SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2017**

2. Commission identification number **CS201320778**

3. BIR Tax Identification No. **008-647-589-000**

4. **Century Pacific Food, Inc.**
   Exact name of issuer as specified in its charter

5. **Pasig City, Philippines**
   Province, country or other jurisdiction of incorporation or organization

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

7. **7/F Centerpoint Bldg., Julia Vargas Ave. Garnet Rd. Ortigas Center Pasig City, 1604**
   Address of issuer's principal office Postal Code

8. **+632 – 633-8555**
   Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	**Common Stock P1 par value**
Number of shares of common stock outstanding	**3,542,258,595 Shares**

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

    Yes [**x**] No []

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Main Board of the Philippine Stock Exchange, Common Shares

12. Indicate by check mark whether the registrant:
    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
    Yes [**x**] No []
    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [**x**] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited interim consolidated financial statements of Century Pacific Food, Inc., and its wholly owned subsidiaries General Tuna Corporation, Snow Mountain Dairy Corporation, Allforward Warehousing Inc., Century Pacific Agricultural Ventures Inc., Century Pacific Food Packaging Ventures Inc., Century Pacific Seacrest Inc., Centennial Global Corporation, Century International (China) Co Ltd, Century (Shanghai) Trading Co Ltd, Cindena Resources Ltd, and Century Pacific North America Enterprise Inc. (collectively, the 'Company' or "CNPF") as of and for the period ended September 30, 2017 and the comparative period in 2016 is attached to this 17-Q report, comprising of the following:

1.1 Consolidated Balance Sheets as of September 30, 2017 and December 31, 2016
1.2 Consolidated Statement of Income for the period ended September 30, 2017 and September 30, 2016
1.3 Consolidated Statement of Cash Flows for the period ended September 30, 2017 and September 30, 2016
1.4 Consolidated Statement of Changes in Shareholder's Equity for the period ended September 30, 2017 and September 30, 2016
1.5 Notes to Consolidated Financial Statements for the period ended September 30, 2017

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Based on the unaudited consolidated financial statements for the period ended September 30, 2017)

Business Overview

Century Pacific Food, Inc. (CNPF) is the largest producer of canned foods in the Philippines. It owns a portfolio of well-known and trusted brands in the canned and processed fish, canned meat, and dairy and mixes business segments. These brands include *Century Tuna*, *555*, *Blue Bay*, *Fresca*, *Argentina*, *Swift*, *Wow*, *Lucky Seven*, *Angel*, *Birch Tree*, *Kaffe de Oro*, and *Home Pride*, which have established leading market positions locally and a growing presence abroad. CNPF exports its branded products overseas, particularly where there are huge Filipino communities such as the United States and Middle East. The Company is also the Philippines' largest exporter of original equipment manufacturer (OEM) tuna and coconut products.

CNPF traces its history from the Century Pacific Group, a focused branded food company for almost 40 years. Century Pacific Group began in 1978 when Mr. Ricardo S. Po established Century Canning Corporation as an exporter of canned tuna. In subsequent years, Century Canning Corporation then expanded and diversified into other food-related businesses. Establishing market leading positions, it built a multi-brand, multi-product portfolio catering to a broad and diverse customer base, and supported this with a distribution infrastructure with nationwide reach, directly serving hundreds of thousands of retail outlets and food service companies.

In October 2013, the Po Family reorganized the Century Pacific Group to maximize business synergies and shareholder value. It incorporated CNPF, carving out the branded canned seafood, meat, dairy, mixes and OEM tuna export businesses, folding them into CNPF. On January 1, 2014, CNPF commenced business operations under the new corporate set-up.

CNPF manages its food business through operating divisions and wholly-owned subsidiaries.

The canned and processed fish segment is CNPF's largest business segment. It produces and markets a variety mix of tuna, sardine, other fish, and seafood-based products under the *Century Tuna*, *555, Blue Bay, Fresca, and Lucky 7* brands.

The canned meat segment, CNPF's second largest segment, produces corned beef, meat loaf, luncheon meat, and other meat-based products which are sold under the *Argentina, Swift, 555, Shanghai,* and *Wow* brands.

The tuna export segment produces OEM canned tuna, pouched tuna, and vacuum-packed frozen tuna loin products for overseas markets including North America, Europe, Asia, Australia, and the Middle East.

The dairy and mixes segment is comprised of products such as evaporated milk, condensed milk, full cream and fortified powdered milk, and all-purpose creamer under the *Angel* and *Birch Tree* brands, coffee mix under the *Kaffe de Oro* brand, and flavor mixes under the *Home Pride* brand.

The coconut segment, through wholly-owned subsidiary Century Pacific Agricultural Ventures Inc., produces high value organic-certified and conventional coconut products for both export and domestic markets. These products include retail-packaged coconut water, organic virgin coconut oil, desiccated coconuts, and coconut flour. It currently also has other coconut-based products under development.

Last year, CNPF acquired the license to the *Kamayan* trademark in North America, one of the top names in the U.S. market for shrimp paste – a popular condiment in Philippine cuisine, locally known as *bagoong*. The Company also acquired distribution companies in China which sell *Century Tuna*, currently the number one canned tuna brand in China.

In May 2017, CNPF also acquired the Philippine license for *Hunt's*, the country's number one pork & beans brand. *Hunt's* product lineup currently includes pork & beans, tomato-based spaghetti sauce, tomato sauce, and marinade sauce.

Results of Operations

- CNPF's consolidated net income after tax for the nine months ended September 30, 2017 totaled P2.21 billion. This is 2% higher than the P2.16 billion in net income after tax reported during the first nine months of 2016. The Company's performance can be mainly attributed to the continued robust growth of its original equipment manufacturer (OEM) business and sustained double-digit growth in branded revenues. This was achieved despite higher input costs due to the increase in prices of key raw materials.

- Consolidated net revenue for the nine months ended September 30, 2017 totaled P25.27 billion, translating to a 21% growth versus the same period last year. Revenue performance can be mainly attributed to the sustained double-digit growth of the branded businesses. Top line growth was likewise supported by the strong performance of its OEM tuna export business, which saw a sustained recovery due to both higher average selling prices of tuna globally and increase in volumes.

- CNPF's cost of sales consists primarily of raw material and packaging costs, manufacturing costs, and direct labor costs. Cost of sales for the nine months ended September 30, 2017 increased by 31% to P18.77 billion.

- Consolidated gross profit for the nine months ended September 30, 2017 reached P6.50 billion, 3% lower versus same period last year. This translates to a gross profit margin of 25.7% or a contraction of 6.2ppts over the gross profit margin during the same period last year.

- Total operating expense, which is comprised of selling, distribution, marketing, and administrative expenses, amounted to P3.70 billion in the first nine months of 2017. This is equivalent to a 14.6% cost-to-sales ratio, a decline versus 18.0% during the same period last year.

- Other income and expense is comprised of gains or losses on transactions relating to foreign currency exchange, miscellaneous fees, management fees, and sale of scrap. For the nine months ended September 30, 2017, CNPF posted consolidated net other income of P191 million. Gains on transactions relating to foreign currency exchange, miscellaneous fees, and sale of scrap accounted for the bulk of this net other income and expense.

- CNPF's consolidated operating income for the nine months ended September 30, 2017 reached P2.99 billion, translating to an operating income margin of 11.8%. This compares to last year's operating income of P2.96 billion and operating income margin of 14.1%.

- CNPF's financing cost is comprised of interest expense from short-term and long-term borrowings, bank charges and other financing costs. For the nine months ended September 30, 2017, financing costs amounted to P73 million, mainly representing interest expense from short- and long-term borrowings.

- Consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) for the nine months ended September 30, 2017 totaled P3.37 billion, 5% higher than last year's P3.21 billion. This translates to an EBITDA margin of 13.3%, lower by 2 ppts than last year's 15.3%.

- The Company's income tax expense reached P704 million for the nine months ended September 30, 2017, 4% lower against the same period last year. This implies a 120-bp improvement in CNPF's effective tax rate at 24.1% compared with the same period last year.

Financial Condition

The Company's financial stability and financial position as of September 30, 2017 is as follows:

- Cash and cash equivalents as of September 30, 2017 stood at P1.21 billion. Operating activities saw a total inflow of P1.53 billion. Net cash used in investing activities amounted to P1.05 billion, while net cash generated by financing activities was P24 million.

- Current ratio remained healthy at 2.21 times as of end-September 2017. This compares to last year's ratio of 2.16 times. The cash conversion cycle likewise improved to 96 days from 101 days a year ago. As of end-September 2017, accounts receivable and inventory days stood at 64 and 108 respectively, while accounts payable came in at 77 days. Net working capital ratio to total assets is measured at 0.35 times, unchanged relative to last year's ratio of 0.35 times.

- Property, plant and equipment - net amounted to P4.41 billion as of end-September 2017. Capital expenditures for the first nine months of the year totaled P844 million, consisting of the installation of new equipment and machinery at the different manufacturing facilities of the Company.

- As of end-September 2017, the Company had a total of P3.02 billion in interest-bearing debt, P2.25 billion of which was incurred for the acquisition of Century Pacific Agricultural Ventures, Inc.

- Total stockholders' equity grew by P1.60 billion from P12.54 billion as of end of December 2016 to P14.14 billion as of end-September 2017, representing mainly the net income earned during the nine-month period ending September 30, 2017 less the dividend declaration of P638 million during the same period.

- Total debt-to-equity ratio is measured at 0.59 times as of end-September 2017, lower than 0.65 times as of end-December 2016. Net of cash available, current total debt-to-equity is 0.51 times. Considering only interest-bearing debt, the Company's gearing and net gearing ratios are 0.21 and 0.13 times respectively, as of end-September 2017.

Key Performance Indicators (KPIs)

	Unaudited Nine Months Ended September 30, 2017	**Unaudited Nine Months Ended September 30, 2016**
Gross Profit Margin	26%	32%
Before Tax Return on Sales	12%	14%
Return on Sales	9%	10%
Interest-Bearing Debt-to-Equity (Gearing Ratio)	0.21X	0.19X
Current Ratio	2.21X	2.16X

Notes:
1 Gross Profit margin = Gross Profit / Net Revenue
2 Before Tax Return on Sales = Net Profit Before Tax / Net Revenue
3 Return on Sales = Net Profit After Tax / Net Revenue
4 Interest-Bearing Debt-to-Equity = Loans Payable / Total Stockholders' Equity
5 Current Ratio = Total Current Assets / Total Current Liabilities

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTURY PACIFIC FOOD, INC.

CHRISTOPHER T. PO
President & Chief Executive Officer
Date: November 6, 2017

OSCAR A. POBRE
Vice President & Chief Finance Officer
Date: November 6, 2017

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Amounts in Philippine Peso)

	Unaudited September 30, 2017	Audited December 31, 2016
Assets		
Current Assets		
Cash and cash equivalents	1,207,196,568	695,627,006
Trade and Other Receivables - net	5,718,796,037	3,954,507,263
Inventories - net	7,157,265,006	7,528,824,782
Biological Assets	20,619,596	34,817,782
Due from Related Parties	120,088,069	91,119,637
Prepayments and other current assets	487,537,276	439,785,766
Held-to-Maturity Investment - Current	-	12,890,266
Total Current Assets	14,711,502,552	12,757,572,502
Property, plant & equipment - net	4,408,738,115	3,945,425,348
Intangible Assets	3,266,559,481	3,053,757,481
Deferred Tax assets	93,710,362	118,001,892
Retirement benefit assets	1,054,772	-
Other non-current assets	45,702,804	57,435,660
Total Non-current Assets	7,815,765,533	7,174,620,380
Total Assets	**22,527,268,086**	**19,932,192,882**

	Unaudited September 30, 2017	Audited December 31, 2016
Liabilities & Stockholders' Equity		
Liabilities		
Current Liabilities		
Trade and Other Payables	5,072,769,729	4,729,866,251
Due to Related Parties	23,231,377	89,994,183
Income Tax Payable	161,411,363	148,631,287
Notes Payable	1,388,500,000	670,500,000
Total Current Liabilities	6,645,912,469	5,638,991,721
Long Term Loan	1,633,500,000	1,633,500,000
Retirement Benefit Payable	104,971,916	118,327,684
Deferred Tax liability	2,547,668	2,547,668
Total Non Current Liabilities	1,741,019,585	1,754,375,352
Total Liabilities	8,386,932,053	7,393,367,074
Stockholders' Equity		
Share Capital	3,542,258,595	3,541,028,895
Share Premium	4,928,095,509	4,911,986,439
Currency translation adjustments	41,082,648	34,922,860
Retained Earnings	5,589,946,025	4,014,996,312
Share-based compensation reserve	8,324,313	5,262,361
Appraisal Increment / Other Reserves	30,628,942	30,628,942
Total Stockholders' Equity	14,140,336,032	12,538,825,808
Total Liabilities & Stockholders' Equity	**22,527,268,086**	**19,932,192,882**

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts in Philippine Peso)

	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016
Net Revenue	25,270,213,987	20,964,219,016	9,222,316,709	7,959,348,742
Cost of Good Sold	18,772,443,517	14,283,153,246	7,003,591,273	5,205,518,258
Gross Profit	**6,497,770,470**	**6,681,065,770**	**2,218,725,436**	**2,753,830,484**
Other Income (Expense)	190,573,422	52,011,146	73,033,863	40,589,482
Operating Expenses	3,698,692,296	3,768,714,401	1,318,199,229	1,707,288,165
Operating Income	**2,989,651,595**	**2,964,362,516**	**973,560,070**	**1,087,131,801**
Financing Cost	73,248,610	72,006,828	25,917,944	25,951,610
Net Profit before tax	**2,916,402,985**	**2,892,355,687**	**947,642,125**	**1,061,180,191**
Income Tax Expense (Benefit)	703,846,725	732,739,392	203,913,979	263,262,942
Net Profit after Tax	**2,212,556,260**	**2,159,616,296**	**743,728,146**	**797,917,249**
Other Comprehensive Income	5,632,359	-	2,879,084	-
Total Comprehensive Income	**2,218,188,618**	**2,159,616,296**	**746,607,230**	**797,917,249**
Basic and Diluted Earnings Per Share	**0.6246**	**0.6411**	**0.2100**	**0.2253**

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
CONSOLIDATED CHANGES IN EQUITY
(Amounts in Philippine Peso)

	Share Capital	Share Premium	Revaluation Reserves: Share Based Compensation	Revaluation Reserves: Other Reserves	Revaluation Reserves: Currency Translation Adjustment	Retained Earnings	Total
Balance at January 1, 2017							
As previously reported	3,541,028,895	4,911,986,439	5,262,361	30,628,942	34,922,860	4,014,996,312	12,538,825,809
Adjustments					527,430		527,430
As stated	3,541,028,895	4,911,986,439	5,262,361	30,628,942	35,450,289	4,014,996,312	12,539,353,238
Transactions with owners							
Issuance of shares during the period	1,229,700	16,109,070	3,061,953				20,400,723
Cash Dividends						(637,606,547)	(637,606,547)
	1,229,700	16,109,070	3,061,953	-	-	(637,606,547)	(617,205,824)
Total comprehensive income							
Net profit during the period						2,212,556,260	2,212,556,260
Foreign currency translation gain					5,632,359		5,632,359
Total other comprehensive income	-	-	-	-	5,632,359	2,212,556,260	2,218,188,618
Balance as of September 30, 2017	**3,542,258,595**	**4,928,095,509**	**8,324,314**	**30,628,942**	**41,082,648**	**5,589,946,025**	**14,140,336,032**
Balance at January 1, 2016							
As previously reported	2,360,685,933	4,911,986,439	-	35,891,303	48,506,727	2,989,761,510	10,346,831,912
Adjustments					(1,126,072)		(1,126,072)
As stated	2,360,685,933	4,911,986,439	-	35,891,303	47,380,655	2,989,761,510	10,345,705,840
Transactions with owners							
Stock Dividends	1,180,342,962					(1,180,342,962)	-
Cash Dividends						(472,137,193)	(472,137,193)
	1,180,342,962	-	-	-	-	(1,652,480,155)	(472,137,193)
Total comprehensive income							
Net profit during the period						2,159,616,296	2,159,616,296
Total comprehensive income	-	-	-	-	-	2,159,616,296	2,159,616,296
Balance as of September 30, 2016	**3,541,028,895**	**4,911,986,439**	**-**	**35,891,303**	**47,380,655**	**3,496,897,651**	**12,033,184,942**

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in Philippine Peso)

	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Cash Flows from Operating Activities		
Profit before tax	2,916,402,985	2,892,355,687
Adjustments for :		
Depreciation and amortization	382,592,011	246,154,008
Adjustments on Foreign Currrency Translation	6,159,788	(1,126,072)
Shared based compensation expense	3,061,953	-
Finance Costs	73,248,610	72,006,828
Operating cash flows before working capital changes	3,381,465,347	3,209,390,451
Decrease (increase) in trade and other receivables	(1,764,288,775)	(456,977,010)
Decrease (increase) in inventory	385,757,961	(1,572,416,930)
Decrease (increase) in related party	(95,731,237)	114,539,589
Decrease (increase) in prepayments and other current assets	(47,751,510)	(224,655,299)
Decrease (increase) in deferred tax asset	24,291,530	450,647
Decrease (increase) in retirement assets	(1,054,772)	(802,734)
Decrease (increase) in non current assets	11,732,857	(5,351,539)
Increase (decrease) in trade and other payables	342,903,477	1,039,645,608
Increase (decrease) in income tax payables	12,780,076	115,365,378
Increase (decrease) in retirement payable	(13,355,768)	40,319,747
Increase (decrease) in deferred tax liability	0	240,820
Cash generated from operations	2,236,749,187	2,259,748,728
Income taxes paid	(703,846,725)	(732,739,392)
Net Cash From Operating Activities	1,532,902,462	1,527,009,337
Cash Flows from Investing activities		
Acquisition of property and equipment	(844,476,779)	(929,581,094)
Acquisition of trademark	(214,230,000)	(61,474,788)
Investment in Securities	12,890,266	418,591
Net Cash From (Used in) Investing Activities	(1,045,816,514)	(990,637,291)
Cash Flows from Financing Activities		
Proceeds (Repayment) of interest - bearing loans	718,000,000	54,000,000
Dividends Payment	(637,606,547)	(472,137,193)
Proceeds from issuance of shares	17,338,770	-
Interest paid	(73,248,610)	(72,006,828)
Net Cash From (Used in) Financing Activities	24,483,613	(490,144,021)
Net Increase in cash and Cash Equivalents	**511,569,562**	**46,228,025**
Cash and Cash Equivalents at Beginning of Period	**695,627,006**	**722,164,345**
Cash and Cash Equivalents at End of Period	**1,207,196,568**	**768,392,369**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Century Pacific Food, Inc. (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 25, 2013. The Parent Company is primarily engaged in the business of buying and selling, processing, canning and packaging and manufacturing all kinds of food and food products, such as but not limited to fish, seafood and other marine products, cattle, hog and other animals and animal products, fruits, vegetables and other agricultural crops and produce of land, including by-products thereof.

The Parent Company's shares of stocks were listed in the Philippine Stock Exchange (PSE) on May 6, 2014 through initial public offering (IPO) and listing of 229.65 million shares in the PSE at a total value of P3.3 billion.

The Parent Company is 68.68% as at December 31, 2016 and 73.72% as at December 31, 2015 owned subsidiary of Century Pacific Group, Inc. (CPGI), the ultimate parent, a corporation registered with the SEC and domiciled in the Philippines.

The Parent Company's registered office and principal place of business, is located at 7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center, Pasig City.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PRESENTATION AND PREPARATION

Statement of Compliance

The consolidated financial statements of the Parent Company and its subsidiaries (the "Group") have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy (BOA), and adopted by the SEC.

Basis of Preparation and Presentation

The consolidated financial statements have been prepared on the historical cost basis, except for:

- certain financial instruments carried at amortized cost;
- inventories carried at the lower of cost and net realizable value (NRV); and
- retirement benefit obligation recognized as the net of the present value of the obligation and fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, *Share-based Payment*, leasing transactions that are within the scope of PAS 17, *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2, *Inventories* or value in use in PAS 36, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

These consolidated financial statements are presented in Philippine peso, the currency of the primary economic environment in which the Group operates. All amounts are presented in the nearest peso, except when otherwise indicated.

Functional currency

The separate financial statements of General Tuna Corporation (GTC) are presented in United States (US) Dollar, the currency of the primary economic environment in which it operates. In addition, the separate financial statements of Century International (China) Co. Ltd. (CIC), Century (Shanghai) Trading Co. Ltd. (CST) and Cindena Resources Limited (CRL) are presented in Chinese Yuan, the currency of the primary economic environment in which these companies operate.

Presentation currency

The financial statements of GTC, CIC, CST and CRL are presented in Philippine peso as its presentation currency. GTC translated its financial position and results of operations from US Dollar to Philippine Peso, while CIC, CST and CRL translated its financial position from Chinese Yuan to Philippine peso using the following procedures:

- assets and liabilities for each statement of financial position presented, are presented at the closing rate at the date of that statement of financial position;
- for each period presented, income and expenses recognized in the period by GTC are translated using the average exchange rate at that period; and
- all resulting exchange differences are recognized in other comprehensive income (OCI) as currency translation adjustment.

Subsidiaries

Details of the Company's subsidiaries as of September 30, 2017 are as follows:

Subsidiary	Business	% Ownership	Country of Residence
Snow Mountain Dairy Corporation	Producing, canning, freezing, preserving, refining, packing, buying and selling wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparation and by-products.	100	Philippines
General Tuna Corporation	Manufacturing and exporting of OEM canned, pouched and frozen tuna products.	100	Philippines
Allforward Warehousing Inc	Operating warehouse facilities	100	Philippines
Century Pacific Agricultural Ventures, Inc.	Manufacturing high value organic-certified and conventional coconut products for both export and domestic markets.	100	Philippines
Century Pacific Seacrest Inc.	Developing, maintaining, licensing and administering marks and all kinds of intellectual property	100	Philippines
Centennial Global Corporation	Trademark holding company	100	BVI
Century Pacific Food Packaging Ventures, Inc.	Manufacturing tin cans and other packaging materials	100	Philippines
Century International (China) Company Limited	Marketing and distribution of canned food products	100	China
Century (Shanghai) Trading Company Limited	Marketing and distribution of canned food products	100	China
Cindena Resources Limited	Trademark holding company	100	BVI
Century Pacific North America Enterprise Inc	Marketing and distribution of various food products	100	USA

The significant financial information of the wholly owned subsidiaries of the Company as of and for the period ended September 30, 2017 is shown below. The summarized financial information below represents amounts before intra group eliminations.

CNPF

Significant stand-alone financial information of CNPF as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	11,861,489,146	10,312,159,567
Non-current assets	8,114,140,875	7,832,552,137
Total assets	19,975,630,021	18,144,711,704
Current liabilities	6,364,330,661	5,247,357,458
Non-current liabilities	1,730,873,161	1,745,566,549
Total liabilities	8,095,203,822	6,992,924,008
Equity	11,880,426,200	11,151,787,697

SMDC

The significant financial information of Snow Mountain Dairy Corporation (SMDC) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	1,556,110,329	1,403,976,215
Non-current assets	303,486,909	232,394,285
Total assets	1,859,597,238	1,636,370,500
Current liabilities	622,949,005	653,341,672
Non-current liabilities	(164,490)	-
Total liabilities	622,784,515	653,341,672
Equity	1,236,812,722	983,028,828

GTC

The significant financial information of General Tuna Corporation (GTC) as translated using the Company's functional currency as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	3,038,600,840	2,838,253,196
Non-current assets	776,606,448	790,862,174
Total assets	3,815,207,288	3,629,115,371
Current liabilities	1,958,713,270	1,932,505,746
Non-current liabilities	9,518,411	8,366,279
Total liabilities	1,968,231,681	1,940,872,025
Equity	1,846,975,607	1,688,243,346

AWI

The significant financial information of Allforward Warehousing Inc. (AWI) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	86,314,481	108,118,914
Non-current assets	414,474,175	430,199,205
Total assets	500,788,657	538,318,118
Current liabilities	151,599,573	259,923,674
Non-current liabilities	-	-
Total liabilities	151,599,573	259,923,674
Equity	349,189,084	278,394,445

CPAVI

The significant financial information of Century Pacific Agricultural Ventures Inc. (CPAVI) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	1,616,002,232	1,117,028,515
Non-current assets	1,679,710,918	1,403,537,010
Total assets	3,295,713,149	2,520,565,525
Current liabilities	1,260,039,555	771,581,320
Non-current liabilities	792,503	1,052,933
Total liabilities	1,260,832,058	772,634,253
Equity	2,034,881,091	1,747,931,272

CPSI

The significant financial information of Century Pacific Seacrest Inc. (CPSI) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	290,890,714	131,875,296
Non-current assets	111,474,788	111,474,788
Total assets	402,365,501	243,350,083
Current liabilities	251,943,818	178,666,552
Non-current liabilities	-	-
Total liabilities	251,943,818	178,666,552
Equity	150,421,684	64,683,531

CGC

The significant financial information of Centennial Global Corp (CGC) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	50,004,439	50,004,439
Non-current assets	-	-
Total assets	50,004,439	50,004,439
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Equity	50,004,439	50,004,439

CPFPVI

The significant financial information of Century Pacific Food Packaging Ventures Inc. (CPFPVI) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	940,138,248	786,957,139
Non-current assets	412,572,609	367,816,739
Total assets	1,352,710,856	1,154,773,878
Current liabilities	715,026,180	676,450,201
Non-current liabilities	-	-
Total liabilities	715,026,180	676,450,201
Equity	637,684,676	478,323,677

CICCL

The significant financial information of Century International (China) Company Limited (CICCL) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	(6,763,589)	97,333,099
Non-current assets	239,580	280,828
Total assets	(6,524,009)	97,613,927
Current liabilities	34,278,939	134,571,452
Non-current liabilities	-	-
Total liabilities	34,278,939	134,571,452
Equity	(40,802,948)	(36,957,525)

CSTCL

The significant financial information of Century (Shanghai) Trading Company Limited (CSTCL) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	141,395,668	139,997,403
Non-current assets	28,353	61,541
Total assets	141,424,021	140,058,944
Current liabilities	5,591,421	12,724,927
Non-current liabilities	-	-
Total liabilities	5,591,421	12,724,927
Equity	135,832,600	127,334,018

CRL

The significant financial information of Cindena Resources Limited (CRL) as of September 30, 2017 and December 31, 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
Financial position:		
Current assets	-	-
Non-current assets	100	100
Total assets	100	100
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Equity	100	100

Adoption of New and Revised Accounting Standards

Adoption of New and Revised Accounting Standards Effective in 2016

The Group adopted all new and revised accounting standards as at December 31, 2016. These new and revised standards were assessed to have no significant impact on the Company's financial statements for the current year.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2016

The Group will adopt PFRS 9 once become effective.

PFRS 9, *Financial Instruments*

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write done for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other

comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.

- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Based on the Group's assessment, the classification and measurement of the Group's financial assets at amortized cost and financial liabilities will be the same under both PFRS 9 and PAS 39.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The future adoption of the standard will result in initial measurement of financial assets at amortized cost, net of expected credit losses.

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The Group's initial assessment of PFRS 9's potential impact to its consolidated financial statements provides that it would change the classification of financial assets but it will not affect the measurement of its current types of financial assets. The Group will continue its assessment and will finalize the same upon the effective date of the new standard.

PFRS 16, *Leases*

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is not permitted, until PFRS 15, *Revenue from Contracts with Customers*, is adopted.

Future adoption of this standard will result in recognition of right-of-use of asset and lease liability and additional disclosure in the Group's consolidated financial statements.

Amendment to PAS 7, *Disclosure Initiative*

The amendment clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

Future adoption of this amendment will not have a significant impact on the Group's consolidated financial statements as the Group does not have liability arising from financing activities.

Amendments to PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

Future adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

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

The amendments to PFRS 2 include:

a. *Accounting for cash-settled share-based payment transactions that contain a performance condition.* The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. *Accounting for modifications of share-based payment transactions from cash-settled to equity-settled.* The amendment has introduced the following clarifications:

- On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.
- Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The Group's initial assessment of potential impact of adopting PFRS 2 to its consolidated financial statements in the future provides that its current classification and measurement of share-based payment transactions will not be significantly affected. The Group will continue its assessment and will finalize the same upon effective date of standard.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2016 - Adopted by Financial Reporting Standards Council (FRSC) but pending publication in the Official Gazette by the Board of Accountancy.

The Group will adopt the following once become effective.

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

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and

- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the deferral approach for annual periods beginning on or after January 1, 2018.
Future adoption of the amendments will not have a significant impact on the Group's consolidated financial statements as the Group does not issue insurance contracts.

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Future adoption of these amendments will not have an impact on the Group's consolidated financial statements as the Group is no longer a first time adopter of PFRS.

Amendments to PFRS 12, *Disclosure of Interests in Other Entities*

The amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those disclosures needed in the summarized financial for subsidiaries, joint ventures and associates, apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

The amendments are effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

The Group will continue its assessment and will finalize the same upon the effective date of standard.

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at FVTPL an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

Future adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

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

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

Future adoption of these amendments will not have a significant impact on the Group's consolidated financial statements as the Group does not have an investment property.

Philippine Interpretations IFRIC 22, *Foreign Currency Transactions and Advance Consideration*
The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The interpretation is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

Future adoption of these interpretations will not have a significant impact on the Group's consolidated financial statements.

PFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standards. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The Group's initial assessment of potential impact of adopting PFRS 15 to its consolidated financial statements in the future provides that its current revenue recognition policy will not be significantly affected. The Group will continue its assessment and will finalize the same upon the effective date of the new standard.

PIC Q&A No. 2016-04, *Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-completion Contracts*

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

Future adoption of this interpretation will not have an impact on the Group's consolidated financial statements as the Group's revenues do not arise from sale of residential properties.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control. When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combination

Common control business combinations are excluded from the scope of PFRS 3, *Business Combinations*. However, there are no specific rules under existing PFRS which prescribe how such transactions shall be accounted for. In August 2011, the PIC issued Q&A No. 2011-02, PFRS 3.2 - *Common Control Business Combinations*, to provide guidance in accounting for common control business combinations in order to minimize diversity in the current practices until further guidance is provided by the IASB.

The consensus in Q&A No. 2011-02 provides that common control business combinations shall be accounted for using either (a) the pooling of interests method, or (b) the acquisition method in accordance with PFRS 3. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity.

In accordance with PIC Q&A No. 2011-02, the Group's acquisitions of businesses under common control are accounted for using either the acquisition method or the pooling of interest method, depending on the specific circumstances of the acquisition.

Acquisition method

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the

Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12, *Income Taxes* and PAS 19, *Employee Benefits*, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any) is recognized immediately in profit or loss as bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Pooling of interest method

Common control business combinations are accounted for using the "pooling of interests method".
The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies;

- No 'new' goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity 'acquired' is reflected within equity;

- The consolidated income statement reflects the results of the combining entities for the full year, irrespective of when the combination took place; and

- Comparatives are presented as if the entities had always been combined.

The Group applied the pooling of interest method when it acquired GTC and SMDC as these companies remained to be wholly owned subsidiaries at the time of the acquisition. In 2016, the Group applied the same method in accounting for its acquisition of CRL as there is no commercial substance relating to the acquisition.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

For purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Financial Assets

<u>Initial recognition</u>

Financial assets are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified at FVTPL.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Currently, the Group’s financial assets consist of HTM investments and loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.
Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group’s loans and receivables consist of cash and cash equivalents, trade and other receivables (excluding advances to suppliers which are applied against future billings, advances to officers and employees which are subject to liquidation, and statutory receivables), due from related parties, refundable security deposits and deposit on utilities.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.
HTM investments are classified in the consolidated statements of financial position as current when the investment is expected to mature within 12 months after the reporting date. Otherwise, HTM investments are classified as non-current.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party;
- breach of contract, such as default or delinquency in interest or principal payments;
- it has become probable that the borrower will enter bankruptcy or financial re-organization;
- the disappearance of an active market for that financial asset because of financial difficulties;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables and HTM investments have 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 financial assets carried at amortized cost is reduced directly by the impairment loss with the exception of trade receivables, wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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 shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the asset expire; or when the Goup transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. The difference between the carrying amount of the financial asset and the consideration received or receivable is recognized in profit or loss.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated using the first-in, first-out method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. The costs of inventories are calculated as follows:

Raw materials	Moving average
Work-in-process	Weighted average
Finished goods	Weighted average
Finished goods (CPAVI)	Moving average

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation. Inventories and its related provision for impairment are written off when the Group has determined that the related inventory is already obsolete and damaged. Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited in the consolidated statements of comprehensive income based on the result of Management's current statement, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Spare parts with useful lives of one year or less are classified as inventories and recognized as expense as they are consumed.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time. Prepayments are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Biological Assets

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the assets can be measured reliably.

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.

After exerting its best effort in determining the fair value of the Group's biological assets, Management believes that the fair value of its biological assets cannot be measured reliably since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable. Thus, the Group measures biological assets at its cost less any accumulated impairment losses.

Biological assets of the Group are classified as consumable biological assets which include fish in farms. The Group manages the growth of fish which will subsequently be used in production upon harvest.

Biological assets are recognized as expense when consumed.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of property, plant and equipment measured are carried at cost less any subsequent accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Depreciation is computed on the straight-line method, other than construction in progress, based on the estimated useful lives of the assets as follows:

Buildings	15 - 35 years
Building improvements	5 - 15 years
Plant, machinery and equipment	2 - 40 years
Transportation and delivery equipment	5 - 9 years
Office furniture, fixtures and equipment	2 - 5 years
Laboratory tools and equipment	1 - 15 years
Land improvements	5 - 15 years
Computer equipment	2 - 5 years

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

Leasehold improvements are depreciated over the improvements useful life of 5 years or when shorter, the term of the relevant lease.

Spare parts and properties in the course of construction for production or for purposes not yet determined are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

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. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Intangible Assets

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets, such as trademarks, with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of the reporting period, the Group assesses whether there is any indication that any of its tangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, such as trademarks, and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit on a *pro-rata* basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Financial Liabilities and Equity Instruments

<u>Classification as debt or equity</u>

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

<u>Financial liabilities</u>

Initial Recognition
Financial liabilities are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Group's financial liabilities except for debt instruments classified at FVTPL.

The Group's financial liabilities measured at amortized cost consist mainly of trade and other payables, borrowings, due to related parties and other current liabilities.

Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Since the Group does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by Group are recognized at the proceeds received, net of direct issue costs.

Share Capital

Share capital are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

Share premium

Share premium represents the excess over the par-value received on subscriptions for the Group's shares which is represented in equity. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the share premium.

Direct costs incurred related to equity issuance are chargeable to share premium account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Currency translation adjustment

Currency translation adjustment represents the exchange differences resulting from translating the financial position and results of operations of GTC and financial position of CIC, CRL and CST, whose functional currencies differ from the functional currency of the Group.

Retained earnings

Retained earnings represent accumulated profits and losses attributable to equity holders of the Group after deducting dividends declared. Retained earnings may also include the effect of changes in accounting policy as may be required by the standard's transitional provisions.

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, and it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Share-based Payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments to employees is recognized as expense on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except when the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before 12 months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately

in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.
Retirement benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Group presents the first two components of retirement benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sale of goods

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Service income

Service income is recognized in the accounting periods in which the services are rendered and when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

Royalty income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

Rental income

Revenue recognition for rental income is disclosed in the Group's policy for leases.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established, provided that it is probable that the future economic benefits will flow to the Group and the amount of income can be measured reliably.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Expenses in the consolidated statement of comprehensive income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes raw materials used, direct labor and manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currency

Foreign currency transactions

Transactions in currencies other than functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities when the gains and losses of such non-monetary items are recognized directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustments to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Foreign Operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Philippine peso using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising from that transaction are recognized in other comprehensive income.

Translation to foreign currency

The separate financial statements of GTC, CIC, CRL and CST whose functional currencies differ from the functional currency of the Group are translated to Philippine peso using the prevailing current exchange rate for the statements of the financial position accounts and average rate during the period for the statements of comprehensive income accounts. Any resulting difference from the translation is charged to currency translation adjustments in OCI.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Borrowing costs are expensed in full when the amounts are not material.

Related Party Transactions

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

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Group and the key management personnel of the Group are also considered to be related parties.

Upon consolidation, significant intra-group balances are eliminated to reflect the Group's consolidated financial position and performance as a single entity.

Taxation

Income tax expense represents the sum of current tax expense and deferred tax.

<u>Current tax</u>

The current tax expense is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher. CPSI and CPFPVI use Optional Standard Deduction (OSD), while other subsidiaries use itemized deductions in the computation of their respective taxable income. Furthermore, AWI and CPAVI which are registered with BOI were granted 100% exemption from corporate income tax.

<u>Deferred tax</u>

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

<u>Current and deferred tax for the year</u>

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized outside profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Earnings per Share

The Group computes its basic earnings per share by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit for the period attributable to ordinary equity holders of the Parent Company and the weighted average number of shares outstanding are adjusted for the effects of dilutive potential ordinary shares.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that;

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- Its assets are 10% or more of the combined assets of all operating segments.

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

For Management purposes, the Group is currently organized into seven business segments namely: Canned and Processed fish, Canned Meat, Milk, Tuna Export, Coco Water, Packaging and Corporate. These divisions are the basis on which the Group reports its primary segment information.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial information on segment reporting is presented in Note 7.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognized at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

Asset retirement obligation

The net present value of legal obligations associated with the retirement of an item of property, plant and equipment that resulted from the acquisition, construction or development and the normal operation of property, plant and equipment is recognized in the period in which it is incurred. The retirement obligation is initially measured at the present value of the estimated future dismantlement or restoration cost using current market borrowing rates. Subsequently, the discount is amortized as interest expense.

Contingent liabilities and assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities assumed in a business combination are only recognized when these are present obligation and can be measured reliably.

Contingent assets are not recognized, but are disclosed only when an inflow of economic benefits is probable. When the realization of income is virtually certain, asset should be recognized.

Events after the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of functional currency

The Group's consolidated financial statements are presented in Philippine peso, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The results of operations and financial position of GTC, which are measured using US Dollar, and financial position of CIC, CST and CRL, which are measured using Chinese Yuan, were translated into Philippine Peso using the accounting policies mentioned above.

Leases

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Classification of lease as operating lease

Based on Management evaluation, the lease arrangements entered into by the Group as a lessor are accounted for as operating leases because the lease arrangement will not transfer the ownership of the leased assets upon termination of the lease and it does not provide an option to purchase the asset at a price that is sufficiently lower than the fair value at the date of the option.

HTM investments

Management reviewed the Group's HTM investments in the light of its capital maintenance and liquidity requirements and confirmed its positive intention and ability to hold those assets to maturity.

Determination of useful lives of trademarks

Under the Intellectual Property Code of the Philippines, the legal life of trademark is 10 years and may be perpetually renewed thereafter for another 10 years. However, considering that the

Management does not expect any circumstances or events which will cause it to decide not to renew its trademarks every 10 years, Management has taken the position that the useful lives of its trademarks are indefinite, hence, the related costs are not amortized but subjected to annual impairment testing. Changes in the assumption and circumstances in the future will substantially affect the consolidated financial statements of the Group, particularly the carrying values of such asset.

Biological assets

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.

After exerting its best effort in determining the fair value of the Group's biological assets, the Management believes that the fair value of its biological assets cannot be measured reliably since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable.

Determination of control and significant influence

Management exercises its judgment in determining whether the Parent Company has control or significant influence over another entity by evaluating the substance of relationship that indicates control or significant influence of the Parent Company over the entities.

The recognition and measurement of the Parent Company's investment over these entities will depend on the result of the judgment made.

As disclosed above, the Parent Company has a 100% ownership interest and voting rights in GTC, SMDC, AWI, CPAVI, CPSI, CGC, CPFPVI, CRL, CST, and CIC.

Acquisition of investment in subsidiaries

The Group adopted the acquisition method in acquiring its subsidiaries (except for GTC, SMDC and CRL). In selecting the acquisition method, the Management considers the involvement of outside parties in the transaction, such as non-controlling interests or other third parties (public ownership in CPFI).The transaction price is likewise arm's length determined based on a third party valuation which provides commercial substance to the transaction. The Management believes that it is appropriate to account said transactions using the acquisition method.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimating useful lives of property, plant and equipment

The useful lives of the Group's assets with definite lives are estimated based on the period over which the 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 or commercial obsolescence and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recognized operating expenses and decrease non-current assets.

Estimating net realizable value of inventories

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

Asset impairment

The Group performs an impairment review when certain indicators are present.

Determining the recoverable amounts of property, plant and equipment and intangible assets requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial position and result of operations.

While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

Determining the fair value of financial instruments

The Group carries some of its financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. In addition, certain liabilities acquired through debt exchange and restructuring are required to be carried at fair value at the time of the debt exchange and restructuring. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any change in fair value of these financial assets and liabilities would affect profit or loss and equity.

Estimating allowances for doubtful accounts

The Group estimates the allowance for doubtful accounts related to its receivables based on assessment of specific accounts when the Group has information that certain counterparties are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Group used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

Retirement benefit and other post-employment benefits

The determination of the retirement benefit obligation and other post-employment benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, mortality and rates of compensation increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the amount of retirement benefit obligation and other post-employment benefits recognized.

Deferred tax assets

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

4. SEGMENT INFORMATION

For Management purposes, the Group is organized into two major business segments: branded and non-branded. These segments are the basis on which the Group reports its primary segment information to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

5. CASH AND CASH EQUIVALENTS

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Cash on hand	1,390,048	1,324,863
Cash in bank	1,051,551,420	549,723,347
Cash equivalents	154,255,100	144,578,796
	1,207,196,568	695,627,006

Cash on hand includes petty cash fund.

Cash in banks earn an average interest at rates based on daily bank deposit rates. These are unrestricted and immediately available for use in the current operations of the Group.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. The Group classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition. Cash equivalents represent short-term fund placements with local banks maturing on various dates. These placements are from excess cash and can be withdrawn anytime for operations.

5. TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables consist of:

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Trade receivables from third parties	4,758,863,002	3,558,662,125
Advances to suppliers	942,509,790	486,210,627
Advances to officers & employees	34,298,280	24,040,813
Other receivables	23,698,566	10,413,505
	5,759,369,639	4,079,327,070
Less : Allowance for doubtful accounts	40,573,602	124,819,808
	5,718,796,037	3,954,507,263

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 60 day terms or less.

Advances to suppliers pertain to the Group's deposits on purchases.

6. INVENTORIES – net

Details of the Group's inventories are as follows:

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Finished goods	4,035,813,164	4,382,625,119
Raw and packaging materials	2,844,876,929	3,010,726,826
Work in process	120,772,841	18,090,410
Spare parts and supplies	297,929,595	213,979,459
	7,157,265,006	7,528,824,782

No inventories are pledged as security for any liability as of September 30, 2017.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The account consists of:

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Tax credits	97,252,698	57,795,830
Input value added tax (VAT) - net	348,436,670	339,099,519
Prepaid insurance	7,379,954	11,053,702
Prepaid rent	4,720,698	2,128,782
Other prepayments	29,747,256	29,707,933
	487,537,276	439,785,766

Tax credits include creditable withholding taxes withheld by the Group's customers and tax credit certificates (TCC) issued by the Bureau of Customs (BOC). TCCs from BOC are granted to Board of Investment (BOI) registered companies and are given for taxes and duties paid on raw materials used for the manufacture of their export products. The Group can apply its TCC against tax liabilities other than withholding tax or can be refunded as cash.

8. PROPERTY, PLANT AND EQUIPMENT – net

Movements in the carrying amounts of the Group’s property plant and equipment are as follows:

	Land and Land Improvements	Building and Building Improvements	Plant Machinery and Equipment	Transportation and Delivery Equipment	Office Furniture, Fixtures and Equipment	EDP Equipment	Laboratory, Tools and Equipment	Construction in Progress	Total
Cost									
January 1, 2017	50,111,448	1,823,346,599	3,170,794,481	95,971,507	50,886,768	162,643,550	178,465,941	167,893,711	5,700,114,005
Acquisition	579,103	202,219,679	308,558,524	7,327,679	5,443,128	16,007,733	23,941,400	299,314,810	863,392,054
Reclassification	-	(8,135,113)	7,676,017	933,286	(39,934)	(457,527)	1,483,417	1,364,363	2,824,508
Disposal	-	(75,029)	(18,975,573)	(5,843,940)	(642,446)	(5,081,229)	(503,411)	(5,687,392)	(36,809,019)
	50,690,551	2,017,356,136	3,468,053,448	98,388,532	55,647,516	173,112,527	203,387,346	462,885,491	6,529,521,547
Accumulated Depreciation									
January 1, 2017	45,037,645	360,784,093	1,141,353,361	35,902,645	27,125,186	75,372,296	69,113,433	-	1,754,688,659
Depreciation and amortization	669,975	80,148,119	234,927,689	12,159,614	6,492,797	21,354,188	25,411,629	-	381,164,010
Reclassification	-	(1,543)	(31,249)	-	-	(7,507)	31,249	-	(9,050)
Disposal	-	(33,051)	(5,405,889)	(5,996,054)	(481,085)	(3,045,931)	(98,177)	-	(15,060,187)
	45,707,620	440,897,618	1,370,843,912	42,066,205	33,136,898	93,673,045	94,458,134	-	2,120,783,432
Carrying Value									
As of September 30, 2017	4,982,931	1,576,458,518	2,097,209,536	56,322,326	22,510,619	79,439,482	108,929,213	462,885,491	4,408,738,115
Cost									
January 1, 2016	50,111,448	1,165,920,420	2,328,367,278	61,257,582	41,811,840	130,464,422	123,235,412	607,822,811	4,508,991,213
Acquisition	-	417,676,742	837,842,983	37,025,268	7,928,469	28,284,005	42,303,872	269,469,360	1,640,530,699
Reclassification	-	364,387,761	285,218,663	3,560,143	1,395,785	4,403,802	22,460,508	(681,413,374)	13,287
Disposal	-	(124,638,325)	(280,634,443)	(4,208,488)	(249,326)	(508,679)	(9,533,850)	(27,985,086)	(447,758,196)
	50,111,448	1,823,346,599	3,170,794,481	97,634,505	50,886,768	162,643,550	178,465,941	167,893,711	5,701,777,003
Accumulated Depreciation									
January 1, 2016	44,179,500	300,463,116	960,581,721	25,537,003	19,668,833	49,822,098	49,188,785	-	1,449,441,055
Depreciation and amortization	858,146	68,330,252	220,530,260	14,807,669	7,609,390	25,803,898	21,910,849	-	359,850,464
Reclassification	-	-	(256,666)	-	-	-	-	-	(256,666)
Disposal AD	-	(8,009,274)	(39,501,954)	(2,778,346)	(153,038)	(253,700)	(1,986,885)	-	(52,683,197)
	45,037,645	360,784,093	1,141,353,361	37,566,326	27,125,186	75,372,296	69,112,749	-	1,756,351,656
Carrying Value									
As of December 31, 2016	5,073,803	1,462,562,506	2,029,441,120	60,068,179	23,761,583	87,271,254	109,353,192	167,893,711	3,945,425,348

9. OTHER NON-CURRENT ASSETS

Details of the Group's other non-current assets as of September 30, 2017 and December 31, 2016 are as follows:

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Input VAT - non current	-	-
Deferred Charges	(20,231,059)	1,235,674
Security deposits	58,763,642	52,529,025
Returnable containers	7,170,220	3,670,961
	45,702,804	57,435,660

Security deposits pertain to the required amounts under the terms of the lease agreements of the Group with certain lessors.

10. LOANS PAYABLE

Details of the Group's loans payable as of September 30, 2017 and December 31, 2016 are as follows:

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Short term loans payable	1,388,500,000	670,500,000
Long term loans payable	1,633,500,000	1,633,500,000
	3,022,000,000	2,304,000,000

11. TRADE AND OTHER PAYABLES

The Group's trade and other payables consist of:

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Trade payables	2,801,897,546	3,259,245,032
Accrued Payable	2,023,246,149	1,018,313,932
Non trade payables	135,832,640	319,513,324
Vat Output payable - net	76,570,649	29,715,965
Withholding taxes payable	34,343,249	98,947,547
Other current payables	879,496	4,130,451
	5,072,769,729	4,729,866,251

Trade payables and non-trade payables are generally on a 30 to 90-day term.

No interest is charged on trade and non-trade payables. Accrued expenses are non-interest bearing and are normally settled within one year. The Group has financial risk management policies in place to ensure that all payables are paid within the credit period.

12. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group transacts with companies which are considered related parties under PAS *24, Related Party Disclosures.*

The outstanding balances as of September 30, 2017 and December 31, 2016 are presented as follows:

	Amount of Transactions during the year		Outstanding Receivable/Payable		Terms and Condition
Related Party Category	**2017**	2016	**2017**	2016	
Ultimate Parent Company					
Sale of inventories		583			On demand; non interest bearing; unsecured
Service fee	**46,929**				On demand; non interest bearing; unsecured
Cost reimbursement		7,378,374	**31,748**	1,800,234	On demand; non interest bearing; unsecured
Acquisition of investment		63,666,997		(63,666,997)	On demand; non interest bearing; unsecured
Rental expense	**27,380,831**	40,477,764	**(6,479,164)**	(14,129,489)	On demand; non interest bearing; unsecured
Sale of Fixed Assets	**7,525,638**				On demand; non interest bearing; unsecured
Cash Advance		13,600,000			On demand; non interest bearing; unsecured
Fellow Subsidiaries					
Shared services fee	**10,650,000**	22,025,974			On demand; non interest bearing; unsecured
Sale of inventories	**218,363,704**	188,196,738	**120,056,320**	89,319,404	On demand; non interest bearing; unsecured
Purchase of inventories	**21,787,484**	35,707,721	**(16,752,213)**	(12,197,698)	On demand; non interest bearing; unsecured
Service fee	**15,229,176**	26,911,489			On demand; non interest bearing; unsecured
Cost reimbursements	**46,261,053**	85,920			On demand; non interest bearing; unsecured
Rental expense	**1,753,920**	2,987,606			On demand; non interest bearing; unsecured
Sale of Fixed Assets	**2,527,090**	197,634			On demand; non interest bearing; unsecured
Retirement Fund					On demand; non interest bearing; unsecured
Contribution from the employer	**20,527,993**	36,616,383			On demand; non interest bearing; unsecured
Due from Related Parties			**120,088,069**	91,119,638	
Due to Related Parties			**23,231,377**	(89,994,184)	

13. SHARE CAPITAL

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Authorized Capital :		
6,000,000,000 ordinary shares at P1 par value	6,000,000,000	6,000,000,000
Issued and subscribed	3,542,258,595	3,541,028,895

The Group has one class of common shares which carry one vote per share and a right to dividends.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the Period Ended September 30, 2017
Income for the period	2,212,556,260
Weighted average number of shares	3,542,209,047
Basic and diluted earnings per share	0.6246

As of September 30, 2017, the Company has no potential dilutive shares. Accordingly, the basic earnings per share of P0.6246 is the same as the diluted earnings per share.

15. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The fair values of the Group's financial assets and financial liabilities are shown below:

	As of September 30, 2017		As of December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	1,207,196,568	1,207,196,568	695,627,006	695,627,006
Trade and Other Receivables - net	5,718,796,037	5,718,796,037	3,954,507,263	3,954,507,263
Due from Related Parties	120,088,069	120,088,069	91,119,637	91,119,637
Held-to-Maturity Investment - Non Current	-	-	12,890,266	12,890,266
Security deposits	58,763,642	58,763,642	52,529,025	52,529,025
	7,104,844,316	7,104,844,316	4,806,673,197	4,806,673,197
Financial Liabilities				
Notes Payable	1,388,500,000	1,388,500,000	670,500,000	670,500,000
Trade and Other Payables	5,072,769,729	5,072,769,729	4,729,866,251	4,729,866,251
Due to Related Parties	23,231,377	23,231,377	89,994,183	89,994,183
	6,484,501,106	6,484,501,106	5,490,360,434	5,490,360,434

Note: The amount does not include government liabilities which are not considered financial liabilities.

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

The loans payable is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments.

Financial Risk Management

The Group is exposed to certain financial risks which result from both their operating and investing activities. The Group's risk management is coordinated with their Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor do they write options. The most significant financial risks to which the Group is exposed to are described below.

Market risk

The Group is exposed to market risk through their use of financial instruments and specifically interest risk which result from both their operating and financing activities.

Interest rate risk

The Group has limited exposure to changes in market interest rates through their interest-bearing loans and cash, which are subject to variable interest rates. These financial instruments have historically shown small or measured changes in interest rates.

Credit Risk

Credit risk is the risk that the counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from selling goods to customers, including related parties, providing security deposits to lessors, and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the combined statements of financial position (or in the detailed analysis provided in the notes to combined financial statements), as summarized below.

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Cash and cash equivalents	1,207,196,568	695,627,006
Trade and Other Receivables - net	5,718,796,037	3,954,507,263
Due from Related Parties	120,088,069	91,119,637
Held-to-Maturity Investment - Non Current	-	12,890,266
Security deposits	58,763,642	52,529,025
	7,104,844,316	4,806,673,197

As part of the Group's policy, bank deposits are only maintained with reputable financial institutions. Cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of (P500,000) per depositor per banking institution, as provided for under Republic Act No. 9576, Charter of PDIC, are still subject to credit risk.

The Group's Management considers that all the above financial assets that are not impaired or past due for each reporting period are of good credit quality.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The aging analysis of the Group's financial assets that are not impaired as of September 30, 2017 is as follows:

	As of September 30, 2017				
	Past Due Accounts but Not Impaired				
	0 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Cash and cash equivalents	1,207,196,568	-	-	-	1,207,196,568
Trade and Other Receivables - net	5,718,796,037	-	-	-	5,718,796,037
Due from Related Parties	120,088,069	-	-	-	120,088,069
Held-to-Maturity Investment - Non Current	-	-	-	-	-
Security deposits	-	-	-	58,763,642	58,763,642
	7,046,080,674	-	-	58,763,642	7,104,844,316

The aging analysis of the Group's individual receivables as of September 30, 2017 and December 31, 2016 is as follows:

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
60 to 90 days	5,718,796,037	3,954,507,263
91 to 120 days	-	-
Over 120 days	-	-
	5,718,796,037	3,954,507,263

Liquidity Risk

The ability of the Group to finance their operations and to meet obligation as these become due is extremely crucial to its viability as a business entity. The Companies adopt a prudent liquidity risk management where they maintain sufficient cash to meet trade and other short term payables as they fall due.

The Group manages their liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities:

	Amount in Php		
	Within One Year	More than One Year	Total
As of September 30, 2017			
Loans payable	1,388,500,000		1,388,500,000
Trade and other payables	5,072,769,729		5,072,769,728.64
Due to related parties	23,231,377		23,231,376.86
	6,484,501,106	-	6,484,501,105.50
As of December 31, 2016			
Loans payable	670,500,000		670,500,000
Trade and other payables	4,729,866,251		4,729,866,251.17
Due to related parties	89,994,183		89,994,182.98
	5,490,360,434	-	5,490,360,434.15

Note: The amount does not include government liabilities which are not considered financial liabilities.

16. CAPITAL MANAGEMENT RISK

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the profits of the shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans, trade and other payables and due to related parties as offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The debt to equity ratio of the Group at each reporting period is within the acceptable range as the Group regularly reviews its financials to ensure compliance with this capital requirement.

	Amount in Php	
	As of September 30, 2017	As of December 31, 2016
Debt	8,386,932,053	7,393,367,074
Less : Cash and cash equivalents	1,207,196,568	695,627,006
Net debt	7,179,735,485	6,697,740,067
Equity	14,140,336,032	12,538,825,808
Debt to equity ratio	0.51:1	0.53:1