.

Financial Assets and Financial Liabilities

Date of recognition

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

Initial recognition of financial instruments

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

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reevaluates such designation at each balance sheet date.

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

As of December 31, 2013 and 2012, the Company's financial assets and financial liabilities consist of loans and receivables and other financial liabilities. The Company does not have contracts identified as having embedded derivatives characteristics.

Loans and receivables

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

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

This category primarily includes the Company's cash and cash equivalents, trade receivables, amounts due from related parties, employees, and other receivables and rental deposits.



Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL at inception. These include liabilities arising from operations or borrowings.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization for any related premium, discount and any directly attributable transaction cost. The Company's other financial liabilities include accounts payable and accrued liabilities, trust receipts and acceptances payable and bank loans.

Impairment of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired.

Loans and receivables

The Company first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account and the amount of the loss shall be recognized in the statement of income. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

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

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



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

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

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

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

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments

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



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 spare parts 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, except for spare parts and supplies, is the selling price in the ordinary course of business, less the estimated costs necessary to make the sale. For spare parts and supplies, NRV is the value of the inventories when sold at their condition at the balance sheet date.

Agricultural Produce

Agricultural produce, which consists of live broilers harvested from the Company's biological assets, are carried at fair value less estimated point-of-sale costs at the point of harvest. The fair value 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.

Biological Assets

The Company's biological assets include breeding stocks, growing livestock (broilers before reaching harvestable weight) and goods in process (i.e., hatching eggs and 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 Company's growing breeding stocks are raised until they reach the laying stage where they produce day-old chicks. These 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 hatching eggs are classified as current assets while growing and laying breeding stocks are classified as noncurrent.

Growing livestock and goods in process are carried at accumulated cost while breeding stocks are carried at accumulated cost less accumulated amortization and any accumulated impairment losses. This measurement is adopted by the Company since fair value cannot be determined due to the absence of a relevant active market and other reliable market basis to measure at fair value. Moreover, estimates necessary to compute for the current value of expected net cash flows involve various data which may not result in a reliable basis for the fair value.

Amortization of laying breeding stocks is calculated using the unit-of-production method whereby all costs and expenses incurred by the Company during the approximately 25-week growing stage of its breeding stock are accumulated and amortized starting on about the 26th week over the expected total egg production of such breeders until the 65th week on the average (65 weeks useful life). Amortization is included under the cost of goods sold account in the statement of income.



Biological assets are assessed for any indication of impairment at each balance sheet date.

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.

Investment Properties

Investment properties, which 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 independent appraisers or 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.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The initial cost of property, plant and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to current operation. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be



obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Land is 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 is the “deemed cost” of the land, which is subjected to impairment testing. 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.

Depreciation and amortization of property, plant and equipment begins when it becomes available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). It ceases at the earlier of the date that it is classified as held-for-sale or derecognized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Silos, buildings and improvements	20
Machinery and equipment	10
Transportation and delivery equipment	5
Office furniture, fixtures and equipment	5

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the derecognition of the asset (computed as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

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

Borrowing Costs

Borrowing costs are capitalized to the extent that is directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of fund.

Other borrowing costs are recognized as an expense when incurred.

Impairment of Nonfinancial Assets

The carrying values of property, plant and equipment and biological assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated



recoverable amount, the assets or cash-generating units are written down to their recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at revalued amount in which the reversal is treated as a revaluation increase. After such reversal, the depreciation expense is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Revenue Recognition

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

Sale of goods

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

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.

Rental income

Rental income on leased properties under operating lease arrangements is recognized on a straight-line basis over the lease contracts.

Interest income

Interest income is recognized as the interest accrues using the effective interest yield on the asset.



Other income

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

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.

Interest expense

Interest expense is recognized in profit or loss as the interest accrues taking into account the effective yield on the related liability. The Company's interest expense pertains mainly to its bank loans and trust receipts and acceptances payable.

Other Comprehensive Income (Loss)

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

Leases

The determination of whether an arrangement is, or contains a lease as provided in Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

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



Company as lessee

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

Retirement Benefits Cost

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

Retirement benefit costs comprise the following:

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

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

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

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 arise. Re-measurements are not reclassified to profit or loss 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 at the functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the functional currency 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 each balance sheet date.

Deferred income tax

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

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

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

Deferred income tax 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. A deficit is not an asset but a deduction from equity.

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.

Events After the Balance Sheet Date

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

Segment Reporting

The Company's operating business is organized and managed according to the nature of the products and services provided to represent a strategic business unit that offers different products and serves different markets. The Company's asset producing revenues are located in the Philippines.

Events after the Reporting Period

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

Future Changes in Accounting Policies

Standards issued and effective after December 31, 2013 are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when these become effective. Except



as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have a significant impact on its financial statements.

Effective in 2014

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments), remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments have no impact on the Company's financial position or performance.
- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27), are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments have no impact on the Company's financial position or performance.
- Philippine Interpretation IFRIC 21, *Levies*, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The interpretation has no impact on the Company's financial position or performance.
- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments), provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The amendments have no impact on the Company's financial position or performance.
- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments), clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have no impact on the Company's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Effective in 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments), apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service.



Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendments have no impact on the Company's financial position or performance.

Annual Improvements to PFRS

These improvements contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after July 1, 2014.

2010-2012 Cycle

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Company as it has no share-based payments.
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Company shall consider this amendment for future business combinations.
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The Company expects that this amendment will not have any impact on its financial position or performance.
- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*, clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.
- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*, clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
 - a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.



- b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Company's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*, clarifies that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Company's financial position or performance.
- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*, clarifies that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
 - a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
 - b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Company's financial position or performance.

2011-2013 cycle

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*, clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Company as it is not a first-time adopter of PFRS.



- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*, clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1 2014 and is applied prospectively.
- PFRS 13, *Fair Value Measurement - Portfolio Exception*, clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.
- PAS 40, *Investment Property*, clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Company's financial position or performance.

Effectivity not yet determined

- PFRS 9, *Financial Instruments*, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not



only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Company will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

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 date of the financial statements. 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:

Determination of the Company's functional currency

The Company, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of biological assets

The Company classifies its biological assets as current or noncurrent in accordance with the provision of PAS 1, *Presentation of Financial Statements*, which provides the base criteria for classifying assets and liabilities as current or noncurrent based on existing conditions at each balance sheet date.

Consequently, the Company classifies as current the biological assets, such as growing stocks and goods in process (hatching eggs) which are expected to be realized or utilized within a very short period of time (less than one year). Laying breeding stocks, which are expected to be productive for an average of 65 weeks (more than one year) and growing breeders, which will become laying breeders after 25 weeks, are classified as noncurrent biological assets.



As of December 31, 2013 and 2012, the carrying value of biological assets amounted to ₱3.63 million and ₱4.94 million, respectively. There are no outstanding breeding stocks as of December 31, 2013 and 2012 (see Note 7).

Valuation of biological assets

Growing livestock and goods in process are carried at accumulated cost while breeding stocks are carried at cost less accumulated amortization and any accumulated impairment losses. This measurement is adopted by the Company since fair value cannot be determined due to the absence of a relevant active market and other reliable market basis to measure at fair value. Moreover, estimates necessary to compute for the current value of expected net cash flows involve various data which may not result in a reliable basis for the fair value.

As of December 31, 2013 and 2012, the carrying value of biological assets amounted to ₱3.63 million and ₱4.94 million, respectively (see Note 7).

Operating lease commitments

The Company entered into various lease agreements on its office space and warehouse, where they have determined that the significant risks and rewards of ownership of the properties are retained with the lessors. As such, the lease agreements were accounted for as operating leases. Rent expense amounted to ₱2.13 million, ₱1.44 million and ₱4.08 million in 2013, 2012 and 2011, respectively (see Notes 15, 16, 17 and 19).

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 12 and 27).

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 follow:

Estimating allowance for doubtful accounts

Provisions are made for specific and groups of accounts identified to be doubtful of collection. Recoverability of specific receivables and other noncurrent asset items are evaluated based on the best available facts and circumstances, the length of the Company's relationship with the customer, the customer's payment behavior, known market factors and historical loss experiences. The Company makes an individual assessment of financial assets that are specifically identified as impaired and are individually significant. Then a collective assessment is done by grouping the financial assets according to its market segments. This market segment as defined by the Company is the group of debtors with similar line of business. Accordingly, these groupings would reflect their own credit risk characteristics. Moreover, the historical loss experience per segment was determined for purposes of assessing the impairment for each segment.

The allowance for doubtful accounts amounted to ₱56.07 million and ₱54.48 million as of December 31, 2013 and 2012, respectively. The carrying value of accounts receivable amounted to ₱14.57 million and ₱157.35 million as of December 31, 2013 and 2012, respectively (see Note 5).

Estimation of 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. As of December 31, 2013 and 2012, the Company has creditable withholding taxes, net of allowance for probable losses, amounting to ₱0.07 million and ₱0.08 million, respectively. Allowance for probable losses amounted to ₱17.00 million as of December 31, 2013 and 2012 (see Note 8).

Fair value of agricultural produce

The Company determines the fair value of its 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. Point-of-sale cost is estimated based on most recent transaction and is deducted from the fair value in order to measure agricultural produce at point of harvest.

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

Fair value adjustment of inventories that were harvested and sold during the year amounted to a gain (loss) of ₱0.80 million, ₱5.13 million and (₱12.40 million) for each of the three years in the period ended December 31, 2013.

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 ₱1.61 million and ₱1.57 million as of December 31, 2013 and 2012, 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 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 ₱0.42 million as of December 31, 2013 and 2012 (see Note 9).

Estimating the useful lives of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment based on a collective assessment of similar business, internal technical evaluation and experience with similar assets. The useful lives of the property, plant and equipment are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

There is no change in the estimated useful lives of property, plant and equipment in both years. The carrying value of property, plant and equipment, net of accumulated depreciation and impairment of ₱74.63 million and ₱74.35 million as of December 31, 2013 and 2012, respectively,



amounted to ₱107.84 million and ₱108.13 million as of December 31, 2013 and 2012, respectively (see Note 10).

Estimating impairment of nonfinancial assets

An asset impairment test is performed when events or changes in circumstances indicate that the carrying value of the property, plant and equipment, and biological assets may be impaired. This requires an estimation of the recoverable amount of the asset which is the higher of its fair value less cost to sell or its value-in-use. The Company determines the value-in-use of these assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and fair value less cost to sell to make estimates and assumptions that can materially affect the financial statements. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance.

In 2013, 2012 and 2011, an impairment test on the Company's nonfinancial assets, including property, plant and equipment and biological assets (breeding stocks), was made due to certain impairment indicators primarily the declining financial performance of the Company. Fair value less cost to sell assessment was made by management in 2013, 2012 and 2011, respectively, to determine whether the carrying values of these assets are below its recoverable amounts. Based on management's evaluation and testing, there is no impairment loss on biological assets and property, plant and equipment in 2013, 2012 and 2011 (see Notes 7, 9, 10 and 11).

Recognizing deferred income tax assets

Deferred income tax assets are recognized for all temporary deductible differences, 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, 2013 and 2012, no deferred income tax asset was recognized since the Company believes that there are no sufficient taxable profits against which the deductible temporary differences, NOLCO and MCIT can be realized (see Note 21).

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, 2013 and 2012, the retirement benefits liability amounted to ₱2.76 million and ₱25.31 million, respectively. Retirement benefits costs amounted to ₱0.31 million, ₱0.81 million and ₱2.92 million in 2013, 2012 and 2011, respectively (see Note 20).



4. Cash and Cash Equivalents

	2013	2012
Cash on hand and in banks	₱22,863	₱33,516
Temporary cash investments	6,811	50,558
	₱29,674	₱84,074

Cash in banks earn interest at the prevailing bank deposit rates. Temporary cash investments are made for varying periods of up to three months depending on the immediate cash requirements of the Company. Interest earned amounted to ₱0.30 million, ₱0.64 million and ₱0.08 million in 2013, 2012 and 2011, respectively (see Note 18).

5. Receivables

	2013	2012
Trade - net of allowance for doubtful accounts of ₱42,394 in 2013 and ₱40,800 in 2012	₱769	₱2,715
Employees - net of allowance for doubtful accounts of ₱105 in 2013 and 2012	1,038	1,421
Related parties - net of allowance for doubtful accounts of ₱10,243 in 2013 and 2012 (Note 19)	—	—
Nontrade receivables - net of allowance for doubtful accounts of ₱3,332 in 2013 and 2012 (see Note 9)	12,760	153,217
	₱14,567	₱157,353

Movements in the allowance for doubtful accounts of receivables individually determined to be impaired are as follows:

As of December 31, 2013:

	Trade	Employees	Related Parties	Nontrade	Total
At January 1, 2013	₱40,800	₱105	₱10,243	₱3,332	₱54,480
Provisions (reversal) (Note 16)	1,594	—	—	—	1,594
At December 31, 2013	₱42,394	₱105	₱10,243	₱3,332	₱56,074

As of December 31, 2012:

	Trade	Employees	Related Parties	Nontrade	Total
At January 1, 2012	₱40,901	₱101	₱9,836	₱2,071	₱52,909
Provisions (reversal) (Note 16)	(101)	4	407	1,261	1,571
At December 31, 2012	₱40,800	₱105	₱10,243	₱3,332	₱54,480

In 2013, the Company directly wrote-off non-trade receivables which amounted to ₱23.21 million (see Note 16).



6. Inventories

	2013	2012
At cost:		
Raw materials- feeds and feeds ingredients	₱903	₱973
Raw materials - medicine and vaccine	486	287
Packaging materials	149	261
Spare parts and others	68	46
	₱1,606	₱1,567

There are no inventories carried at NRV as of December 31, 2013 and 2012.

7. Biological Assets

As of December 31, 2013 and 2012, biological assets amounted to ₱3.62 million and ₱4.94 million, respectively, which consist of growing stocks.

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

	2013	2012
At January 1	₱4,938	₱3,767
Increase due to purchases	68,308	74,428
Decrease due to harvest	(69,279)	(73,257)
Decrease due to sales	(343)	—
	₱3,624	₱4,938

As of December 31, 2013 and 2012, there are no outstanding breeding stocks (see Note 1). The estimated physical quantities of the growing stocks are 48,174 and 61,753 units as of December 31, 2013 and 2012, respectively.

The Company harvested approximately 0.81 million kilograms in 2013 and 0.93 million kilograms in 2012. The fair value less estimated point-of-sale costs at the date of harvest amounted to ₱66.81 million and ₱73.53 million in 2013 and 2012, respectively.

8. Other Current Assets

	2013	2012
Creditable withholding tax	₱17,072	₱17,081
Rental deposits	170	252
Others	22	39
	17,264	17,372
Less allowance for probable losses	17,000	17,000
	₱264	₱372



9. Investment Properties

	Land	Buildings and Improvements	Total
Fair value, January 1, 2012	₱740,206	₱65,925	₱806,131
Disposals during the year	(739,789)	(65,925)	(805,714)
Fair value, December 31, 2012 and 2013	₱417	₱—	₱417

Investment properties are stated at fair value which is based on the offer price from prospective buyers or appraisal determined by independent appraisers as of December 31, 2013 and 2012. These appraisers are industry specialists in valuing these types of investment properties. The fair value of investment properties is estimated using the market data approach.

Fair value hierarchy disclosures for investment property are provided in Note 25.

Costs of maintaining the investment properties are not significant in relation to the Company's financial performance in 2013, 2012 and 2011.

In 2012, the Company disposed of significant investment properties as follows:

a. Manggahan Properties

Parcels of land located at Manggahan Light Industrial Park Compound, Pasig City, were sold to LBL Industries, Inc. for ₱266.93 million. Loss on disposal of these investment properties amounted to ₱38.56 million (see Note 18).

Outstanding receivable from this transaction amounted to ₱105.00 million as of December 31, 2012 and were fully collected as of March 20, 2013 (see Note 5). The proceeds were used to settle the Company's loan (see Note 13).

b. Pioneer Properties

The parcels of land located at Pioneer Street, Mandaluyong City were sold to DMCI Project Developers, Inc. for ₱500.23 million. Outstanding receivable from this transaction amounted to ₱25.01 million as of December 31, 2012 (see Note 5). There were no gain or loss recognized on the sale as the selling price equals the offer price prior to the sale. The proceeds were used to settle the Company's loan and its obligations to other creditors (see Note 13).

Investment properties with a total carrying value amounting to ₱293.77 million as of December 31, 2011 are included in the collateral pool to secure the Company's bank loan and trust receipts and acceptances payable (see Note 13). These properties were released upon payment of the obligation in 2012.



10. Property, Plant and Equipment

As of December 31, 2013:

	Land	Silos, Buildings and Improvements	Machinery and Equipment	Transportation and Delivery Equipment	Office Furniture, Fixtures and Equipment	Total
Cost						
At January 1 and December 31	₱107,841	₱28,733	₱43,529	₱2,288	₱84	₱182,475
Accumulated Depreciation and Impairment						
At January 1	–	28,733	43,529	2,004	84	74,350
Depreciation (Note 17)	–	–	–	284	–	284
At December 31	–	28,733	43,529	2,288	84	74,634
Net Book Values at December 31	₱107,841	₱–	₱–	₱–	₱–	₱107,841

As of December 31, 2012:

	Land	Silos, Buildings and Improvements	Machinery and Equipment	Transportation and Delivery Equipment	Office Furniture, Fixtures and Equipment	Total
Cost						
At January 1	₱171,754	₱77,082	₱72,011	₱2,480	₱84	₱323,411
Disposals and retirements	(63,913)	(48,349)	(28,482)	(192)	–	(140,936)
At December 31	107,841	28,733	43,529	2,288	84	182,475
Accumulated Depreciation and Impairment						
At January 1	–	77,082	72,011	1,514	84	150,691
Depreciation (Note 17)	–	–	–	682	–	682
Disposals and retirements	–	(48,349)	(28,482)	(192)	–	(77,023)
At December 31	–	28,733	43,529	2,004	84	74,350
Net Book Values at December 31	₱107,841	₱–	₱–	₱284	₱–	₱108,125

The cost of fully depreciated property, plant and equipment that are still used in operations amounted to ₱9.65 million and ₱8.68 million as of December 31, 2013 and 2012, respectively.

Land with total carrying value of ₱171.75 million as of December 31, 2011 were included in the collateral pool to secure the Company's bank loan and trust receipts and acceptances payable (see Note 13). The collateral was released in 2012 upon payment by the Company of its obligations from which the properties were attached to.

In 2012, the Company disposed through *dacion en pago* various land and properties with a total net carrying value of ₱64.17 million to settle outstanding liabilities amounting to ₱193.39 million. Gain on disposal of the said assets amounted to ₱129.22 million in 2012 (see Note 18).

11. Other Noncurrent Assets

	2013	2012
Software		
Cost		
At January 1	₱32,603	₱34,061
Disposal	–	(1,458)
At December 31	32,603	32,603

(Forward)



	2013	2012
Accumulated Depreciation		
At January 1	₱32,603	₱34,061
Disposal	–	(1,458)
At December 31	32,603	32,603
Net book value at December 31	–	–
Input VAT, net of allowance for probable loss of ₱630 in 2013 (nil in 2012) (Note 18)	–	–
Others	255	255
	₱255	₱255

12. Accounts Payable and Accrued Liabilities

	2013	2012 (As restated, Note 2)
Trade payables:		
Third parties	₱20,611	₱93,526
Related parties (Note 19)	5,590	5,707
Provisions (Note 27)	28,206	53,860
Nontrade payables	11,097	16,584
Payable to related parties (Note 19)	1,174	810
Accrued liabilities	731	7,706
Accrued personnel costs	460	1,122
Capital gains tax payable (Note 9)	–	12,412
Others	193	–
	₱68,062	₱191,727

Provision represents 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. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company's negotiation with the third party.

Movement in the provisions follows:

	2013	2012
At January 1	₱53,860	₱53,860
Payments during the year	(25,654)	–
	₱28,206	₱53,860

13. Bank Loan and Trust Receipts and Acceptances Payable

- Bank loan, which amounted to ₱98.10 million as of December 31, 2011, consisted of peso-denominated restructured promissory notes obtained from local banks with interest rate based on bank's prevailing rate at time of repricing (monthly interest repricing). Prior to 2012, the Company had not been able to pay the principal payments and interest due thus, the outstanding bank loan balance had been classified as current since 2008. The original



maturity of the loan was November 2010. This loan was fully settled on June 29, 2012 using the proceeds from sale of the Company's investment properties (see Note 9).

The bank loan was secured by a collateral pool consisting of the Company's parcels of land, buildings and improvements and machinery and equipment included under "Property, plant and equipment" and "Investment properties" accounts with a total carrying value of ₱477.24 million as of December 31, 2011 (see Notes 9 and 10). These properties were released in 2012 upon settlement by the Company of the obligations from which the properties were attached to. Interest and penalties incurred in 2012 and 2011 amounted to ₱4.23 million and ₱33.79 million, respectively.

- b. The trust receipts and acceptances payable, which amounted to ₱98.87 million as of December 31, 2011, were secured under the Mortgage Trust Indenture with local trustee banks by a collateral pool consisting of the Company's parcels of land, buildings and improvements and machinery and equipment included under "Property, plant and equipment" and "Investment properties" accounts with a total carrying value of ₱477.24 million as of December 31, 2011 (see Notes 9 and 10). The trust receipts and acceptances payable and its corresponding interest and penalties payables were fully settled as of December 31, 2012 using the proceeds from the sale of its investment properties (see Note 9). Interest and penalties incurred in 2012 and 2011 amounted to ₱6.37 million and ₱25.98 million, respectively.

14. Equity

Capital Stock

Issued and outstanding preferred stock are held by 3,437 and 3,466 stockholders as of December 31, 2013 and 2012, respectively. Issued and outstanding common stocks are held by 7,479 and 7,559 stockholders as of December 31, 2013 and 2012, respectively.

In 2011, a preferred stockholder declared its preferred shares in the Company as property dividend to its stockholders, resulting in the increase in the number of the Company's preferred stockholders.

Information on capital stock in 2013 and 2012 follows:

Number of shares	2013	2012
Preferred stock - ₱1 par value:		
Authorized shares	200,000,000	200,000,000
Issued shares	60,133,941	60,816,115
Outstanding shares	49,035,671	49,717,845
Common stock - ₱1 par value:		
Authorized shares	2,500,000,000	2,500,000,000
Issued and outstanding shares	1,814,416,883	1,807,595,143

In 2013 and 2012, some holders of preferred shares exercised their right to convert their 682,174 and 35,714,326 preferred shares, respectively, into 6,821,740 and 357,143,260 common shares, respectively, based on the ratio of ten common shares for every one preferred share. The conversion resulted in increase in common stock by ₱6,821 and ₱357,143 in 2013 and 2012, respectively. The conversion further resulted in the decrease in preferred stock of ₱682 and ₱35,714 in 2013 and 2012, respectively, and the related capital in excess of par value of preferred stock amounting to ₱6,139 and ₱321,429 in 2013 and 2012, respectively.



Movement in the number of outstanding shares in 2013 follows:

	Preferred Shares	Common Shares
Balance at December 31, 2010	139,267,532	912,098,273
Conversion of preferred shares to common shares	(53,835,361)	538,353,610
Balance at December 31, 2011	85,432,171	1,450,451,883
Conversion of preferred shares to common shares	(35,714,326)	357,143,260
Balance at December 31, 2012	49,717,845	1,807,595,143
Conversion of preferred shares to common shares	(682,174)	6,821,740
Balance at December 31, 2013	49,035,671	1,814,416,883

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, 2013 and 2012, the Company has a total of 60,133,941 and 60,816,115 issued shares, respectively, which includes the 11,098,270 preferred shares in treasury acquired by the Company at 10 per share or a total of ₱110.98 million.

Cumulative Remeasurement on Defined Benefit Plan

The balance of deficit includes cumulative actuarial differences on defined benefit plan which pertains to the actuarial differences estimated from the determination of the Company's defined benefit obligation that are directly taken to deficit (see Note 20). The details of the cumulative actuarial differences follow:

	2013	2012
Accumulated actuarial loss at January 1	(₱59,111)	(₱59,111)
Actuarial gain for the year (Note 20)	2,463	—
Accumulated actuarial loss at December 31	(₱56,648)	(₱59,111)

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 ₱1.0 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 ₱10.0 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 ₱10.0 per share;
- c. 1,504,915,310 common shares, with a par value of ₱1.0 per share, to cover the underlying shares of the convertible preferred shares.

15. Cost of Goods Sold

	2013	2012	2011
Raw materials used (Note 6)	₱55,970	₱57,965	₱197,010
Freight and handling	7,593	7,942	15,291
Supplies and facilities	3,762	3,135	17,255
Outside services	3,036	2,904	48,352
Rental	1,525	973	2,630
Personnel costs (Notes 17 and 20)	783	637	10,088
Taxes and licenses	333	271	3,530
Insurance	254	258	1,325
Communication, light and water	221	137	7,873
Repairs and maintenance	101	124	3,104
Depreciation and amortization (Note 17)	—	—	1,310
Others	579	563	6,368
	₱74,157	₱74,909	₱314,136

16. General and Administrative Expenses

	2013	2012	2011
Bad debts expense (Note 5)	₱23,206	₱—	₱—
Taxes and licenses	18,322	37,220	3,541
Outside services	7,617	6,053	4,164
Personnel costs (Notes 17 and 20)	6,083	15,491	13,260
Provision for doubtful accounts (Note 5)	1,594	1,571	—
Communication, light and water	625	1,016	921
Transportation and travel	435	491	1,022
Depreciation and amortization (Note 17)	284	682	797
Rental (Note 19)	239	207	1,146
Insurance	184	323	516
Repairs and maintenance	150	133	361
Supplies and facilities	90	418	529
Bank charges	21	774	789
Advertising and promoting	9	9	264
Others	239	2,003	1,669
	₱59,098	₱66,391	₱28,979



17. Selling and Marketing Expenses

	2013	2012	2011
Rental	₱370	₱255	₱307
Repairs and maintenance	285	190	164
Communication, light and water	249	215	3,331
Outside services	226	351	2,039
Transportation and travel	148	180	500
Supplies and facilities	90	142	1,510
Taxes and licenses	4	—	6
Personnel costs (Note 20)	1	8	5,461
Freight and handling	—	—	2,375
Depreciation and amortization	—	—	685
Others	1	29	56
	₱1,374	₱1,370	₱16,434

Depreciation and amortization expenses charged to cost of goods sold, general and administrative and selling and marketing expenses pertain to:

	2013	2012	2011
Property, plant and equipment (Note 10)	₱284	₱682	₱2,567
Software (Note 11)	—	—	225
	₱284	₱682	₱2,792

Depreciation and amortization expenses were booked under:

	2013	2012	2011
Cost of goods sold (Note 15)	₱—	₱—	₱1,310
General and administrative expenses (Note 16)	284	682	797
Selling and marketing expenses	—	—	685
	₱284	₱682	₱2,792

Personnel costs pertain to:

	2013	2012	2011
Salaries and wages	₱6,555	₱15,331	₱25,894
Retirement benefits costs (Note 20)	312	805	2,915
	₱6,867	₱16,136	₱28,809

Personnel costs were booked under:

	2013	2012	2011
General and administrative expenses (Note 16)	₱6,083	₱15,491	₱13,260
Cost of goods sold (Note 15)	783	637	10,088
Selling and marketing expenses	1	8	5,461
	₱6,867	₱16,136	₱28,809



18. Other Income - Net

	2013	2012	2011
Reversal of provision (provision) for probable losses (Notes 8 and 11)	(P652)	P3	P-
Rental income	479	5,633	10,617
Interest income (Note 5)	304	636	8
Gain (loss) on disposal of:			
Land (Note 10)	-	129,223	-
Investment property (Note 9)	-	(38,563)	-
Reversal of payables and accruals	-	58,836	47,759
Fair value gain (loss) on investment properties (Note 9)	-	-	(35,511)
Impairment loss on property, plant and equipment (Note 10)	-	-	(13,132)
Reversal of allowance for doubtful accounts (Note 5)	-	-	5,161
Foreign exchange gain - net	-	-	43
Others	3	3,744	2
	P134	P159,512	P14,947

In 2011, the Company performed a detailed analysis of its accounts pertaining to the Luzon operations in line with the resting of its production. This exercise resulted in the recognition of gain on reversal of payables and accruals which amounted to P47.76 million that no longer meet the definition of a liability.

In 2012, gain on reversal of payables and accruals include accrued interest and penalties which amounted to P49.89 million as a result of waived penalties on bank loan and discounts granted by creditors which amounted to P8.94 million.

19. Related Party Transactions

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

The Company has transactions with related parties which consist mainly of the following:

2013:

Related Party	Category	Amount	Outstanding Balance of Receivable (Payable)	Terms and Conditions
Entities under common major shareholder group:				
Invest Asia Corporation	Rent and utilities	(P9)	(P5,570)	On demand, non-interest bearing, unsecured

(Forward)



Related Party	Category	Amount	Outstanding Balance of Receivable (Payable)	Terms and Conditions
RFM Corporation	Share in common expense	(P177)	(P1,174)	On demand, non-interest bearing, unsecured
RFM Insurance Brokers, Inc.	Insurance of livestock, building, and car	(401)	(20)	On demand, non-interest bearing, unsecured
RFM Corporation	Sale of engineering supplies	–	–	On demand, non-interest bearing, unsecured, with impairment of P362
	Rent income	–	–	On demand, non-interest bearing, unsecured, with impairment of P50
Filipinas Water Bottling Company Inc.	Rent income	–	–	On demand, non-interest bearing, unsecured, with impairment of P1,034
Philippine Township, Inc.	Other receivable	–	–	On demand, non-interest bearing, unsecured, with impairment of P473
Asia Food Franchise	Trade receivables	–	–	On demand, unsecured, with impairment of P8,324
Total receivable (Note 5)			P–	
Total payable (Note 12)			(P6,764)	

2012:

Related Party	Category	Amount	Outstanding Balance of Receivable (Payable)	Terms and Conditions
Entities under common major shareholder group:				
Invest Asia Corporation	Rent and utilities	(P111)	(P5,561)	On demand, non-interest bearing, unsecured
RFM Corporation	Share in common expense	(448)	(810)	On demand, non-interest bearing, unsecured
RFM Insurance Brokers, Inc.	Insurance of livestock, building, and car	(90)	(146)	On demand, non-interest bearing, unsecured
RFM Corporation	Sale of engineering supplies	348	–	On demand, non-interest bearing, unsecured, with impairment of P362
	Rent income	50	–	On demand, non-interest bearing, unsecured, with impairment of P50
Filipinas Water Bottling Company Inc.	Rent income	–	–	On demand, non-interest bearing, unsecured, with impairment of P1,034
Philippine Township, Inc.	Other receivable	–	–	On demand, non-interest bearing, unsecured, with impairment of P473
Asia Food Franchise	Trade receivables	–	–	On demand, unsecured, with impairment of P8,324
Total receivable (Note 5)			P–	
Total payable (Note 12)			(P6,517)	

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

	2013	2012	2011
Retirement benefits costs	P20,394	P506	P1,845
Salaries and allowances	1,937	4,800	7,195
Other short-term employee benefits	35	323	646
	P22,366	P5,629	P9,686



20. Employee Benefits

a. 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 profit or loss follow:

	2013	2012	2011
Current service cost	₱162	₱708	₱948
Interest cost	150	97	1,967
Retirement benefits costs	₱312	₱805	₱2,915

The details of the remeasurements in other comprehensive income are as follows:

	2013	2012	2011
Actuarial gain (loss) arising from changes in:			
Experience adjustments	(₱45)	₱–	₱–
Financial assumptions	2,508	–	(9,549)
Demographic assumptions	–	–	–
	₱2,463	₱–	(₱9,549)

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:

	2013	2012	2011
At January 1	₱25,308	₱24,665	₱20,905
Current service cost	162	708	948
Interest cost	150	97	1,967
Retirement benefits payments	(20,394)	(162)	(8,704)
Remeasurement loss (gains) recognized in other comprehensive income	(2,463)	–	9,549
At December 31	₱2,763	₱25,308	₱24,665



The principal assumptions used to determine retirement benefits cost and obligation are as follows:

	2013	2012	2011
Discount rate	5.52%	1.81%	9.41%
Salary increase	2.00%	—	5.00%

Sensitivity analysis of the present value of defined benefit obligation as of December 31, 2013 to changes in assumptions follows:

	Movement	Increase (decrease) in present value of defined benefit obligation	Percentage increase (decrease)
Discount rate	+100 basis points	(P378)	(13.70%)
	-100 basis points	32	1.20%
Salary rate	+100 basis points	12	0.40%
	-100 basis points	(364)	(13.20%)

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

	Expected benefit	Percentage
Payable on financial year		
2014	P—	0%
2015	434	36%
2016	759	64%
	P1,193	100%

The average duration of the defined benefit obligation at the end of the reporting period is 9.6 years.

b. Other employee benefits

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" which amounted to P0.89 million and P0.95 million as of December 31, 2013 and 2012, respectively.

21. Income Taxes

- The provision for current income tax represents the MCIT in 2013, 2012 and 2011.
- The components of the Company's net deferred income tax liabilities follow:

	2013	2012
Deferred income tax liabilities on:		
Deemed cost adjustment on land under property and equipment	P32,112	P32,112
Unrealized foreign exchange gain – net	45	45
Net deferred income tax liabilities	P32,157	P32,157



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

	2013	2012
NOLCO	₱26,013	₱54,956
Allowance for doubtful accounts (Note 5)	56,074	54,480
Retirement benefits liability	2,763	25,308
MCIT	5,940	6,713

- d. The details of the NOLCO and MCIT outstanding as of December 31, 2013 follow:

Year Incurred	Available Until	NOLCO	MCIT
2011	2014	₱–	₱1,245
2012	2015	–	4,567
2013	2016	26,013	128
		₱26,013	₱5,940

Following are the movements of NOLCO and MCIT:

	NOLCO			MCIT		
	2013	2012	2011	2013	2012	2011
At January 1	₱54,956	₱216,442	₱265,907	₱6,713	₱2,984	₱4,257
Additions	26,013	–	–	128	4,567	1,245
Application	–	(57,268)	(14,801)	–	–	–
Expiration	(54,956)	(104,218)	(34,664)	(901)	(838)	(2,518)
At December 31	₱26,013	₱54,956	₱216,442	₱5,940	₱6,713	₱2,984

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

	2013	2012	2011
Provision for (benefit from) income tax benefit at statutory income tax rate	(₱16,477)	₱27,274	(₱28,057)
Additions to (reductions in) income tax resulting from:			
Movement in MCIT, NOLCO, and temporary differences for which no deferred income tax assets were recognized	8,504	(51,907)	12,686
Nondeductible interest and other expenses	8,192	401	5,933
Interest income subjected to final tax	(91)	(191)	(2)
Nondeductible loss on sale of investment properties	–	11,569	–
Income from reversal of CWT	–	(900)	–
Nondeductible loss (nontaxable gain) on fair value changes of investment properties	–	–	10,653
Provision for (benefit from) income tax	₱128	(₱13,754)	₱1,213



22. Basic and Diluted Earnings (Loss) Per Share

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

	2013	2012	2011
Net income (loss) attributable to common stockholders	(P55,050)	P104,668	(P94,735)
Divided by weighted average number of common stock	1,811,006,013	1,629,023,513	1,038,823,700
Basic/diluted earnings (loss) per share	(P0.03)	P0.06	(P0.09)

The effect of convertible preferred shares is antidilutive for 2013, 2012 and 2011. Accordingly, the basic and dilutive earnings per share presented are the same.

23. Operating Segment Information

The Company only has one reportable segment - poultry business - which is its only activity.

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.

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.

Segment information are as follows:

	2013	2012	2011
Segment revenue	P79,573	P84,672	P312,260
Segment net income (loss)	(55,050)	104,668	(94,735)
Total assets	158,248	357,101	1,029,032
Total liabilities	103,874	250,138	1,026,737
Total revenue	79,573	84,672	312,260

In 2013, revenue from local agricultural produce amounting to P44.33 million and representing 56.28% was derived from two customers. In 2012 and 2011, the Company does not have a customer for which 10% or more of the revenue were derived from.

24. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade receivables, due from related parties, due from employees, rental deposits, trust receipts and acceptances payable and bank loan. The main purpose of these financial instruments is to ensure adequate funds for the Company's operations and capital expansion. The Company has other



financial instruments such as receivables and accounts payable and accrued liabilities arising directly from its operations.

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

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

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

Credit risk

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company manages credit risk by transacting only with a few recognized and creditworthy customers with whom it has already firmly established a good business relationship. 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 Company has no significant concentration of credit risk.

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

As of December 31, 2013:

	Neither past due nor impaired	Past due but not impaired					Subtotal	Impaired	Total
		1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over 365 Days			
Cash and cash equivalents	₱29,674	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱29,674
Receivables:									
Trade	-	350	88	106	225	-	769	42,394	43,163
Due from:									
Employees	-	-	-	-	32	1,006	1,038	105	1,143
Related parties	-	-	-	-	-	-	-	10,243	10,243
Nontrade	12,760	-	-	-	-	-	-	3,332	16,092
Rental deposits	-	-	-	-	-	170	170	-	170
	₱42,434	₱350	₱88	₱106	₱257	₱1,176	₱1,977	₱56,074	₱100,485

As of December 31, 2012:

	Neither past due nor impaired	Past due but not impaired					Subtotal	Impaired	Total
		1-30 Days	31-60 Days	61-90 Days	91-365 Days	Over 365 Days			
Cash and cash equivalents	₱84,074	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱84,074
Receivables:									
Trade	1,526	307	219	11	66	586	1,189	40,800	43,515
Due from:									
Employees	-	-	10	-	710	701	1,421	105	1,526
Related parties	-	-	-	-	-	-	-	10,243	10,243
Nontrade	153,217	-	-	-	-	-	-	3,332	156,549
Rental deposits	-	-	-	-	-	252	252	-	252
	₱238,817	₱307	₱229	₱11	₱776	₱1,539	₱2,862	₱54,480	₱296,159



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

As of December 31, 2013:

	Neither past due nor impaired		
	High grade	Standard Grade	Total
Cash and cash equivalents	₱29,674	₱—	₱29,674
Nontrade receivables	—	12,760	12,760
	₱29,674	₱12,760	₱42,434

As of December 31, 2012:

	Neither past due nor impaired		
	High grade	Standard Grade	Total
Cash and cash equivalents	₱84,074	₱—	₱84,074
Receivables:			
Trade	—	1,526	1,526
Nontrade	—	153,217	153,217
	₱84,074	₱154,743	₱238,817

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. In 2012, the Company disposed of its investment properties to settle its obligations.

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, 2013:

	On Demand	Less than 3 months	3 to 12 months	Total
Loans and receivables:				
Cash and cash equivalents	₱29,674	₱—	₱—	₱29,674
Receivables:				
Trade	—	544	225	769
Due from employees	—	32	1,006	1,038
Nontrade	—	—	12,760	12,760
Total financial assets	29,674	576	13,991	44,241

(Forward)



	On Demand	Less than 3 months	3 to 12 months	Total
Other financial liabilities:				
Accounts payable and accrued liabilities*	₱39,691	₱—	₱—	₱39,691
Liquidity position (gap)	(₱10,017)	₱576	₱13,991	₱4,550

*Excluding nonfinancial liabilities amounting to ₱28,371.

As of December 31, 2012:

	On Demand	Less than 3 months	3 to 12 Months	Total
Loans and receivables:				
Cash and cash equivalents	₱84,074	₱—	₱—	₱84,074
Receivables:				
Trade	1,189	1,526	—	2,715
Due from employees	1,421	—	—	1,421
Nontrade	23,207	130,010	—	153,217
Total financial assets	109,891	131,536	—	241,427
Other financial liabilities:				
Accounts payable and accrued liabilities*	124,975	—	—	124,975
Liquidity position (gap)	(₱15,084)	₱131,536	₱—	₱116,452

*Excluding nonfinancial liabilities amounting to ₱66,752.

Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's short-term and bank loans, as well as interest on trust receipts and acceptances payable. The Company manages its exposure to interest rate risk by closely monitoring the same with various banks and other financial institutions and maximizing borrowing period based on market volatility of interest rates.

The loans are subject to interest computed at either the bank's prevailing market rate or on MART 1 rates and is repriced either on a monthly or quarterly basis (see Note 13).

The sensitivity to a reasonably possible change in interest rates with all other variables held constant of the Company's income before income tax in 2011 (nil in 2013 and 2012 as the Company has settled its interest-bearing loans) follows:

	Increase / Decrease Interest Rate	Effect on Loss Before Income Tax
2011	+0.5%	(490)
	-0.5%	490

There is no other impact on the Company's equity other than those already affecting the statements of income.

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, liquidity risk, and interest rate risk are likewise the strategies related to agricultural activity as required by PAS 41.



25. Fair Value Measurement

The following provides the quantitative disclosures of fair value measurement:

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value-			
Investment property	₱—	₱—	₱417

There have been no transfers between Level 1 and 2 in 2013 and 2012.

The table below summarizes the valuation techniques used and the significant unobservable input valuation for investment property held by the Company:

	Valuation Techniques	Significant unobservable Inputs	Interrelationship between key unobservable input and fair value measurement
Asset measured at fair value-			
Investment property	Market data approach. A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.	Price per square meter. Range of estimates is about ₱200-300	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

Cash and Cash Equivalents, Trade Receivables, Due from Related Parties, Due from Employees, Other Receivables, Accounts Payable and Accrued Liabilities

Due to the short-term nature of transactions, the carrying amounts of these instruments approximate the fair values at the balance sheet date.

26. 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. No changes were made in the objectives, policies and processes from the previous years.

The capital considered is the same as those indicated in the equity section of the balance sheets.



27. Other Matters

The Company, in the normal course of business, is involved in certain claims, the outcome of which are presently not determinable. In the opinion of management and its legal counsel, the Company has strong legal basis on the cases, and the liability on these lawsuits, if any, will not have a material effect on the financial statements. For those cases where management, in consultation with the legal counsel, believes that the Company may eventually be obligated to settle, accruals have been made in the financial statements (see Note 12).

28. Note to Statements of Cash Flows

In 2013 and 2012, the Company's noncash financing activity pertains to the conversion of preferred shares to common shares which amounted to ₱6.82 million and ₱357.14 million, respectively.

In 2012, the non-cash investing activity pertains to disposal of property and equipment through *dacion en pago* which amounted to ₱64.17 million.

29. Supplementary Information Required Under Revenue Regulations 15-2010

In compliance with RR 15-2010 issued by the BIR 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 following information reflects the taxes, duties and license fees paid or accrued by the Company during 2013:

- 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	₱153	₱18
Zero rated sales	78,775	—
	₱78,928	₱18

- b. Input VAT

The following table shows the sources of input VAT claimed:

Beginning balance	₱—
Purchases of:	
Goods for resale	320
Services lodged under cost of goods sold and general and administrative expenses	1,122
Total	1,442
Less: Input VAT allocated to exempt sales	794
Input VAT claimed as deduction against output VAT	18
Ending balance	₱630



- c. The taxes, duties and license fees paid or accrued in 2013 follow:

Business taxes	₱6,487
Deficiency taxes	5,523
Capital gains tax	5,189
Real property tax	914
Community tax certificate	11
Registration fee and others	535
	<u>₱18,659</u>

- d. The withholding taxes paid or accrued in 2013 are categorized into:

Withholding tax on compensation	₱2,366
Expanded withholding tax	1,211

- e. Tax cases

As of December 31, 2013, the Company has an outstanding tax assessment before the Court of Tax Appeals involving ₱11.95 million deficiency value-added tax for taxable year 2007, which is being contested by the Company.

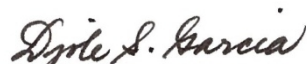


INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of Swift Foods, Inc. as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, included in this Form 17-A, and have issued our report thereon dated April 28, 2014. 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.



Dyole S. Garcia

Partner

CPA Certificate No. 0097907

SEC Accreditation No. 1285-A (Group A),

February 25, 2013, valid until February 24, 2016

Tax Identification No. 201-960-347

BIR Accreditation No. 08-001998-102-2013,

January 28, 2013, valid until January 27, 2016

PTR No. 4225176, January 2, 2014, Makati City

April 28, 2014



SWIFT FOODS, INC.

**INDEX TO THE FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2013**

Schedule I:	Schedule of All the Effective Standards and Interpretations (Part 1, 4J)
Schedule II:	Schedule of Retained Earnings Available for Dividend Declaration (Part 1, 4C, Annex 68-C)



SWIFT FOODS, INC.**SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS (PART 1, 4J)**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Early Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Early Adopted	Not Applicable
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Investment Entities			✓
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Investment Entities			
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Early Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		✓	
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets		✓	
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture	✓		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Early Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓



SWIFT FOODS, INC.

**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2013
(Amounts in Thousands)**

There is no retained earnings available for dividend declaration at the beginning and end of the year since the Company is in a deficit position (₱2,941,638 and ₱2,994,225 as of December 31, 2013 and 2012, respectively).



SWIFT FOODS, INC.
SCHEDULE A - FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

Name of Issuing entity and description of Investment	Number of shares or principal amount of bond and notes	Additions	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
---	--	-----------	---	---	--------------------------------

□

NOT APPLICABLE*

*The Company has no financial assets that needs to be disclosed.

SWIFT FOODS, INC.
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

FOR THE YEAR ENDED DECEMBER 31, 2013

Name and designation of debtor	Beginning Balance	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Ending Balance
--------------------------------	-------------------	-----------	----------------------	------------------------	---------	-------------	----------------

□

NOT APPLICABLE*

* The Company has no directors, officers, employees, and principal stockholders (other than related parties) from whom an aggregate indebtedness of more than P100,000 or one per cent of total assets, whichever is less, is owed

SWIFT FOODS, INC.

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

FOR THE YEAR ENDED DECEMBER 31, 2013

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of the period
--------------------------------	--------------------------------	-----------	-------------------	---------------------	---------	-------------	------------------------------

□

NOT APPLICABLE*

*The Company is not part of any conglomerate thus there is no consolidation and the financial statements submitted is a stand-alone financial statement.

SWIFT FOODS, INC.
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

Description	Beginning Balance	Additions at cost	Charged to cost and expense	Charged to other accounts	Other changes	Ending Balance
-------------	-------------------	----------------------	--------------------------------	------------------------------	---------------	----------------

□

NOT APPLICABLE*

* The Company has no intangible assets as of December 31, 2012.

SWIFT FOODS, INC.
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2013

Title of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-Term	Remarks
--	-----------------------------------	----------------------------	------------------------------	---------

□

NOT APPLICABLE*

*The Company has no long term debt as all debts are due and demandable for the year ended December 31, 2012.

SWIFT FOODS, INC.
SCHEDULE F - INDEBTEDNESS TO AFFILIATES AND RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Name of Affiliate	Beginning Balance	Ending Balance
-------------------	-------------------	----------------

□

NOT APPLICABLE*

*The Company has no noncurrent indebtedness to affiliates and related parties for the year ended December 31, 2012.

SWIFT FOODS, INC.
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranttd and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
--	---	--	--	---------------------

□

NOT APPLICABLE

SWIFT FOODS, INC.
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2013

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
PREFRRED STOCK	200,000,000	49,035,671	0	0	0	0
COMMON STOCK	2,500,000,000	1,814,416,883	0	0	1,434,474	1,812,982,409

SECRETARY'S CERTIFICATE

I, **NERISSA L. MARASIGAN - SHAW**, of legal age, Filipino, with office address at the 8F Raha Sulayman Building, 108 Benavidez Street, Legaspi Village, Makati City, being the Assistant Corporate Secretary of **SWIFT FOODS, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with offices at the 4F RFM Corporate Center, Sheridan corner Pioneer Street, Mandaluyong City, do hereby certify that at the Regular Meeting of the Board of Directors held on 27 August 2014, the following resolutions were unanimously approved:

"RESOLVED, that the Board of Directors of SWIFT FOODS, INC. (the "Corporation") authorize, as it hereby authorizes the Corporation's President, Mr. Francisco A. Segovia, to sign the Corporation's 2014 Information Statement under SEC Form 17-A, on behalf of the Corporation's Corporate Secretary, Mr. Jose A. Bernas"

IN WITNESS WHEREOF, this Certificate has been signed this 4th day of November 2014 in Makati City.


NERISSA L. MARASIGAN - SHAW
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 4th day of November 2014 affiant exhibiting to me her Driver's License No. N02-07-012350 issued on 16 April 2013 in Makati City.

Doc. No. 284
Page No. 58
Book No. J
Series of 2014.


REUBEN CARLO O. GENERAL
Commission No. M-466
Notary Public-City of Makati
Until 31 December 2015
Bernas Law Offices
8th Floor Raha Sulayman Bldg., 108 Benavidez St.,
Legaspi Village, Makati City
IBP Membership No. 942736/07 January 2014/Camarines Sur
PTR No. 4221151/07 January 2014/Makati City
Bar of Attorneys No. 15027