

Agrinurture, Inc.

SECTION 2A: APPENDIX 3

HALF YEAR REPORT

The following information must be given to NSX under listing rule 6.10

1. Details of the reporting period and the previous corresponding period.
Current period: Half year report as of June 30, 2009
Previous corresponding period: June 30, 2008
2. Key information in relation to the following. This information must be identified as ***“Results for announcement to the market”***.
 - 2.1 The amount and percentage change up or down from the previous corresponding period of revenue.
 - 2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) after income tax
 - 2.3 The amount and percentage change up or down from the previous corresponding period of profit (loss) for the period attributable to members of the parent.
 - 2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.
 - 2.5 The record date for determining entitlements to the dividends (if any).
 - 2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Note: The information required by item 2 must be placed at the beginning of the report. The other information may be presented in whatever way is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the accounts, or set out separately.
3. Net tangible assets per security with the comparative figure for the previous corresponding period.
4. Details of entities over which control has been gained or lost during the period, including the following.
 - 4.1 Name of the entity.
 - 4.2 The date of the gain or loss of control.
 - 4.3 Where material to an understanding of the report – the contribution of

such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.
6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
7. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).
9. For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

Note: The audit report or review must be provided as part of the report

Please refer to the relevant Practice Note for the preferred format of this information, to be published by the *Exchange* from time to time.

PRELIMINARY FINAL REPORT

The following information must be given to NSX under listing rule 6.11

1. Details of the reporting period and the previous corresponding period.
2. Key information in relation to the following. This information must be identified as ***“Results for announcement to the market”***.
 - 2.1 The amount and percentage change up or down from the previous corresponding period of revenue.
 - 2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) after income tax.
 - 2.3 The amount and percentage change up or down from the previous corresponding period of profit (loss) for the period attributable to members of the parent.
 - 2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.
 - 2.5 The record date for determining entitlements to the dividends (if any).
 - 2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Note: The information required by item 2 must be placed at the beginning of the report. The other information may be presented in whatever way is most convenient, eg combined with the body of the report, combined with notes to the accounts, or set out separately.

3. An income statement together with notes to the statement, prepared in compliance with AASB 101: Presentation of Financial Statements and 108: Accounting Policies, Changes in Accounting Estimates and Errors or the equivalent foreign accounting standard.
4. A balance sheet together with notes to the statement prepared in compliance with AASB 101: Presentation of Financial Statements or the equivalent foreign accounting standard. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.
5. A statement of changes in equity together with notes to the statement prepared in accordance with AASB 101: Presentation of Financial Statements or the equivalent foreign accounting standard.
6. A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 107: Cash Flow Statements, or the equivalent foreign accounting standard.

7. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.
8. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
9. A statement of retained earnings showing movements.
10. Net tangible assets per security with the comparative figure for the previous corresponding period.
11. Details of entities over which control has been gained or lost during the period, including the following.
 - 11.1 Name of the entity.
 - 11.2 The date of the gain or loss of control.
 - 11.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
12. Details of associates and joint venture entities including the following.
 - 12.1 Name of the associate or joint venture entity.
 - 12.2 Details of the reporting entity's percentage holding in each of these entities.
 - 12.3 Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
13. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.
14. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).
15. A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.

- 15.1 The earnings per security and the nature of any dilution aspects.
 - 15.2 Returns to shareholders including distributions and buy backs.
 - 15.3 Significant features of operating performance.
 - 15.4 The results of segments that are significant to an understanding of the business as a whole.
 - 15.5 A discussion of trends in performance.
 - 15.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.
16. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed
- Note: If the accounts have been audited or subject to review, the audit report or review should be provided with the report.
17. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.
18. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

Please refer to the relevant Practice Note for the preferred format of this information, to be published by the *Exchange* from time to time.

FORM: Half yearly/preliminary final report

Name of *issuer*

AGRINURTURE, INC.

ACN or ARBN

ARBN 133-288-481

Half yearly
(tick)

Half Yearly

Preliminary
final (tick)

Preliminary

Half year/financial year ended
(‘Current period’)

JUNE 30, 2009

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

Extracts from this statement for announcement to the market (see note 17).				PhP,000
Revenue (item 1.1)	up	11 %	to	449,656
Profit (loss) for the period (item 1.9)	down	43%	To	14,205
Profit (loss) for the period attributable to members of the parent (item 1.11)	down	43%	To	14,205
Dividends		Current period	Previous corresponding period	
Franking rate applicable:		N/A	N/A	
Final dividend (preliminary final report only)(item 10.13-10.14)				
Amount per security		NONE	NONE	
Franked amount per security				
Interim dividend (Half yearly report only) (item 10.11 –10.12)				
Amount per security (Philippine Pesos)		0.0796	0.18	
Franked amount per security		0.0796	0.18	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
NONE				

Consolidated income statement

(see note 3)

(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)

	Current period – June 30, 2009 PhP'000	Previous corresponding period – June 30, 2008 PhP'000
1.1 Revenues (item 7.1)	449,656	405,712
1.2 Expenses, excluding finance costs (item 7.2)	377,542	313,793
1.3 Finance costs	6,124	7,568
1.4 Share of net profits (losses) of associates and joint ventures (item 15.7)	0	0
1.5 Profit (loss) before income tax	20,292	32,895
1.6 Income tax expense (see note 4)	6,088	8,090
1.7 Profit (loss) from continuing operations	14,205	24,804
1.8 Profit (loss) from discontinued operations (item 13.3)	0	0
1.9 Profit (loss) for the period	14,205	24,804
1.10 Profit (loss) attributable to minority interests	0	0
1.11 Profit (loss) attributable to members of the parent	14,205	24,804
1.12 Basic earnings per security (item 9.1)	0.0796	0.18
1.13 Diluted earnings per security (item 9.1)	0.0796	0.18
1.14 Dividends per security (item 9.1)	N/A	N/A

See also the financial statements (Income Statement for the period ended June 30, 2009 with comparative figures as of June 30, 2008) submitted to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange (SEC Report 17Q, 2nd quarter).

Comparison of half-year profits

(Preliminary final statement only)

	Current period – June 30, 2009 PhP'000	Previous corresponding period - June 30, 2008 PhP'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year (item 1.11 in the half yearly statement)	14,205	24,804
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	N/A	N/A

Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Current assets		Current period – June 30, 2009 PhP'000	Previous corresponding period - June 30, 2008 PhP'000
3.1	Cash and cash equivalents	15,526	27,206
3.2	Trade and other receivables	116,838	159,585
3.3	Inventories	31,110	20,762
3.4	Other current assets (provide details if material) Advances to projects	190,306	150,743
3.5	Total current assets	353,779	358,295
Non-current assets			
3.6	Available for sale investments	0	0
3.7	Other financial assets	0	0
3.8	Investments in associates	0	0
3.9	Deferred tax assets	946	159
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	0	0
3.11	Development properties (mining entities)	0	0
3.12	Property, plant and equipment (net)	145,587	59,880
3.13	Investment properties	0	0
3.14	Goodwill	19,510	30,111
3.15	Other intangible assets	0	0
3.16	Other (provide details if material)	8,574	2,553
3.17	Total non-current assets	174,616	92,704
3.18	Total assets	528,395	450,999
Current liabilities			
3.19	Trade and other payables	20,081	58,920
3.20	Short term borrowings		
3.21	Current tax payable	3,610	5,206
3.22	Short term provisions		
3.23	Current portion of long term borrowings	205,224	161,326
3.24	Other current liabilities (provide details if material)		18,014
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)		
3.26	Total current liabilities	228,915	243,466

Non-current liabilities			
		Current period - June 30, 2009 PhP'000	Previous corresponding period June 30, 2008 PhP'000
3.27	Long-term borrowings	15,680	10,768
3.28	Deferred tax liabilities		40
3.29	Long term provisions	526	453
3.30	Other (provide details if material)		
3.31	Total non-current liabilities	16,206	11,261
3.32	Total liabilities	245,121	254,727
3.33	Net assets	283,274	196,272
Equity			
3.34	Share capital	178,537	167,905
3.35	Other reserves	72,146	
3.36	Retained earnings	32,592	28,367
Amounts recognised directly in equity relating to non-current assets classified as held for sale			
3.37	Parent interest	283,274	196,272
3.38	Minority interest		
3.39	Total equity	283,274	196,272

See also the financial statements (Balance Sheet as of June 30, 2009 with comparative figures as of June 30, 2008 and December 31, 2008) submitted to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange (SEC Report 17Q, 2nd quarter).

Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period - June 30, 2009 PhP'000	Previous corresponding period June 30, 2008 PhP'000
Revenues recognised directly in equity:	72,146	62,007
Expenses recognised directly in equity:		17,096
4.1 Net income recognised directly in equity	72,146	44,911
4.2 Profit for the period	20,292	24,804
4.3 Total recognised income and expense for the period	92,438	69,715
Attributable to:		
4.4 Members of the parent	92,438	69,715
4.5 Minority interest		
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	N/A	N/A
4.7 Minority interest		

Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

		Current period - June 30, 2009 PhP'000	Previous corresponding period June 30, 2008 PhP'000
	Cash flows related to operating activities		
5.1	Receipts from customers		
5.2	Payments to suppliers and employees		
5.3	Interest and other costs of finance paid		
5.4	Income taxes paid		
5.5	Other (provide details if material)		
5.6	Net cash used in operating activities	(39,151)	(62,306)
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	(15,200)	(17,089)
5.8	Proceeds from sale of property, plant and equipment		
5.9	Payment for purchases of equity investments		
5.10	Proceeds from sale of equity investments		
5.11	Loans to other entities		
5.12	Loans repaid by other entities		
5.13	Interest and other items of similar nature received		
5.14	Dividends received		
5.15	Other (provide details if material)	(4,649)	(1,815)
5.16	Net cash used in investing activities	(19,849)	(18,904)
	Cash flows related to financing activities		
5.17	Proceeds from issues of securities (shares, options, etc.)	72,145	62,007
5.18	Proceeds from borrowings		54,575
5.19	Repayment of borrowings	(6,017)	(2,134)
5.20	Dividends paid		
5.21	Other (provide details if material)		(17,096)
5.22	Net cash used in financing activities	66,128	97,352
	Net increase (decrease) in cash and cash equivalents	7,128	16,141
5.23	Cash at beginning of period	8,398	11,065
5.24	Exchange rate adjustments to item 5.23		
5.25	Cash at end of period	15,526	27,206

See also the financial statements (Cash Flow Statement for the period ended June 30, 2009 with comparative figures as of June 30, 2008) submitted to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange (SEC Report 17Q, 2nd quarter).

Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

	Current period - June 30, 2009 PhP'000	Previous corresponding period June 30, 2008 PhP'000
6.1 Profit (item 1.9)	20,292	32,895
Adjustments for: Depreciation		
6.2 Provision for retirement benefits		
6.3 Goodwill		
6.4 Interest Expense		
Interest Income		
6.5 Increase/decrease in		
6.6 Increase/decrease in		
6.7 Increase/decrease in		
6.8 Increase/decrease in		
6.9 Increase/decrease in		
6.10 Net cash from operating activities (item 5.6)		

AGRINURTURE, INC.			
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS			
For the Six Months Ended June 30, 2009 (With Comparative Figures for 2008)			
		Amounts in Philippine Pesos	
	Notes	2009	2008
Cash Flows from Operating Activities			
Income Before income tax		20,292,193	32,894,549
Adjustment for			
Depreciation and amortization	8	2,993,220	2,546,380
Provision for retirement benefit cost			69,942
Goodwill			(7,325)
Interest expense		3,134,756	2,924,290
Interest income			

			(12,744)	(9,065)
Operating income before working capital changes			26,407,425	38,418,771
Decrease (Increase) in				
Trade and other receivables	5		103,624,078	(71,675,977)
Inventories			3,040,316	(4,438,735)
Due from stockholders			4,985,629	10,003,809
Advances to projects			(93,332,146)	(16,503,472)
Prepayments and other current assets			566,083	(489,156)
Increase (Decrease) in				
Trade and other payables			(69,644,278)	(11,754,613)
Income tax payable			2,976,614	(3,524,133)
Due to Stockholders			(14,652,684)	572,388
Cash provided by (used in) operations			(36,028,963)	(59,391,118)

Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

	Current period - June 30, 2009 PhP'000	Previous corresponding period June 30, 2008 PhP'000
Revenue		
7.1 Total Revenue	449,656	405,712
Expenses		
7.2 Total Expenses	417,116	387,954
Profit (loss) before tax	20,292	32,895

Ratios

	Current period - June 30, 2009	Previous corresponding period June 30, 2008
Profit before tax / revenue		
8.1 Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	4.51%	8.11%
Profit after tax / equity interests		
8.2 Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	11.37%	23.87%

Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

All amounts in Philippine Pesos as the reporting currency of the member company, Agrinurture, Inc.

Net income attributable to equity holders of Parent Company	14,204,535	24,804,374
Weighted average number of share	178,536,603	141,587,613
EPS	0.0796	0.18

Dividends

- 10.1 Date the dividend is payable

NOT APPLICABLE

- 10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

NOT APPLICABLE

- 10.3 If it is a final dividend, has it been declared? NO
DECLARATION OF DIVIDENDS AS OF REPORT DATE

(Preliminary final report only)

- 10.4 The dividend or distribution plans shown below are in operation.

NOT APPLICABLE

The last date(s) for receipt of election notices to the dividend or distribution plans

NOT APPLICABLE

10.5 Any other disclosures in relation to *dividends or distributions*

NO DECLARATION OF DIVIDENDS AS OF REPORT DATE

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Dividends paid or provided for on all securities*(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

	Current period – June 30, 2009 PhP'000	Previous corresponding period –June 30, 2008 PhP'000	Franking rate applicable
Dividends paid or provided for during the reporting period	NONE	NONE	N/A
10.6 Current year interim			
10.7 Franked dividends			
10.8 Previous year final			
10.9 Franked dividends			
Dividends proposed and not recognised as a liability	NONE	NONE	N/A
10.10 Franked dividends			

Dividends per security*(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)*

	Current period – June 30, 2009 PHP'000	Previous correspondin g period June 30, 2008- PhP'000	Franking rate applicable
Dividends paid or provided for during the reporting period	NONE	NONE	N/A
10.11 Current year interim			
10.12 Franked dividends – cents per share			
10.13 Previous year final			
10.14 Franked dividends – cents per share			
Dividends proposed and not recognised as a liability	NONE	NONE	N/A
10.15 Franked dividends – cents per share			

Exploration and evaluation expenditure capitalised (Not Applicable)

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	Current period – June 30, 2009 PHP'000	Previous corresponding period June 30, 2008- PhP'000
11.1 Opening balance		
11.2 Expenditure incurred during current period		
11.3 Expenditure written off during current period		
11.4 Acquisitions, disposals, revaluation increments, etc.		
11.5 Expenditure transferred to Development Properties		
11.6 Closing balance as shown in the consolidated balance sheet (item 3.10)		

Development properties (Not Applicable)

(To be completed only by issuers with mining interests if amounts are material)

	Current period – June 30, 2009 PHP'000	Previous corresponding period June 30, 2008- PhP'000
12.1 Opening balance		
12.2 Expenditure incurred during current period		
12.3 Expenditure transferred from exploration and evaluation		
12.4 Expenditure written off during current period		
12.5 Acquisitions, disposals, revaluation increments, etc.		
12.6 Expenditure transferred to mine properties		
12.7 Closing balance as shown in the consolidated balance sheet (item 3.11)		

Discontinued Operations (Not Applicable)

(see note 18)

(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)

	Current period – June 30, 2009 PHP'000	Previous corresponding period June 30, 2008- PhP'000
13.1 Revenue		
13.2 Expense		
13.3 Profit (loss) from discontinued operations before income tax		
13.4 Income tax expense <i>(as per para 81 (h) of AASB 112)</i>		

13.5	Gain (loss) on sale/disposal of discontinued operations		
13.6	Income tax expense <i>(as per paragraph 81(h) of AASB 112)</i>		

Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid- up value (cents)	Current period – June 30, 2009 PHP'000	Previous correspondi ng period June 30, 2008- PhP'000
14.1	Preference securities <i>(description)</i>					
14.2	Balance at start of period					
14.3	a) Increases through issues					
14.4	a) Decreases through returns of capital, buybacks etc.					
14.5	Balance at end of period					
14.6	Ordinary securities <i>(description)</i>					
14.7	Balance at start of period					
14.8	a) Increases through issues					
14.9	b) Decreases through returns of capital, buybacks etc.					
14.10	Balance at end of period					
14.11	Convertible Debt Securities <i>(description & conversion factor)</i>					
14.12	Balance at start of period					
14.13	a) Increases through issues					

14.14	b) Decreases through maturity, converted.					
14.15	Balance at end of period					
		Number issued	Number listed	Paid-up value (cents)	Current period – June 30, 2009 PHP'000	Previous corresponding period June 30, 2008- PhP'000
14.16	Options <i>(description & conversion factor)</i>					
14.17	Balance at start of period					
14.18	Issued during period					
14.19	Exercised during period					
14.20	Expired during period					
14.21	Balance at end of period					
14.22	Debentures <i>(description)</i>					
14.23	Balance at start of period					
14.24	a) Increases through issues					
14.25	b) Decreases through maturity, converted					
14.26	Balance at end of period					
14.27	Unsecured Notes <i>(description)</i>					
14.28	Balance at start of period					
14.29	a) Increases through issues					
14.30	b) Decreases through maturity, converted					
14.31	Balance at end of period					

14.32	Total Securities					
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		Current period – June 30, 2009 PHP'000	Previous corresponding period June 30, 2008- PhP'000
Reserves			
14.33	Balance at start of period		
14.34	Transfers to/from reserves		
14.35	Total for the period		
14.36	Balance at end of period		
14.37	Total reserves		
Retained earnings			
14.38	Balance at start of period		
14.39	Changes in accounting policy		
14.40	Restated balance		
14.41	Profit for the balance		
14.42	Total for the period		
14.43	Dividends		
14.44	Balance at end of period		

See attached statement of changes and the in equity for the period ended June 30, 2009 with comparative figures for the period ended June 30, 2008 included in the Philippine Stock Exchange and Philippine Securities and Exchange Commission report for the second (2nd) quarter 17Q.

AGRINURTURE, INC. AND SUBSIDIARIES

(Formerly Mabuhay 2000 Enterprises, Inc.)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2009
(With Comparative Figures for 2008 and 2007)

Amounts in Philippine Pesos

	Equity Attributable to the Equity Holders of the Parent Company						Minority Interest	Total
	Share Capital		Deposits for		Retained Earnings			
	Notes	(Issued and Outstanding)	Future Stock Subscriptions	(Deficit)				
				Appropriated	Unappropriated			
Balances at January 1, 2007		10,000,000	-	-	(739,691)	778	9,261,087	
Acquisition of equity interest of FCAC		-	-	-	-	14,731,418	14,731,418	
Net income for the period		-	-	-	1,611,985	749,141	2,361,127	
Balances at June 30, 2007		10,000,000	-	-	872,294	15,481,337	26,353,632	
		-						
Balances at January 1, 2008		10,000,000	95,898,440	-	3,562,842	17,095,885	126,557,167	
Issuance of common shares		62,006,695	-	-	-	-	62,006,695	
Transfer of Deposits for future stocks subscription to share capital		95,898,440	(95,898,440)	-	-	-	-	
Acquisition of remaining equity interest of FCAC		-	-	-	-	(17,095,885)	(17,095,885)	
Appropriation for future dividends		-	-	19,000,000	(19,000,000)	-	-	
Net income for the period		-	-	-	24,804,375	-	24,804,375	
Balances at June 30, 2008		167,905,135	-	19,000,000	9,367,217	-	196,272,352	
Balances at January 1, 2009		178,536,602		19,000,000	(6,700,039)		190,836,563	
Issuance of common shares			-	-	-	-		
Deposits for future stocks subscription to share capital			72,145,585	-	-	-	72,145,585	
Acquisition of remaining equity interest of FCAC		-	-	-				
Appropriation for future dividends		-	-			-	-	
Net income for the period		-	-	-	20,292,193	-	20,292,193	
Balances at June 30, 2009		178,536,602	72,145,585	19,000,000	13,592,154	-	283,274,341	

Details of aggregate share of profits (losses) of associates and joint venture entities

(equity method)

(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)

Name of associate or joint venture entity

N/A

Reporting entities percentage holding

		Current period – June 30, 2009PHP'000	Previous corresponding period June 30, 2008- PhP'000
15.1	Profit (loss) before income tax		
15.2	Income tax		
15.3	Profit (loss) after tax		
15.4	Impairment losses		
15.5	Reversals of impairment losses		
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)		
15.7	Share of net profit (loss) of associates and joint venture entities		

Control gained over entities having material effect

(See note 8)

16.1 Name of *issuer* (or *group*)

N/A

		\$A'000
16.2	Consolidated profit (loss) after tax of the <i>issuer</i> (or <i>group</i>) since the date in the current period on which control was acquired	
16.3	Date from which profit (loss) in <i>item 16.2</i> has been calculated	
16.4	Profit (loss) after tax of the <i>issuer</i> (or <i>group</i>) for the whole of the previous corresponding period	

Loss of control of entities having material effect*(See note 8)*

17.1	Name of <i>issuer</i> (or <i>group</i>)	N/A
		\$A'000
17.2	Consolidated profit (loss) after tax of the entity (or <i>group</i>) for the current period to the date of loss of control	
17.3	Date from which the profit (loss) in <i>item 17.2</i> has been calculated	
17.4	Consolidated profit (loss) after tax of the entity (or <i>group</i>) while controlled during the whole of the previous corresponding period	
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	

Material interests in entities which are not controlled entities*The economic entity has an interest (that is material to it) in the following entities.*

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) (item 1.9)	
18.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period – June 30, 2009PHP'000	Previous corresponding period June 30, 2008-PhP'000
				Equity accounted	
18.2	Total				
18.3	Other material interests			Non equity accounted (i.e. part of item 1.9)	
18.4	Total				

See related reports SEC form 17Q (Philippine Securities and Exchange Commission)

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

		Current period – June 30, 2009PHP'000	Previous corresponding period June 30, 2008- PhP'000
	Segments		
	Revenue:		
19.1	External sales		
19.2	Inter-segment sales		
19.3	Total (consolidated total equal to <i>item 1.1</i>)		
19.4	Segment result		
19.5	Unallocated expenses		
19.6	Operating profit (equal to <i>item 1.5</i>)		
19.7	Interest expense		
19.8	Interest income		
19.9	Share of profits of associates		
19.10	Income tax expense		
19.11	Net profit (consolidated total equal to <i>item 1.9</i>)		
	Other information		
19.12	Segment assets		
19.13	Investments in equity method associates		
19.14	Unallocated assets		
19.15	Total assets (equal to <i>item 3.18</i>)		
19.16	Segment liabilities		
19.17	Unallocated liabilities		
19.18	Total liabilities (equal to <i>item 3.32</i>)		
19.19	Capital expenditure		
19.20	Depreciation		
19.21	Other non-cash expenses		

NTA Backing

(see note 7)

20.1	Current period June 30, 2009 in thousand Pesos (PhP'000)	Previous corresponding period –June 30, 2008 PhP'000
Net tangible asset backing per ordinary security	283,274	196,272

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	<div>None</div> <div>Not applicable</div>
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International Financial Reporting Standards

Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

22.1	<div>See related reports in the notes to the financial statement lodged with the NSX</div>
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Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

22.2

Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

See related notes to the financial statements per attached SEC from 17Q report to the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) for the 2nd quarter of calendar year 2009.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

See management plans and operational projections per attached SEC for 17Q

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Not applicable

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

See notes to the financial statements lodged with NSX and SEC form 17Q

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

N/A

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assts since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

N/A

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

Philippine Accounting Standards (PAS) based on the International Financial Reporting Standards (IFRS)

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- | | |
|--|---|
| <input type="checkbox"/> The financial statements have been audited. | <input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed. |

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has a formally constituted audit committee.

Sign here: Date:
(*Director/Company secretary*)

Print name:

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated statement of financial performance**
 - Item 1.1 The definition of "revenue" is set out in *AASB 118: Revenue*
 - Item 1.6 This item refers to the total tax attributable to the amount shown in *item 1.5*. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9*.
5. **Consolidated statement of financial position**

Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting*, and *AASB 101: Presentation of Financial Statements*. Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107*.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution

for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) after tax by more than 5% compared to the previous corresponding period.

9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under ASIC Class Order 98/0100 dated 15 July 2004, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are to be presented in accordance with AASB 101: *Presentation of Financial Statements* or AASB 134: *Interim Financial Reporting* as appropriate and are the unadjusted figures from the last annual or half year report as appropriate. However, if the previously reported figures are adjusted to achieve greater comparability, in accordance with an accounting standard or other reason, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the listing rules for an *issuer* to complete this statement does not prevent the *issuer* issuing statements more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the *Exchange*. For example, a *directors'* report and declaration, if lodged with the ASIC, must be given to the *Exchange*.
13. **Accounting Standards** the *Exchange* will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
14. **Borrowing corporations** This statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards.
15. **Details of expenses** AASB 101: *Presentation of Financial Statements* requires disclosure of expenses according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*. *Issuers* must disclose details of expenses using the layout (by nature or function) employed in their accounts.

The information in *items 7.1 - 7.2* may be provided in an attachment to Appendix 3

Relevant items AASB 101: *Presentation of Financial Statements* requires the separate disclosure of specific revenues and expenses which are of a size, nature or incidence that disclosure is *relevant*, as defined in AASB 101, in explaining the financial performance of the *issuer*. There is an equivalent requirement in AASB 134: *Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*.

16. **Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

17. Discontinuing operations

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by *paragraph 7.5 (g) of AASB 134: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their accounts in accordance with *AASB 5: Non-current Assets for Sale and Discontinued Operations*

In any case, the information may be provided as an attachment to this Appendix 3

(17Q report submitted to the Philippine Securities and Exchange Commission for the second quarter of 2009 also lodged with the Philippine Stock Exchange)

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 **June 30, 2009**
2. SEC Identification Number **0199701848**
3. BIR Tax Identification Code **200-302-092-000**
4. Name of Issuer as specified in its charter **AGRINURTURE, INC. AND SUBSIDIARIES**
5. **QUEZON CITY, METRO MANILA, PHILIPPINES (NCR)**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **#35 GASAN ST., MASAMBONG, SFDM, QUEZON CITY PHILIPPINES** **1113**
Address of issuer's principal office Postal Code
8. Issuer's telephone number, area code **(02) 413-5566**
9. Former name, former address and former fiscal year, if changed since last report **N. A.**
10. Securities registered pursuant to Section 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Ordinary Stock Outstanding
Common Shares (Primary)	178,536,602 (Authorized 300,000,000 shares @P1.00 par value)
11. The registrant's securities are listed in the Philippine Stock Exchange (PSE) and the National Stock Exchange of Australia (NSX).

Parent Company's applications for listings of its securities with the National Stock Exchange of Australia (NSX) and the Philippine Stock Exchange, Inc. (PSE) have been approved on January 9, 2009 and April 15, 2009, respectively.

Immediately following compliance with the requirements set forth by the latter, the SEC shall declare registration of the following:

	Number of Shares	Amount
a) Common shares		
To be listed by way of introduction in the Second Board of the PSE on behalf of the existing stockholders		
Issued and outstanding P167,905,135		167,905,135
Allotted to Parent Company's directors, employees and consultants under a stock purchase plan <u>10,631,467</u>		<u>10,631,467</u>
	178,536,602	
178,536,602 To be offered to the public within one (1) year from the subject listing, by way of primary share offer from the Parent Company's unissued authorized share capital 101,463,398		101,463,398
Underlying common shares <u>20,000,000</u>		<u>20,000,000</u>
	<u>300,000,000</u>	
<u>P300,000,000</u>		

b) Warrants

Relating to 20,000,000 underlying common shares P20,000,000

The Company shall list the warrants in the PSE within one (1) year from the listing by way of introduction of the underlying common shares at an issue price of P0.00 per warrant, with expiry date at the end of the 5th year from issuance and listing, and a strike price of P20 per share at the time of exercise and a conversion ratio of 1 warrant to 1 common share. Although the Parent Company has no issued and outstanding warrants, it has allotted initially a total number of 6,500,000 warrants to its directors and officers.

The approval of the PSE is limited to the Company's Listing by Way of Introduction of its 178,536,602 (Primary) Common Shares. The Company's applications for the planned public offering of its 101,463,398 (Secondary) Common Shares and 20,000,000 Warrants have not been filed with the PSE; hence, the same are still subject to separate approvals of the PSE.

AGRINURTURE, INC. AND SUBSIDIARIES
Securities and Exchange Commission Form 17 - Q

Part I FINANCIAL INFORMATION

OPERATIONAL AND FINANCIAL INFORMATION

Item 1. Financial Statements

Pls. See Exhibits A

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

REVENUE AND EXPENSES

Gross receipts generated for the 2nd quarter ended June 30, 2009 amounted to **P281.24 M** while for the same quarter last year, **P220.22 M** was recorded. This translates to a growth of 28% or P61 M higher in terms of revenue for quarter on quarter comparison. Of the total receipts, P54.94 M came from export, while the Fresh Group contributed P203.4M and the rest came from Processed Foods and the Farming Group. Though the gross profits decreased from P49.7 M to P42.6 M, the realized income before income tax is still 49% higher in view of the streamlined operating expenses coupled with the effect of classification of cost directly identifiable to the generation of revenues to direct cost in the current period. Net income after tax showing P14.55 M for 2009 and P8.88 M for 2008 resulted to an earnings per share of P0.08 and P0.06 for the second quarter of 2009 and 2008 respectively.

Summarized are revenue, cost and expenses for the period:

	2009	2008
Sales	281,242,322	220,215,932
Cost, Expenses and Taxes	266,693,823	211,448,874
Net Income	14,548,499	8,767,058

The increase in sales is in line with the management objectives and in accordance with the plans and business target. (See management plans).

DIRECT COST

For the 2nd quarter of 2009, direct costs amounted to P238.6 million and P170.5 million for the same period last year. The increase is parallel with the increase in sales resulting to a higher net income after considering operating expenses and taxes.

OPERATING EXPENDITURES

Contracted services originally classified as operating expenses have been reclassified as direct costs being a direct production expenses. The Group incurred normal operating expenses in relation to the volume of sales and the corresponding revenue generated. (See details).

Top Four (4) Key Performance Indicators

1. Sales Efficiency Ratio

Measures the percentage of the total volume of sales over the total number of outlets.

2. Gross Profit Ratio

Measures the margin per peso of sales that will absorb operating expenses.

3. Operating Ratio

Reflects the portion of sales used for the operating costs and it is computed as cost of goods sold plus operating expenses over net sales.

4. Operating Margin

Measures the ratio of net operating income to net sales and it is computed as net operating income over net sales.

Discussion and Analysis of Material Events and Uncertainties

The company has no knowledge and not aware of any material event/s and uncertainties known to the management that would address the past and would have an impact on the future operations of the following:

- a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on our liquidity
- b) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligation.
- c) All material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the period.
- d) Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- f) Any significant elements of income/loss did not arise from our continuing operation.
- g) Any seasonal aspects that had a material effect on financial condition or results of operations.

PLAN OF OPERATIONS

Management Plans

ANI as a Parent

Over the past years, ANI's number of customers increased by 40% which is attributable to exportation of mangoes and other fruits to Hong-Kong. With the planned implementation of e-commerce in marketing its products, ANI expects increase in its pool of customers. Further, China market may also be penetrated by ANI for having been accredited by the Department of Agriculture as exporter of mangoes to said country. (www.businessmirror.com)

- a. ANI's primary market for mangoes for the past 2 to 3 years was Hong Kong. Based on market research, Hong Kong's consumer expenditure on agri-food products is expected to grow to \$131.5B in 2015 from \$102.2B in 2005 or an increase of about 29% (www.1.agric.gov.ab).
- b. Given the above information, the Company estimates an increase in number of customers by 60% annually from year 2009 to 2010 and 40% annually from year 2011 to 2013.

- c. In 2009, ANI will start selling at full scale additional fruit products like Banana in China.

Management plans to export 10 container vans every month for each product. One container van can accommodate 1,500 boxes of fresh bananas or 1,400 boxes of fresh pineapple.

- d. Factoring the opportunity to export mangoes directly to China, Management foresees annual growth rate of 10% based from 2008 figures.

In 2008, ANI reported total sales of approximately Php88M or 1.6M kilograms of mango at Php55 per kilogram. With the opportunity to export directly to China, management expects growth rate of 10% from 2009 to 2013.

- e. ANI will be exporting fresh mangoes, pineapple, and bananas to the following major customers in China:
 - Guangzhou and Shanghai Wholesale Market,
 - Fruit King, Yi Tai Long, Nong Fu Guo Ping,
 - Carefour, Walmart, Sam's Club, Metro, Wellcome, Park & Shop,
 - Hui Lao San, Sugar Dynasty, Maxim's

Product Marketability

Marketability of ANI's core products both in domestic and international markets is induced by the following growth drivers:

- Mango, the country's national fruit is considered as one of the finest in the world. It is one of the best selling fruit crops of the country in terms of export volume and value next to banana and pineapple (source: www.hvcc.da.gov).

Based on the Economic Research entitled "Demand for Food Quantity and Quality in China" conducted by U.S. Department of Agriculture in January 2007, given the responsiveness of food demand to income growth, China's rapid growth of 9 to 10% per year suggests that its demand for food is growing faster than its

production capacity (www.ers.usda.gov).

- Banana is the leading fruit grown in the Philippines and a consistent top dollar earner. The prospect of Philippine bananas in the domestic and foreign market is still promising. (source: www.hvcc.da.gov)
- The Philippines is the top exporter of juice concentrates and pineapple juice. Both fresh and processed export industries are increasing in terms of volume. (www.hvcc.da.gov)

Although the volume of mango export has declined by 16% in the past four years, the company still expects a positive growth since majority of its export products were distributed only in Hong-Kong. Additional pool of customers in China as announced by the Department of Agriculture last May 2008 justifies the company's projection.

- Other factors inducing the growth can be explained by the increase in consumer spending. Expenditure on food, beverages and tobacco in the Philippines increased strongly during 2001 to 2006 at a Compound Annual Growth Rate (CAGR) of 9.8% and is expected to be at a level of 7.5% from 2007 to 2011 (www.rcnos.com)

ANI's products would be sourced from outside suppliers and internally through Best Choice Agricultural Corp, a subsidiary of the company, and through productive partnership and access to various buying stations located in almost all regions of the Philippines; from Central and Southern Luzon to Visayas and Mindanao. To name a few, these are: Baguio, Pangasinan, Nueva Ecija, Sariaya, Quezon, Magalang, Pampanga, Nueva Vizcaya, Lucena, Quezon, Cagayan De Oro, Davao City, and Zamboanga City.

Mango fruits are sourced mostly from Pangasinan, Nueva Ecija, Cagayan de Oro, Davao City, Divisoria, Batangas, Cebu, Zambales, Bulacan, Isabela, Cavite, and Tarlac.

Export Sales

- ANI will export mainly fresh fruits, fresh vegetables, frozen fruits, dried fruits, and canned goods. These products were assumed to be exported only to Greater China. It is simply due to the fact that export volume to other countries like Singapore, Canada, Europe, Korea and Middle East constitute less than three percent (3%) of the total sales.
- Product sales mix of export fresh produce with other products like canned juices, frozen products, and other fruits will remain at a ratio of 80% - 20% (*based on year 2008*) in terms of sales amount, respectively.
- Export sales to Hong-Kong were projected to increase by 2.9% which represent consumer demand growth for agri-food in said country (*Please refer to "product marketability"*).
- In 2008, fresh mango sold to China-based customers reached approximately 2 million kilograms. With direct exportation in 2009, sales are expected to increase to 2.4 million kilograms or Php132M (at Php55 per kilogram) for the year. Growth rate of 10% was used to consider the effect of the increasing food consumption.

Local Sales

- ANI will continue to import and trade agricultural equipment and machineries. In addition, the Department of Agriculture has granted ANI the import license to bring in fertilizers and chemicals effective 2nd half of 2009.
- Local sales growth was projected using the Philippine annual food consumption growth rate of 7.5%.

Other Income

Revenue from Cold Storage Facility

Sources

It is expected that ANI will operate its cold storage facility beginning 2009 to cater the fast growing food and food processing industry in the country. The facility could accommodate a total of 300 tons in 2009 and at a maximum capacity of 3,000 tons in 2013.

Projected Revenue

It is expected that cold storage facility will be in operation in later part of 2009 which is expected to accommodate at least 4 containers per month at estimated price of \$3,000 per container. Beginning 2010, Management assumed a monthly capacity of 20 containers and 20% annual growth rate starting in 2011.

Rental from Subsidiaries

Rental income of Php480,000 annually starting 2009 is to be charged by ANI to IMEX for occupying its building premises.

FRESH HARVEST GROUP

B. FIRST CLASS AGRICULTURE CORP.

First Class Agriculture Corporation (FCA), a wholly-owned subsidiary of AgriNurture, Inc. (Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on June 11, 2002 primarily to engage in the trading of goods such as fruits and vegetables on wholesale or retail basis.

CAC's registered address is at Provincial Road, Barangay Arenas, Arayat, Pampanga as

amended pursuant to the Articles of Incorporation approved by SEC on February 28, 2006.

REVENUE

Sources

First Class Agriculture Corp. (FCA) is engaged in the commercial distribution of fresh vegetables and fruits to SM Supermarket chains. It supplies more than 100 varieties of vegetables and local fruits daily to sixteen (16) SM branches in NCR and in some provinces in Luzon.

Over the last three years, sales per distribution channel amounted to an average of Php18.3M. The 17% increase in total sales in 2008 is attributable to the additional 2 distribution channels served during the year. Management believes that historical revenues per distribution channel represent optimal sales per SM outlet and assumed to continue at the same level in the planning period.

Management Plans

It is expected that four (4) SM Supermarket outlets will open in 2009 (*see also "Product Marketability"*). Additional sales revenue is also expected from 7 SaveMore outlets bookings starting 2009 at an annual target sale per outlet at Php12M.

Industry Data

Food retailing industry in the Philippines involves a wide array of sellers; from sidewalk vendors, wet and dry markets, sari-sari stores, groceries, supermarkets, hyper marts, warehouse and discount clubs and convenience stores. Philippine retail food industry is driven by population growth, overall economic growth, consumer education, fast changing lifestyle and higher awareness of food quality and safety. The rate of increase in the country's population is considered one of the highest in the region, notching an annual increase of no less than **2 percent** over the past decade.

The dominance of large retailers is more pronounced in Greater Manila Area where supermarkets controlled 79 percent of the total food market. In terms of employment, the share of sari-sari stores dropped from 66.59% in 1975 to 32.58% in 1995. As these trends are expected to continue, there is a threat that the market share of sari-sari stores will continue to decline. Supermarket revenues have been projected to grow by **18.6 percent** per year between 1996 and 2000 (Digal, 2001). (www.pecc.org)

Moreover, consumer expenditure on food, beverages and tobacco in the Philippines has increased strongly during 2001-2006 at a CAGR of 9.8% and is expected to rise at a CAGR of **7.5%** from 2007 to 2011. (www.rcnos.com)

Product Marketability

Sales growth of FCA is dependent on the growth of SM Supervalu, an exclusive customer of the company. In 2009, SM Prime Holdings expects a total of 36 SM branches nationwide by opening three new shopping malls (SM City Naga, SM City Rosario in Cavite, and SM City Pamplona in Las Piñas. Also, in the same year, SM will

open three (3) new SaveMore outlets as part of efforts to attract more customers to its low-priced products under the bonus house brand. (www.smprime.com)

SaveMore Warehouse Club, an unlisted company engaged in buying and selling of food and non-food items to registered customers at wholesale and retail under warehouse club format, currently operates 15 outlets nationwide.

With a steady growth in neighborhood (sari sari) stores and convenience stores now estimated at 600,000 all over the country, SaveMore plans to increase its outlets from the current 15 to 20-to-25 stores in 5 years.

SaveMore's operation is tailored towards servicing the needs of its niche market or focused groups categorized in three types of businesses namely: the re-sellers or retailers - the sari sari and convenience store owners; the HORECA (hotel, restaurant and caterers) and the service sectors (those that put up micro stores in offices and worksites to serve the requirements of office workers).

Product Sources

Management believes the company would be able to meet and sustain market demands through productive partnership and access to various buying stations of fresh produced located in almost all the regions of the Philippines; from Central and Southern Luzon to Visayas and Mindanao. To name a few, these are: Baguio, Pangasinan, Nueva Ecija, Sariaya, Quezon, Magalang, Pampanga, Nueva Vizcaya, Lucena, Quezon, Cagayan De Oro, Davao City, Zamboanga City.

On the other hand, mango fruits are sourced out from Urdaneta, Pangasinan, Nueva Ecija, Cagayan de Oro, Davao City, Divisoria, Batangas, Cebu, Zambales, Bulacan, Isabela, Cavite, and Tarlac. From the buying stations, fruits and vegetables are sorted and packed in two (2) warehouses located in Luzon specifically in a main warehouse in Pulilan and a Mini-bodega in Baguio.

Management believes that revenues are realizable and attainable considering historical and demand from SM and SaveMore in line with the planned expansions. The company expects to maintain the same share in total purchases of SM. Market opportunities for increased revenues are linked to favorable mix of demographic factors that drive demand (population growth, food consumption growth and population consumption pattern changes) and supply (agriculture sector growth).

C. FRESH AND GREEN HARVEST AGRICULTURAL COMPANY, INC.

Fresh & Green Harvest Agricultural Company, Inc. (the Company), was organized under the laws of the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on June 4, 2004.

The registered office address of the Company, which is also its principal place of business, is at Block 176 Lot 5 Phase 3 Guagua Extension B, Madapdap Resettlement Center, Mabalacat, Pampanga. The Company was acquired by First Class Agriculture Co. (the Parent Company or FCA) on January 1, 2007. The Parent Company's registered address is at Provincial Road, Barangay Arenas, Arayat, Pampanga.

REVENUE

Sources

Fresh and Green Harvest (F&G) is engaged in the commercial distribution of fresh vegetables and fruits to SM Hypermarket chains. It supplies more than 100 varieties of vegetables and local fruits daily to 11 branches in NCR.

Over the last three years, sales per distribution channel amounted to an average of Php14.5M. The 20% increase in total sales was attributed to additional 2 distribution channels served in 2008. Management believes that historical revenues per outlet represent optimal sales per DC and assumed to continue at the same level in the planning period.

Management Plans

With the opening of several SM malls across the country, management expects to penetrate more branches nationwide:

Product Marketability

Sales growth of Fresh and Green is dependent on the growth of SM supermarket, an exclusive customer of the company. Research showed that SM Prime Holdings intends to build four to five (5) malls annually for the next three years in fourteen (14) locations including, among others, Marikina, Parañaque, Muntinlupa, Bulacan, Tarlac, Laguna, and Pangasinan. (www.smprime.com).

Management believes that revenues are realizable and attainable considering historical and foreseen demand from SM in line with its planned expansion. The company expects to maintain the same share in total purchases of SM. Market opportunities for increased revenues are linked to favorable mix of demographic factors that drive demand (population growth, food consumption growth and population consumption pattern changes) and supply (agriculture sector growth).

D. LUCKY FRUIT & VEGETABLE PRODUCTS INC.

REVENUE

Sources

Lucky Fruit and Vegetable Products Inc. is engage in wholesale trading and distribution of commercial crops. Its key trade channels are hotels, restaurants, public markets and catering companies.

In 2007, Lucky Fruit has started its trading and distribution business in wet market and wholesales channels resulting in an increase in sales of 1,120% to Php17.7M. In the following year, sales amounted at 21% to Php21.4M primarily coming from wholesales and wet market stores which accounted for 80% of the total sales.

Management Plans

It is expected the number of wet market stores rented and wholesale channels will increase in the coming years. Management forecasts annual sales at an average of Php3.6 million for every wet market and Php6 million for each wholesale distribution channels. Trade channels like hotels, supermarket kiosks, restaurants, retail stores, and fruit processors would be served at the same level of sales in 2008.

Product Marketability

Metro Manila is the largest market for fresh vegetables in the Philippines. With a population approaching 10 million people, and 2 million households, the demand for fresh fruit and vegetables is projected to exceed 340,000 tonnes per annum. Around 75-85 percent of vegetables in the Philippines are sold through the traditional supply chain, where the wet markets and vegetable traders play major roles (Digal and Concepcion 2004). Farmers are generally price takers, accepting whatever price the traders give them in a spot market. While spot market trading is highly risky for the farmers and even the traders, it can also be highly profitable.

Wet Market Operation

Sales for wet market operations took into consideration the planned number of wet markets to be served for each year and estimated sales per outlet of Php300,000. Resulting amount was further factored by 90% as sales realization rate. This rate was computed by taking the ratio of 2008 Cost of Sales over Total Goods Available for Sale.

Wholesale Distribution Channels

Sales for wholesale distribution channels were projected using the planned number of wholesale distribution channel, with the assumption that each channel earns Php500,000 monthly. This amount was determined with reference to the company's historical sales.

Other Sales

Other sales pertain to revenues earned from hotels, restaurants, wet markets, fruit processor, retail stores and kiosks. Since the Company will be focusing on wet market and wholesale operations, sales to this particular customer category was just projected by factoring out market inflation.

FARMING GROUP

E. BEST CHOICE HARVEST AGRICULTURAL CORP. REVENUE

Sources

Best Choice Harvest Agricultural Corp. (BCHAC) is engaged in management of farming activities in various provinces to accommodate supply requirement of ANI and its subsidiaries. The Company is also engaged in introduction, field-testing and commercialization of new, imported crop varieties that are high yielding as well as livestock integration and bio-fuel feedstock development.

Management Plans

The Company will undertake planting of all lowland leafy and other crops suitable for rainy season. This project shall form part of the long term objective of uplifting the standard and quality of life of the farmers. In line with this objective, the following undertakings shall be carried out:

- Provide financial/material assistance to cover farming needs such as seeds, chemicals and fertilizers.
- Promote and encourage projects such as those related to shelter or housing, raising levels of education, protection of women and minors and the promotion of health programs.
- Promote use and application of appropriate new technologies in the development and production of lowland vegetables and fruits.
- Promote marketing of the lowland vegetables and fruits to foreign and local markets.
- Buy lowland vegetables and fruits from farmers/ cooperatives at a premium agreed upon.
- Obtain 60% of the revenue upon harvest.

The farmers/ farmer cooperatives in turn shall:

- Provide land where the lowland vegetables and fruits are to be planted.
- Extend full assistance and cooperation to the Company and recognize its need to expand its lowland vegetables and fruits production.
- Be responsible in taking care of the farm, so as to achieve maximum production per area.
- Obtain 40% of the revenue upon harvest.

Product Demand

Metro Manila is the largest single market for fresh vegetables in the Philippines. With a population approaching 10 million people, and 2 million households, the demand for fresh vegetables is thought to exceed 340,000 tonnes per annum. Around 75-85% of vegetables in the Philippines are sold through the traditional supply chain, where wet markets and vegetable traders play major roles (Digal and Concepcion 2004). Farmers are generally price takers, accepting whatever price the traders give them in a spot market. While spot market trading is highly risky for the farmers and even for the traders,

it can also be highly profitable.

Product Sources

Management would be able to meet and sustain market demands through productive partnership and access to various buying stations of fresh produce located in almost all the regions of the Philippines; from Central and Southern Luzon to Visayas and Mindanao. To name a few, these are: Baguio, Pangasinan, Nueva Ecija, Sariaya, Quezon, Magalang, Pampanga, Nueva Vizcaya, Lucena, Quezon, Cagayan De Oro, Davao City and Zamboanga City.

Sales per Crop

Sales per crop is based on the expected farmland utilization, estimated number of trees per land area, weight of fruit per tree, and selling price per crop. Success rate for crops was also integrated to factor in threats to harvest such as pest and weather calamities.

In May 2008 ANI closed a deal with Japanese and Taiwanese investors to develop 1,500 hectares of rice land in different areas in Luzon, Visayas and Mindanao. The partnership is expected to yield at least 30,000 tons of palay per year valued at Php1.5B. The company will use technology from Taiwan that would allow the planting of young rice stalks. (<http://www.manilatimes.net/national/2008/may/05/yehey/business/20080505bus10.html>)

Price Trends

The Bureau of Agricultural Statistics (BAS) reported that prices of Palay have increased by 31%-36% from January to December 008. Supplementary details follow:

- Farmgate prices were at an average of Php13.88 in 2009.
- Wholesale prices of well milled and regular milled rice averaged Php23.62/kg in January and increased to Php6.94/kg in December 2008.
- Retail prices in January were Php25.80/kg and increased to Php32.5 in December 2008. (www.bas.gov.ph)

With the aforementioned trend, Management projected that cost of Palay would be at an average level of Php30/kg for year 2009. Said price was used as base and subjected to inflation in computing for the price changes for the succeeding years.

Yield per Hectare

Yield per hectare of rice is 9 tons based from the average yield of rice produced in Nueva Ecija, being the top rice producer in the country. Harvests range 10 to 11 tons per hectare with conservative yield of 9.4 tons. (www.philrice.gov.ph)

Mango

Mango, the country's national fruit is considered as one of the finest in the world. It is one of the most valued fruit crops in the country based on export volume and value next to banana and pineapple. It has an established domestic market and has bright opportunities in the international market both in fresh or processed form. (www.hvcc.da.gov)

Price Trend

Research issuances disclosed that the average farmgate price of mango fruit in the Philippines for the years 2001 to 2006 had an increasing trend from Php18.27 to Php24.75 per kilo. (www.min.pcarrd.dost.gov). Consequently, Management considered Php25 per kilo as a reasonable price for projection purposes and escalated by inflation in subsequent years.

Honeymelon

ANI has developed through research and field-testing the variety that is best succulent, extra sweet, disease resistant, and transport Taiwan variety that grows 1.2 kg per piece and yields 40 metric tons per hectare, double the traditional yield in the Philippines (www.mb.com.ph). The projection took into consideration a success rate of 80% of the crop mentioned.

Distribution of Crops

High volume of the crops will be distributed to third party customers rather than to related party. The company intends to export Japanese rice, Taiwanese rice and Jathropa crops.

PROCESSED FOOD GROUP

F. FRUITILICIOUS COMPANY, INC.

Sources

Fruitilicious Company, Inc. (FCI), a newly acquired subsidiary of ANI will operate a fruit freezing and processing facility to produce frozen and dried fruit products and by-products for local and international clients.

Management Plans

After acquisition of Fruitilicious (formerly Motherland) by Agri Nurture on March 10, 2008, the company will operate as a subsidiary of AgriNurture, Inc. Fruitilicious is located in the south of Cagayan de Oro which is known for its products like halo-halo, Nata de Coco, Coconut Shreds and Mango Bits generated sales in 2008 of Php755,395. Under ANI, Fruitilicious will be serving Nestle Ice Cream Division, CENMACO and ANI for frozen fruit products and pre-mixes using the existing machinery of FCA.

Product Marketability

Philippine Ice Cream market grew at an average annual rate of 3.9% from 2001 to 2006. The leading companies in 2006 were Nestle S.A., at first; Unilever (Selecta) was in second; and Walls Inc. in third place. (www.datamonitor.com/industries/research)

Since the company and its major customers cater to the demand of international clients, the global demand for frozen fruit products was considered. Based on the market study of AC Nielsen entitled "What's Hot around the Globe: Insights on Growth in Food &

Beverages in 2006", frozen fruit products have a category growth of 9% from year 2005 to 2006.

G. M2000 IMEX COMPANY INC.
REVENUE

Sources

M2000 Imex Company, Inc. is primarily engaged in the manufacturing and processing of its own brand of canned fruit products such as Mango Nectar, Coco Juice, Coco Cream, and Coco Milk, condiments fermentation and processed vegetables. The Company likewise provides toll-packing services to several local companies.

Management Plans

Management is expecting canning lines 2 and 3 to be used in operation by 3rd quarter of 2009 and 1st quarter of 2010, respectively. Line 2 is intended for canned fruits while Line 3 is intended for carbonated fruit drinks and pineapple juice. Outputs from both canning lines are to be exported to other countries. Other operational assumptions are:

- Canning lines to be operated under operating lease arrangement with Parent Company.
- Products to be sold in countries such as Qatar, KSA, UAE, Japan, Hong-Kong, and Canada.

Condiments fermentation and processed vegetables is also assumed to be under operating lease arrangement with parent company which will generate additional revenues

Health and wellbeing continue to shape consumer choice in the soft drinks market, juice in particular is benefiting from consumer interest in the more natural options available. This trend is particularly evident in developed markets where consumers are increasingly demanding multi-functional beverages. Fortified juices are being developed in response to an interest in optimum nutrition combined with convenience. A carton of juice packed with the essential vitamins and minerals required for the day is regarded as a quick fix for many consumers. The soft drinks market overall is fairly stagnant due to its maturity, growing by an average 0-4% annually, however, interest in health has fuelled global growth in recent years (combined with the hot summer in 2003) and reinvigorated many categories within the market - including juice (The Juice Market Outlook to 2008: NPD strategies and new growth opportunities from health published by Business Insights).

Pineapple is the most important canned tropical fruit, followed by tropical fruit cocktails (tropical fruit salads), canned lychee, canned mango and canned papaya, and a few others. With total world imports of canned pineapple amounting to \$617 million in 1995, it is not only the biggest canned tropical fruit in world trade but also the largest item of any processed tropical fruit traded. The United States is by far the biggest importer with \$ 185 million corresponding to about 30% of total world trade, by value. Together the five biggest markets, including also Germany, Japan, the United Kingdom and the Netherlands accounted for 61.7% of the total. Japan's domestic supply of pineapples is heavily dependent on imports. In 2003, 95% of the domestic supply of pineapples came from imports (FAO, 2005).

The major supplying countries are Thailand (by far the biggest with about 43% of total

world exports), followed by the Philippines, Kenya, Indonesia, Malaysia and South Africa, Singapore, the Netherlands, Germany and Belgium are re-exporters only, though they account for a substantial share of world exports.

(WORLD TRADE IN PROCESSED TROPICAL FRUITS By Rudy Kortbech-Olesen Senior Market Development Adviser International Trade Centre UNCTAD/WTO)

Product Demand

In most markets, the retail sector absorbs between 50% and 75% of canned pineapple sales, while catering and the food industry account for the balance. For canned pineapple the bakery industry is a very important outlet. Tropical fruit salads and canned single fruit are sold primarily for retail but also for catering (e.g. lychee).

In most markets, the large retail organizations prefer to purchase canned pineapple direct, either from the multinationals or other, often smaller, producers in the producing countries, which may pack supermarkets' own labels. However, most retail organizations also obtain canned pineapple through intermediaries. The catering sector and the food industry are supplied by the multinationals as well as by specialized agents and importers. Canned mango, papaya, guava, etc. are imported mainly by specialized importers, who supply the retail trade, while very little is supplied to catering industry. A considerable amount of canned tropical fruit imported into the European Union, in particular the Netherlands, Belgium and Germany, is re-exported to other European markets; this includes a considerable trade with the previous communist countries in Central and Eastern Europe (economies in transition). In Asia, Singapore is a very important trading centre for canned pineapple and some other fruits. *(WORLD TRADE IN PROCESSED TROPICAL FRUITS By Rudy Kortbech-Olesen Senior Market Development Adviser International Trade Centre UNCTAD/WTO)*

PART II-OTHER INFORMATION

Resignation/Appointment of Officers

1. Ann Loraine Buencamino resigned July 20, 2009, as Treasurer of ANI. Effective July 31, 2009.
2. Daniel Go resigned July 20, 2009, as CFO of ANI. Effective July 31, 2009.
3. Mr. Alexander Gilles resigned as CIO of ANI. Effective July 31, 2009.
4. Mr. Rafaelito M. Soliza resigned May 31, 2009 as Chief Accountant of ANI. Effective July 31, 2009.
5. Mr. Placido Cruz resigned as Accounting Manager effective July 31, 2009.
6. Mr. Kenneth Sabino Sy Tan was appointed Chief Financial Officer of ANI. Effective July 31, 2009.
7. Mr. Kenneth Sabino Sy Tan was appointed as Chief Information Officer of ANI effective July 31, 2009.

Details of qualification and business experience of Mr. Kenneth Sabino Sy Tan is contained in the attached resume of Mr. KS Tan forming part of this report.

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.

Issuer **AGRINURTURE, INC. AND SUBSIDIARIES**

Signature and Title **MR. ANTONIO L. TIU**
Chief Executive Officer

Date August, 2009

Signature and Title **MR. KENNETH S. TAN**
Chief Financial Officer

Date August, 2009

Agrinurture, Inc.

#35 Gasan St., Masambong SFDM, Quezon City. Philippines (632) 413-5566

EXHIBITS

INTERIM FINANCIAL STATEMENTS

AGRINURTURE INC (Formerly Mabuhay 2000 Enterprises, Inc.)			
CONSOLIDATED INTERIM BALANCE SHEET			
June 30, 2009			
With comparative figures for December 31, 2008			
		In Philippine Pesos	
	Note	2009	12/31/2008
ASSETS			
Current Assets			
Cash	4	15,525,688	8,397,521
Trade and other receivables	5	116,837,557	220,461,635
Notes receivable	6	58,000,000	58,000,000
Due from stockholders		197,296	5,182,925
Advances to projects		105,329,914	31,997,768
Inventories	7	31,109,916	34,150,232
Prepayments and other current assets		6,778,794	7,344,877
Total Current Assets		333,779,165	365,534,958
Non-current Assets			
Property and equipment, net	8	145,586,959	133,380,179
Deferred tax assets		945,608	945,608
Goodwill		19,509,913	19,509,913
Other non-current Assets		8,573,587	3,924,462
Total Non-current Assets		174,616,067	157,760,162
TOTAL ASSETS		508,395,232	523,295,120
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	20,080,776	89,725,054
Current portion of notes payable	10	205,224,065	211,241,383
Due to stockholders			14,652,684
Income tax payable		3,610,365	633,751
Total Current Liabilities		228,915,206	316,252,872
Non-current Liabilities			
Long-term notes payable		15,680,391	15,680,391
Pension liability		525,294	525,294
Deferred tax liability			
Total Non-current Liabilities'		16,205,685	16,205,685
Total Liabilities		245,120,891	332,458,557
Equity			
Equity Attributable to the Equity Holders of the Parent			
Share capital - P1 par value in 2009 and 2008, P100 in 2007			
Authorized 300,000,000 shares in 2009 and 2008, 10,000,000 in 2007			
Issued 178,536,603 in 2009 167,905,135 shares in 2008; 100,000 in 200	11	178,536,602	178,536,602
Deposits for future subscription		52,145,585	
Retained Earnings			
Appropriated		19,000,000	19,000,000
Unappropriated		13,592,154	(6,700,039)
		263,274,341	190,836,563
Equity Attributable to minority interest		-	
Total Equity		263,274,341	190,836,563
TOTAL LIABILITIES AND EQUITY		508,395,232	523,295,120

AGRINURTURE, INC. AND SUBSIDIARIES

(Formerly Mabuhay 2000 Enterprises, Inc.)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2009

(With Comparative Figures for 2008 and 2007)

Amounts in Philippine Pesos

	Equity Attributable to the Equity Holders of the Parent Company						
	Share Capital		Deposits for	Retained Earnings		Minority	
	(Issued and	Future Stock	(Deficit)				
			Notes	Outstanding)	Subscriptions		
Balances at January 1, 2007		10,000,000	-	-	(739,691)	778	9,261,087
Acquisition of equity interest of FCAC		-	-	-	-	14,731,418	14,731,418
Net income for the period		-	-	-	1,611,985	749,141	2,361,127
Balances at June 30, 2007		10,000,000	-	-	872,294	15,481,337	26,353,632
		-					
Balances at January 1, 2008		10,000,000	95,898,440	-	3,562,842	17,095,885	126,557,167
Issuance of common shares		62,006,695	-	-	-	-	62,006,695
Transfer of Deposits for future stocks subscription to share capital		95,898,440	(95,898,440)	-	-	-	-
Acquisition of remaining equity interest of FCAC		-	-	-		(17,095,885)	(17,095,885)
Appropriation for future dividends		-	-	19,000,000	(19,000,000)	-	-
Net income for the period		-	-	-	24,804,375	-	24,804,375
Balances at June 30, 2008		167,905,135	-	19,000,000	9,367,217	-	196,272,352
Balances at January 1, 2009	11	178,536,602		19,000,000	(6,700,039)		190,836,563
Issuance of common shares			-	-	-	-	
Deposits for future stocks subscription to share capital			52,145,585	-	-	-	52,145,585
Acquisition of remaining equity interest of FCAC		-	-	-			
Appropriation for future dividends		-	-			-	-
Net income for the period		-	-	-	20,292,193	-	20,292,193
Balances at June 30, 2009		178,536,602	52,145,585	19,000,000	13,592,154	-	263,274,341

AGRINURTURE, INC. AND SUBSIDIARIES				
(Formerly Mabuhay 2000 Enterprises, Inc.)				
INTERIM CONSOLIDATED STATEMENT OF INCOME				
For the quarter ended June 30, 2009				
(With comparative figures for 2008 and 2007)		SECOND QUARTER		
Particulars	NOTES	2009	2008	2007
Sales		281,242,322	220,215,932	137,043,396
Cost of Sales	12	238,669,683	170,516,620	112,967,960
Gross Profits		42,572,639	49,699,312	24,075,436
Operating Expenses	13	18,672,518	35,501,036	25,310,561
Operating Income		23,900,121	14,198,276	(1,235,125)
Other Income (Expenses), net	14	(3,122,012)	(211,490)	(104,273)
Income Before Income Tax		20,778,108	13,986,786	(1,339,398)
Provision for Income Tax	16	-	-	-
Current		6,229,609	5,219,728	(427,046)
Deferred		-	(111,554)	(35,166)
		6,229,609	5,108,174	(462,212)
Net Income		14,548,499	8,878,612	(877,186)
		-	-	-
Attributable to		-	-	-
Equity Holders of the Parent		14,548,499	8,878,612	(573,219)
Minority interest		-	-	(303,967)
		14,548,499	8,878,612	(877,186)
EARNINGS PER SHARE	17	0.0815	0.063	

AGRINURTURE, INC. AND SUBSIDIARIES				
(Formerly Mabuhay 2000 Enterprises, Inc.)				
INTERIM CONSOLIDATED STATEMENT OF INCOME				
For the period ended June 30, 2009				
(With comparative figures for 2008 and 2007)		YEAR TO DATE		
Particulars	NOTES	2009	2008	2007
Sales		449,656,429	405,712,102	256,679,523
Cost of Sales	12	377,541,748	313,793,227	200,512,310
Gross Profits		72,114,681	91,918,875	56,167,213
Operating Expenses	13	45,698,464	66,592,570	52,223,933
Operating Income		26,416,217	25,326,305	3,943,280
Other Income (Expenses), net	14	(6,124,023)	7,568,244	(258,789)
Income Before Income Tax		20,292,193	32,894,549	3,684,491
Provision for Income Tax	16			
Current		6,087,658	8,196,708	1,358,530
Deferred			(106,533)	(35,166)
		6,087,658	8,090,175	1,323,364
Net Income		14,204,535	24,804,374	2,361,127
Attributable to				
Equity Holders of the Parent		14,204,535	24,804,374	1,611,985
Minority interest		-	-	749,142
		14,204,535	24,804,374	2,361,127
EARNINGS PER SHARE	17	0.0796	0.18	23.61

AGRINURTURE, INC. AND SUBSIDIARIES <i>(Formerly Mabuhay 2000 Enterprises, Inc.)</i> INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS			
For the Six Months Ended June 30, 2009 (With Comparative Figures for 2008)			
Amounts in Philippine Pesos			
	Notes	2009	2008
Cash Flows from Operating Activities			
Income Before income tax		20,292,193	32,894,549
Adjustment for			
Depreciation and amortization	8	2,993,220	2,546,380
Provision for retirement benefit cost			69,942
Goodwill			(7,325)
Interest expense		3,134,756	2,924,290
Interest income		(12,744)	(9,065)
Operating income before working capital changes		26,407,425	38,418,771
Decrease (Increase) in			
Trade and other receivables	5	103,624,078	(71,675,977)
Inventories		3,040,316	(4,438,735)
Due from stockholders		4,985,629	10,003,809
Advances to projects		(73,332,146)	(16,503,472)
Prepayments and other current assets		566,083	(489,156)
Increase (Decrease) in			
Trade and other payables		(69,644,278)	(11,754,613)
Income tax payable		2,976,614	(3,524,133)
Due to Stockholders		(14,652,684)	572,388
Cash provided by (used in) operations		(16,028,963)	(59,391,118)
Interest paid		(3,134,756)	(2,924,290)
Interest received		12,744	9,065
		(3,122,012)	(2,915,225)
Net cash provided by (used in) operating activities		(19,150,975)	(62,306,343)
Cash Flows from Investing Activities			
Addition to property and equipment	6	(15,200,000)	(17,089,404)
Increase in other non-current assets		(4,649,125)	(1,815,167)
Net cash in investing activities		(19,849,125)	(18,904,571)
Cash Flows from Financing Activities			
Net proceeds from borrowings		(6,017,318)	52,440,902
Change in minority interest			(17,095,885)
Proceeds from issuance of share capital (deposits)		52,145,585	62,006,695
Net cash provided by financing activities		46,128,267	97,351,712
Net Increase in Cash		7,128,167	16,140,798
Cash, January 1		8,397,521	11,064,779
Cash, June 30		15,525,688	27,205,577

AgriNurture, Inc. and Subsidiaries
NOTES TO FINANCIAL STATEMENTS
(With Comparative Figures)

I. CORPORATE INFORMATION

AgriNurture, Inc. (ANI), formerly Mabuhay 2000 Enterprises, Inc., was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 1997 primarily to engage in buying, selling, distributing, marketing, at wholesale only insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description and to enter into contracts for the export, import, purchase, acquisition, sale at wholesale only and other disposition for its own account as principal or its representative, upon consignment of all kinds of goods, wares, merchandise or products, whether natural or artificial.

On January 19, 2009, ANI was listed at National Stock Exchange of Australia; a stock exchange set up and managed specifically to cater for the listing of Small to Medium Enterprises. Also, On May 25, 2009, ANI joined the prestigious list of companies in Philippine Stock Exchange.

Details of incorporation and principal activities of its subsidiaries are as follows:

Subsidiary	Percentage of Ownership	Date of SEC Registration	Registered Address	Principal Activity
First Class Agriculture Corporation (FCAC)	100% directly owned	June 11, 2002	Provincial Road, Brgy. Arenas, Arayat, Pampanga	Trading Agricultural goods
Fresh & Green Harvest Agricultural Company, Inc. (FG)	100% indirectly owned through FCAC	June 4, 2004	Block 176 Lot 5 Phase 3 Guagua Ext. B, Madapdap Resettlemnet Center, Mabalacat, Pampanga	Trading Agricultural goods
M200 IMEX Company Inc. (IMEX)	100% directly owned	May 11, 2005	No. 54 National Road, Dampol II-A Pulilan, Bulacan, Philippines	Manufacturing
Lucky Fruit & Vegetable Products, Inc. (LFVPI)	100% directly owned	May 11, 2005	No. 35 Gasan Street, Masambong, SFDM, Quezon City	Trading Agricultural goods
Best Choice Harvest Agricultural Corp. (BCHAC)	100% indirectly owned through FCAC		Sitio Gugu, Brgy. Sta. Rosa, Concepcion City, Tarlac	Management of farming activities
Fruitilicious Company, Inc. (FCI)	89.20% directly owned	February 11, 2008	Balongis, Balulang, Cagayan de Oro	Processing, manufacturing and trading of frozen agricultural products

The Company's registered office address is at No. 54 National Highway, Dampol II-A, Pulilan, Bulacan and the principal office is at No. 35 Gasan Street, Masambong, SFDM, Quezon City.

Status of Operations

Business Acquisitions

On January 1, 2007, FCAC declared ownership over 100% of the paid-up capital of FG and BCHAC by virtue of the fulfillment of the conditions for unconditional transfer of ownership from FG's

and

BCHAC's incorporators to FCAC as embodied in various Deeds of Trusts previously executed by

and between parties concerned. Furthermore, the Parent Company and FCAC (the Parties) executed a Memorandum of Understanding (MOU), which provides for the firm commitment of the former to acquire 100% equity interest on FCAC and all its subsidiaries. The following are the significant mutual covenants agreed upon by the Parties:

- The negotiation and execution of mutually acceptable Memorandum of Agreement (MOA) for the acquisition by ANI of the shares of FCAC's shareholders on or before December 31, 2007;
- Upon signing of the MOU, all decisions in the ordinary course of business of FCAC shall only be made with the consent of the Parent Company; and
- As consideration for the foregoing, the Parent Company shall pay FCAC and its shareholders goodwill money upon execution of the MOA.

Moreover, the Parent Company and the shareholders of FCAC executed a voting trust agreement (VTA), whereby the shareholders holding 60% of the total issued and outstanding shares of stock of FCAC assigned their voting rights to the Parent Company. By virtue of the VTA, the Parent Company obtained control over the financial and operating policies of the FCAC and its subsidiaries.

On December 28, 2007, the Parent Company, FCAC and its major shareholder, executed the aforementioned MOA, which provides for the agreed consideration in acquiring the 100% equity interest in FCAC. The following are the significant mutual covenants agreed upon by the parties:

- The Parent Company shall acquire 100% equity interest in FCAC including all of the latter's 100% owned subsidiaries, FG and BCHAC for a consideration of P56.5 million;
- The said consideration shall be paid as follows: (a) P50 million cash for the net worth of FCAC, receipt of which was already acknowledged and: (b) the remaining P6.5 million shall be paid on or before March 31, 2008; and
- Upon payment of P50 million, FCAC shall assign in favor of the Parent Company, 60% equity interest in FCAC including all its subsidiaries. The remaining 40% shall be assigned to the Parent Company upon payment of the remaining P6.5 million.

In March 2008, the Parent Company has fully paid for the remaining 40% equity interest in FCAC

and all its subsidiaries. On January 2, 2008, the majority of the stockholders and BOD of the Parent Company resolved to approve the following amendments to the Parent Company's Articles of Incorporation:

- a) Change in the registered business name from Mabuhay 2000 Enterprises, Inc. to its current name; and
- b) Change in the registered business address of the Parent Company, from 7th Floor Escolta, Twin Tower, Escolta St., Binondo, Manila City to its current address.

The SEC approved the aforementioned amendments on February 15, 2008.

Compliance Listing of Securities with a Foreign Stock Exchange - the National Stock Exchange of Australia (NSX)

On January 09, 2009, the Parent Company's application for compliance listing with the NSX has been approved with its secondary common shares being listed and have subsequently been traded.

Initial Listing of Securities with a Local Stock Exchange – the Philippine Stock Exchange, Inc (PSE).

On April 15, 2009, the PSE has approved the application of the Parent Company's initial listing byway of introduction of 178,536,602 common shares, with par value of one peso: P1 per share, in the Second Board of the PSE at an opening price based on the closing price of the Parent Company's shares in the NSX on the trading day immediately preceding the listing date subject to the compliance by the Parent Company with all the requirements set forth by the PSE. Listing by way of introduction is a listing process that does not involve a public offering of the Parent Company's securities.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

Basis of Preparation

Basis of Measurement

The accompanying consolidated financial statements of the Group have been prepared on historical cost basis.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) issued by the Financial Reporting Standards Council. PFRSs consist of the following:

- (a) PFRSs - correspond to International Financial Reporting Standards;
- (b) Philippine Accounting Standards (PASs) – correspond to International Accounting Standards;
- and
- (c) Philippine Interpretations to existing standards – correspond to Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretation Committee of the International Accounting Standards Board; these include interpretation developed by the Philippine Interpretation Committee.

Functional and Presentation Currency

The accompanying consolidated financial statements are presented in Philippine peso, which is also the functional currency of the Group.

Basis of Consolidation

The consolidated financial statements of the Group comprise the separate financial statements of the

Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared in the

same reporting period as the Parent Company, using consistent accounting policies. All intra-company balances, receivables and payables, income and expenses, profits and losses resulting from intra-company transactions that are recognized in the separate financial statements of the Parent Company and its subsidiaries are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases. Minority interest represents the portion of profit or loss and net assets of FCA, FG, BCHAC, IMEX and LFVPI in 2007 not held by the Group and are presented separately in the consolidated statements of income and within the equity section in the consolidated balance sheets and consolidated statements of changes in equity, separately from the Parent Company's shareholders' equity.

Minority interest represents the interest in a subsidiary, which is not owned, directly or indirectly through subsidiaries, by the Group. If losses applicable to the minority interest in a subsidiary exceed the minority interest's equity in the subsidiary, the excess, and any further losses applicable to the minority interest, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses.

If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until

the minority interest's share of losses previously absorbed by the majority interest has been recovered.

Business Combinations

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition

is measured at fair values of the assets given up, equity instruments issued and liabilities incurred or

assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets

acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. Any excess of the cost of the business combination over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities represents goodwill, and recognized in the consolidated balance sheets on the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

On the other hand, any excess of the Parent Company's interest in the fair values of the identifiable

assets and liabilities and contingent liabilities acquired over the cost of business combination is recognized in the consolidated statements of income on the date of acquisition. Acquisition of the minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share on net assets acquired is recognized as goodwill in the consolidated statements of income. Transfers of assets between commonly controlled entities are accounted for under historical cost accounting.

Group's Adoption of New Accounting Standards, Interpretations and Amendments to Existing Standards

The accounting policies adopted in the preparation of the Group's consolidated financial statements have been consistently applied in all periods presented except as stated below.

Accounting Standard, Amendments and Interpretations Effective in 2008

The Group adopted the following relevant standard, amendment and interpretations to existing standards, which are effective for annual periods beginning on or after January 1, 2008, that are relevant to its operations:

- PAS 39 and PFRS 7 (Amendment), *Reclassification of Financial Assets*

The amendments to the standards, which became effective on July 1, 2008, permitted an entity to reclassify non-derivative financial assets (other than those designated at FVPL by the entity upon initial recognition) out of the FVPL in particular circumstances. The amendment also permitted an entity to transfer from AFS category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial assets had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. In the event of reclassification, additional disclosures are required under PFRS 7. The Group assessed that the amendment to these standards have no impact on its consolidated financial statements since it has not reclassified its financial assets to a new category.

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

This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*.

This interpretation does not have any impact on the financial position of the Group, as it does not have any pension asset.

The following interpretations to existing standards are effective in 2008, but are not yet relevant to the Group's operations:

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

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or (b) the shareholders of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instrument of the parent. The Group currently does not have any stock option plan and therefore, this interpretation have no impact to its consolidated financial statements.

- Philippine Interpretation IFRIC 12, *Service Concession Agreements*

This interpretation applies to service concession operators and explains how to account for

the obligations undertaken and rights received in service concession agreements. The Group does not have any service concession arrangements and hence this interpretation have no impact to the Group's consolidated financial statements.

Standards and Amendment to Existing Standards Subsequent to 2008

The Group is also aware of the following standards and amendments to existing standards that have been approved and are effective subsequent to 2008:

- Philippine Financial Reporting Standard (PFRS) 8, *Operating Segments* (Effective January 1, 2009)

The Standard applies to listed companies. It will replace PAS 14, Segment Reporting and requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group is currently assessing the impact of this standard in its consolidated financial statements and will adopt once it becomes effective.

- Amendments to PFRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* (Effective January 1, 2009)

The amendments improve the disclosure requirements about fair value measurements and reinforce existing principles for disclosures about the liquidity risk associated with financial instruments. It introduces a three-level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements. These disclosures will help to improve comparability between entities about the effects of fair value measurements. As of the reporting date, the management could not yet measure the likely effect of adopting these amendments in the future.

- Revised PFRS 3, Business Combinations, and PAS 27, *Consolidated and Separate Financial Statements* (Effective July 1, 2009)

The changes to PFRSs have been relatively small. The revised PFRS 3 reinforces the existing PFRS 3 model but remedies problems that have emerged in its application. Management believes that this interpretation would not have any significant impact in the Group's financial statements when it becomes effective in the future.

- Amendments to PFRS 2, Share-based Payment – *Vesting Conditions and Cancellations* (Effective January 1, 2009)

The amendments deal with two matters. They clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. They also specify that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group is currently assessing the impact of this standard in its consolidated financial statements and will adopt once it becomes effective.

- Revised Version of PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards* (Effective July 1, 2009)

The revised version has an improved structure but does not contain any technical changes and therefore, would not have any effect on the Group when it becomes effective. It was restructured to make it easier for the reader to understand and to allow it to accommodate more easily any future changes that might be necessary.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards and PAS 27, Consolidated and Separate Financial Statements* (Effective January 1, 2009)

The amendments are relevant to first-time adopters of PFRS and thus, are not applicable to the Group. It will allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements; and it removes the definition of the cost method from IAS 27 and replacing it with a requirement to present dividends as income in the separate financial statements of the investor.

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* (Effective for annual periods beginning on or after July 1, 2009)

The amendments provide additional guidance on what can be designated as a hedged item. It focused on developing application guidance to illustrate how the principles underlying hedge accounting should be applied in those situations. These amendments would most likely not affect the Group when it becomes effective as it does not usually enter into hedging activities.

- Amendments to PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements (revised 2007) – Puttable Financial Instruments and Obligations Arising on Liquidation* (Effective January 1, 2009)

The amendments are intended to improve the accounting for particular types of financial instruments that have characteristics similar to ordinary or common shares but are at present classified as financial liabilities. The amendments to PAS 32 address this issue and provide that puttable financial instruments will be presented as equity only if all of the following criteria are met: the holder is entitled to a pro-rata share of the entity's net assets on liquidation; the instrument is in the class of instruments that is the most subordinate and all instruments in that class have identical features; the instrument has no other characteristics that would meet the definition of a financial liability; and the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity (excluding any effects of the instrument itself). Profit or loss or change in recognized net assets for this purpose is as measured in accordance with relevant PFRSs. Management believes that this interpretation would not have any significant impact in the Group's financial statements when it becomes effective since it has not issued any puttable financial instruments and obligations.

- PAS 23 (Amendment), *Borrowing Cost* (Effective on January 1, 2009) – requires capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

- Revised PAS 1, *Presentation of Financial Statements* (Effective January 1, 2009)

The changes made will require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyze changes in a Group's equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separately from 'non-owner' changes (such as transactions with third parties). Management believes that such revision would most likely have no significant impact to the Group when it becomes effective.

□ Philippine Interpretation IFRIC–18, *Transfers of Assets from Customers* (Effective to transfers of assets from customers received on or after 1 July 2009)

The Interpretation is particularly relevant for the utility sector and therefore, would not have a significant impact on the Group when it becomes effective. The interpretation clarifies: the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset), the recognition of revenue; and the accounting for transfer of cash from customers.

□ Philippine Interpretation IFRIC–17, *Distributions of Non-cash Assets to Owners* (Effective for annual periods beginning on or after 1 July 2009)

It will standardize practice in the accounting treatment of distribution of non-cash assets to owners. The Interpretation clarifies that: a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. Management believes that the Group is not yet in a financial position to distribute any asset to its owners.

□ Philippine Interpretation IFRIC-16, *Hedges of a Net Investment in a Foreign Operation* (Effective for annual periods beginning on or after October 1, 2008)

The Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and that apply hedge accounting in accordance with IAS 39. It does not apply to other types of hedge accounting. Management believes that this interpretation would not have any significant impact in the Group's financial statements when it becomes effective in the future.

□ Philippine Interpretation IFRIC –15, *Agreements for the Construction of Real Estate* (Effective January 1, 2012)

The Interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors and therefore, would most likely not have any impact on the Group when it becomes effective. It provides guidance on the recognition of revenue among real estate developers for sales of units, such as apartments or houses, 'off plan', i.e., before construction is complete. It also provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11, *Construction Contracts*, or IAS 18, *Revenue*, and when revenue from the construction should be recognized.

The following principal and relevant accounting policies have been consistently applied:

Financial Instruments

Initial Recognition

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the

Group becomes a party to the contractual provisions of the instrument.

Financial instruments are recognized initially at fair value plus transaction costs except for those designated at fair value through profit and loss (FVPL).

Classification of Financial Instruments

The Group classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) investments, financial assets at fair value through profit and loss (FVPL), and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, reevaluates such designation at every reporting date.

The Group does not have financial assets and liabilities designated as FVPL, HTM and AFS investments.

Determination of Fair Value

The fair value of financial instruments traded in active markets is based on their quoted market price

or dealer price quotation (bid price for long positions and asking price for short positions). When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in the economic circumstances since the time of the transaction. If the financial instruments are not listed in an active market, the fair value is determined using appropriate valuation techniques which include recent arm's length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Financial Assets *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest rate method. Gains and losses are recognized in consolidated statements of income when the loans and receivables are derecognized or impaired, as well as through amortization process. Unearned discount is recognized as income over the life of the loan using the effective interest rate method.

The Group's trade and other receivables, note receivables and due from related parties as shown and disclosed in Notes 4 and 9 are included in this category.

Financial Liabilities

Other Financial Liabilities

This classification pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. Included in this category are the Group's trade and other payables, notes payable, and due to related parties as shown and disclosed in Notes 7, 8, and 15. The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the

effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Derecognition of Financial Assets and Liabilities

A financial asset, where applicable, part of a financial asset or part of a group of similar financial assets is derecognized when: a) the rights to receive cash flows from the asset have expired; b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or c) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

Assessment of Impairment

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. It assesses whether objective evidence of impairment exists individually for financial assets

that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The determination of impairment losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Evidence of Impairment

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment of Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of 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) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in the consolidated statements of income.

Reversal of Impairment 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 is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of income, to the extent that the carrying value of the asset does not exceed its cost or amortized cost at the reversal date.

Classification of Financial Instruments between Debt and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expense. A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or other financial assets to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Instruments

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

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using standard cost, which approximates actual cost determined on the first-in, first-out basis. NRV is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. The Group directly writes off inventory obsolescence due to spoilage, damage, and bad quality.

Property and Equipment

Property and equipment, except land, are initially measured at cost less any subsequent accumulated depreciation, amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, import duties, taxes and directly attributable costs of bringing the asset to its working condition for its intended use. Land is stated at cost less any impairment in value. Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when the expenditure have resulted in an increase in future economic benefits,

in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. Expenditures for repairs and maintenance are charged to operations during the period in which these are incurred.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation, amortization and any impairment loss are removed from the accounts and any resulting gain or loss is credited or charged to current operations. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the following property and equipment:

Property and Equipment Estimated Life
Building - 15 years
Store and warehouse equipment 3 - 5 years
Delivery and transportation equipment 3 - 12 years
Machinery and equipment 3 - 12 years
Office furniture and fixtures 3 - 12 years
Leasehold improvements 5 years

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

Construction in-progress represents leasehold improvements under construction and is stated at cost.

This includes cost of construction, renovation, and other direct costs. Construction in-progress is not depreciated until the relevant assets are completed and put into operational use.

The useful lives, residual value and depreciation and amortization methods are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment. The gain or loss arising from 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 consolidated statements of income.

Impairment of Non-Financial Assets

At each financial reporting date, the Group reviews the carrying amounts of non-current assets to determine whether there is any indication of impairment. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to its recoverable amount. The recoverable amount of the assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the consolidated statements of income. 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 carrying amount of the asset 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 impairment loss is credited to current operations.

Provisions and Contingencies

The Group recognizes a provision if a present obligation (legal and constructive) has arisen as a result of a past event, payment is probable and the amount can be reliably measured.

The amount recognized is the best estimate of the expenditure required to settle the present obligation at balance sheet date, that is, the amount the Group would rationally pay to settle the obligation to a third party. Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

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 reliably measured. The additional specific recognition criteria for each type of revenue is as follows:

Sale of goods

Sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which is normally upon delivery of goods and acceptance by the customers.

Interest income

Interest income is recognized as the interest accrue, taking into account the effective yield on the asset.

Operating Leases

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statements of income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Pension Benefits Cost

The amount recognized as net pension liability is the net of the present value of the defined benefit obligation at the balance sheet date minus the fair value at the balance sheet date, of plan assets out of which the obligations are to be settled directly. The Group's pension benefits costs are actuarially determined using the projected unit credit actuarial valuation method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Upon introduction of a new plan or improvement of an existing plan, past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. To the extent that the benefits are already vested, past service cost is immediately expensed. Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date.

These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs.

Borrowing Costs

Borrowing costs of ordinary loans from local banks and financing institutions are recognized in the consolidated statements of income in the period in which these are incurred.

Foreign Exchange Transactions

Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the date in which the transaction took place. Foreign currency denominated monetary assets and liabilities of the Group are translated using the prevailing exchange rate as of balance sheet date. Gains or losses arising from these transactions and translation are credited or charged to income for the period.

Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled or under common control are considered related parties.

Income Taxes

Current income tax

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

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and its carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and NOLCO can be utilized. The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Business Segments

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Under two main segments, Fresh and Processed sub-segments are the Fresh Export, Local Fresh, Processed and the Farming segments. Segment information will be incorporated in the succeeding financial reports.

Events After the Financial Reporting Date

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

Note 3 – SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from these estimates and assumptions used. The effect of any change in estimates will be reflected in the consolidated financial statements when these become reasonably determinable.

Determination of functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency is determined to be the Philippine peso. It is the currency that mainly influences the sale of goods and expenses of the Group.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Determination of fair value of financial instruments

The Group carries certain financial assets and liabilities at fair value, which requires use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit and loss and equity.

Estimation of useful lives and residual value of property and equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property 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 assets.

In addition, estimation of the useful lives of property and equipment is based on 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 and equipment would increase recorded operating expenses and decrease non-current assets.

The carrying value of property and equipment amounted to P145,586,959, P133,380,179 and P45,337,380 as of June 30, 2009, December 31, 2008 and 2007, respectively.

Asset impairment

The Group determines whether its property and equipment is impaired at least annually. In determining the fair value of property and equipment, the Group relies on the determination of an independent firm of appraisers, which involves significant assumptions and estimates. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations. While management believes that the assumptions made are appropriate and reasonable, significant changes in assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

No impairment losses were recognized on property and equipment in 2008 and 2007, as disclosed in

Estimation of liability for retirement benefits

The determination of the Group's obligation and cost of pension and other retirement benefits is

dependent on the selection of certain assumptions used by actuaries in calculating such amounts.

Those assumptions are described in Note 12 and include, among others, discount rate and salary increase rate.

The preparation of the interim consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of the date

of the interim consolidated financial statements. Actual results could differ from these estimates and

assumptions used. The effect of any change in estimates will be reflected in the interim consolidated

financial statements when these become reasonably determinable.

Recognition of deferred income tax assets

The Group reviews its deferred income tax assets at each balance sheet date and reduces the carrying

amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Total deferred income tax assets amounted to P945,608, P158,663 and P293,075 as of June 30, 2009, June 30, 2008 and December 31, 2007, respectively.

Note 4- Cash

This account consists of

	June 30, 2009	December 31, 2008
Cash on hand	646,219	500,000
Cash in Bank	14,879,469	7,897,521
Total	15,525,688	8,397,521

Note 5 – TRADE AND OTHER RECEIVABLES

This account consists of:

Particulars	June 30, 2009	December 31, 2008
Trade receivables	52,402,685	P129,779,992
Other receivables	64,434,872	90,681,643
total	116,837,557	P220,461,635

Trade receivables are normally due within 15-30 days and do not bear any interest. All trade receivables are subject to credit risk exposure. Other receivables include due from officers and employees.

The Group did not provide for any allowance for doubtful accounts since it believes that the entire amount is collectible within the normal credit period.

Note-6 Notes Receivable

A secured notes receivable assigned by a major stockholder to the Parent company on December 27, 2007 which is based on the consideration given by the stockholder to the seller.

Note 7 – INVENTORIES

This account consists of:

At cost:

	June 30, 2009	December 31, 2008
Finished goods	1,794,215	5,258,905
Raw materials	2,582,919	2,046,400
Vegetables and fruits	20,777,133	15,563,050
Packaging materials and other supplies	5,728,675	11,281,877
Total	31,109,916	P34,150,232

Note 8 – PROPERTY AND EQUIPMENT, Net

The carrying amount of the Group's property and equipment, net are as follows:
At June 30, 2009 (Insert)

The carrying amount of the Group's property and equipment, net are as follows:									
Carrying amount at cost	Land	Building	Store and Warehouse Equipment	Delivery and Transportation Equipment	Machinery and Equipment	Office Furniture and Fixtures	Leasehold Improvement	Construction in Progress	Total
At January 1, 2009	20,917,000	56,689,891	5,536,275	10,321,557	36,687,505	3,761,348	2,804,830	7,276,170	143,994,576
Additions			5,000,000		10,000,000	200,000			15,200,000
Disposals									
At June 30, 2009	20,917,000	56,689,891	10,536,275	10,321,557	46,687,505	3,961,348	2,804,830	7,276,170	159,194,576
Accumulated Depreciation and amortization									
At January 1, 2009		587,969	2,267,323	2,967,756	802,557	1,639,987	2,348,805		10,614,397
Depreciation and amortization Expense		944,832	526,814	516,078	667,188	198,067	140,242		2,993,220
Disposals									
At June 30, 2009	-	1,532,801	2,794,137	3,483,834	1,469,745	1,838,054	2,489,047	-	13,607,617
Net Book Value									
At June 30, 2009	20,917,000	55,157,090	7,742,138	6,837,723	45,217,760	2,123,294	315,784	7,276,170	145,586,959
Book Value Net At December 31, 2008	20,917,000	56,101,922	3,268,952	7,353,801	35,884,948	2,121,361	456,025	7,276,170	133,380,179
Portion of the Group's land, building and machinery and equipment were used to secure loans obtained by the group									

Construction in-Progress

This pertains to the capitalizable expenses incurred by a Subsidiary amounting to P7,276,170, P6,480,295 and P5,489,311 as of June 30, 2009, June 30, 2008 and December 31, 2007, respectively, in connection with the future transfer and use of a real property. The real property is a collateral to an indebtedness by a third party to the Parent which was subsequently foreclosed. Management reviewed the carrying value of its property and equipment as of June 30, 2008 and December 31, 2007 for any impairment. Based on its evaluation, there were no indications that these assets are impaired.

Note 9 – TRADE AND OTHER PAYABLES

This account consists of:

	June 30, 2009	December 31, 2008
Trade payables	20,880,776	P43,226,875
Bonus payable		1,258,298
Customers' deposit		823,800
Other payables		44,416,081
Total	20,880,776	P89,725,054

Trade payables are normally due within 30 days and do not bear any interest.

Note 10 – NOTES PAYABLE

This account pertains to the outstanding balances of loans obtained by the Group, from various banks

and a financing institution, for its working capital requirements. The details of which are as follows:

	June 30, 2009	December 31, 2008
Banco De Oro (BDO)	85,000,000	P90,000,000
Bank of Commerce	20,227,200	29,770,267
Mega International Commercial Bank (MICB)	59,192,240	28,499,973
Bank of the Philippine Islands	25,481,849	26,099,482
Metropolitan Bank and Trust Co. (MBTC)		20,000,000
Land Bank of the Philippines (LBP)	9,096,713	8,735,672
Rizal Commercial Banking Corporation (RCBC)	3,908,954	8,998,069
Philippine National Bank (PNB)	17,997,500	
Orix Metro Leasing Finance Corporation (ORIX)		14,818,311
Total	220,904,456	226,921,774
Non Current Portion	(15,680,391)	(15,680,391)
Current Portion	P205,224,065	P211,241,383

As of August 2009, the Group has fully settled the maturing obligation.

The pertinent provisions of the loan agreements with the lenders are as follows:

Lenders	Annual Interest Rate		Term	Security
	2009	2008		
BDO*	7.75% - 8.5%		1 to 6 months	Suretyship agreement and line of credit
MICB	7.25%		1 to 7 months	Real estate mortgage of FCAC's land and building
BPI	9.25% to 10.5%	9.25% to 10.5%		Land and building of FCAC
MBTC	9.0%		5 months	Unsecured
LBP*	8.75% 8.75%		6 months	Unsecured
RCBC	9.5%		1 month/ 3 years	Transportation equipment of Parent Company
EWBC*	8.68		1 month	Unsecured
ORIX**	Floating rate		3 years	Machinery and Equipment of Parent Company

* Subject to quarterly repricing at the prevailing market interest rates.

** Equivalent to Philippine Dealing Exchange Rate of 9.16% or an average one-year rate plus 7.63% per annum, and is subject to annual repricing.

Interest expense charged to finance cost amounted to P3,104,755 and P6,336,510 in 2009 and 2008, Respectively.

Note 11 – EQUITY

Increase in Authorized Capital Stock of the Parent Company

The capital stock of the Parent Company consists only of common shares. All shares are equally eligible to receive dividends and repayment of capital and each share is entitled to one vote at the shareholders' meeting.

In 2007, the stockholders made the following payments and assignments of assets to the Parent Company for their future subscription of shares of stock.

- a.) A secured notes receivable assigned by a major stockholder to the Parent Company on December 27, 2007 amounting to P50 million which is based on the consideration given by the stockholder to the seller;
- b.) Machinery and equipment amounting to P20.98 million; and
- c.) Cash payment of P24.91 million.

On January 21, 2008, the SEC approved the increase in authorized capital stock of the Parent Company from P10 million to P300 million and a decrease in the par value per share from P100 to P1 per share. In addition, the Parent Company was also authorized to issue 9.90 million shares out of the increase in the authorized capital stock in favor of the existing shareholders. Subsequent to the SEC approval on the increase in authorized capital stock of the Parent Company, the subscribed and paid common shares of stock in 2007 were accordingly issued to the stockholders. Total shares of stocks that were subscribed, paid and issued as of June 30, 2008 and 2007 are detailed below:

	June 30, 2009 and 2008		December 31, 2007	
	Number of Shares	Amount	Number of Shares	Amount
Authorized – P1 par value per share in 2008 and P100 par value per share in 2007	<u>300,000,000</u>	<u>P300,000,000</u>	<u>100,000</u>	<u>P10,000,000</u>
Issued and outstanding	<u>167,905,135</u>	<u>P167,905,135</u>	<u>100,000</u>	<u>P10,000,000</u>

Appropriation of Retained Earnings of FCAC

FCAC appropriated accumulated retained earnings of P5,000,000 each, in 2004 and 2005 for expansion projects which was reverted as unappropriated retained earnings in 2007, upon accomplishment of the said project. On March 10, 2008, the BOD of FCAC approved the appropriation of accumulated retained earnings amounting to P19,000,000 for future

dividend declaration.

Note 12 – COST OF SALES

The breakdown of this account for the quarter ended June 30, is as follows:

	6/30/2009	6/30/2008	6/30/2007
Inventories, January 1	34,150,232	16,323,174	1,232,424
Purchases	235,629,367	174,955,355	114,238,801
Total merchandise available for sale	269,779,599	191,278,529	115,471,225
Inventories, June 30	31,109,916	20,761,909	2,503,265
	238,669,683	170,516,620	112,967,960

These inventories are normal operating requirements.

Note 13 – OPERATING EXPENSES

Operating Expenses	note	30-Jun-09	Second Quarter 30-Jun-08	30-Jun-07
Deliveries		7,507,885	9,023,936	7,191,449
Contracted services		-	8,683,004	-
Salaries, wages and other employee cost		3,296,872	4,324,563	11,047,756
Advertising and promotions		1,229,738	1,357,859	706,878
Professional fees		522,834	1,422,450	519,138
Depreciation and amortization		1,496,610	1,294,442	572,851
Transportation and travel		318,127	1,291,358	1,018,236
Maintenance and upkeep		-	2,042,402	400,173
Repairs and maintenance		504,412	539,018	361,738
Communication, light and water		1,312,761	487,222	622,784
Taxes and licenses		475,000	441,887	239,932
Bank charges		32,156	884,806	116,597
Representation and entertainment		380,548	256,646	683,399
Brokerage and handling fees		33,337	414,642	23,188
SSS, Philhealth and Pagibig contributions		467,067	34,738	471,741

Office supplies	187,837	240,670	206,806
Security services	312,958	240,833	172,200
Rent	99,075	67,200	287,506
Retirement benefit cost	34,971	58,285	53,462
Miscellaneous	460,329	2,404,075	614,727
	<u>18,672,519</u>	<u>35,510,036</u>	<u>25,310,561</u>

Note 14 – LEASES

The Parent Company leases a parcel of land with improvements thereon, where its warehouse and office buildings are located. The lease is for a period of 4 years and 5 months from August 1, 2005

up to December 31, 2009 at a monthly rental of P0.05 million. The lease includes an annual 10%

escalation clause at the lessor's discretion.

Further, FCA leases a marketing office located at No. 1240 Unit 16A 2nd floor ANPN Plaza, North

EDSA, Balintawak, Quezon City. The lease contract is for a period of one year up to on September 5,

2008. As of June 30, 2008, the future minimum lease payments under this non-cancelable operating lease

are as follows:

Not later than one year	P762,300
After one year but not more than five years	<u>399,300</u>
	<u>P1,161,600</u>

As of June 30, 2009, the future minimum lease payment under the non-cancellable operating lease amounts to P300,000.

Note 15 – RETIREMENT BENEFITS

The Group does not have a formal retirement plan yet for its employees. The most recent actuarial

valuation of the Parent Company's retirement plan was performed by an independent actuary on October 9, 2007. Actuarial valuations are made every two years to update the retirement benefit costs and the amount of contributions.

No changes in the net pension liabilities are recognized in the interim consolidated balance sheets as

of report date pending the results of the new actuarial valuation scheduled in the second half of the year. The amount reported in the annual financial statements as of and for the year December 31, 2008 was used as a basis in the computation of this expense.

Interim report as of June 30, 2009 showed:

	June 30, 2008	December 31, 2008
Net pension liability, beginning	P525,294	P383,296

Retirement expense	<u>69,942</u>	141,998
Net pension liability, ending	<u>P595,236</u>	<u>P525,294</u>

Reconciliation of the present value of defined benefit obligations is as follows:

	June 30, 2008	December 31, 2008
Present value of obligation, beginning	P863,006	P737,506
Current service cost	21,131	44,374
Interest cost	40,563	81,126
Present value of obligation, ending	<u>P924,700</u>	<u>P863,006</u>

Total expense recognized in the interim consolidated statements of income in respect of this defined benefit plan is as follows:

	June 30, 2009	December 31, 2008
Current service cost	P21,130	P44,374
Interest cost	40,563	81,126
Net actuarial loss	8,249	16,498
Provision for retirement benefit costs	<u>P69,942</u>	<u>P141,998</u>

The amount included in the present value of obligation arising from the Parent Company is obligations in respect of its defined retirement benefit plan are as follows:

	June 30, 2009	December 31, 2008
Present value of defined benefit obligations	P924,700	P863,006
Unrecognized actuarial gains	(345,962)	(337,712)
	<u>P578,738</u>	<u>P525,294</u>

The key actuarial assumptions used as at the interim balance sheet dates are:

	June 30, 2009	December 31, 2008
Discount rate	11.00%	11.00%
Salary increase rate	5.00%	5.00%
Average remaining working life of plan members	16 years	17 years

Note 16 – OTHER INCOME (EXPENSES), Net

The breakdown of the account is as follows:

	2009	2008
Realized		
foreign exchange gain (loss), net		282,938
Rental income		137,870
Interest income	12,744	9,224
Other income		2,770,698
Interest expense and bank charges	(3,134,756)	(3,412,220)
	<u>(P3,062,012)</u>	<u>(P 211,490)</u>

Other income for 2008 pertains to income from commission on sale of other products and miscellaneous income.

Note 17 – RELATED PARTY TRANSACTIONS

Below are the details of all intra-company balances, receivables and payables, income and expenses,

profits and losses resulting from intra-company transactions that are recognized in the separate interim financial statements of the Parent Company and its subsidiaries, which are eliminated in full in the accompanying interim consolidated financial statements.

a. Credit Accommodations of Parent Company and FCA

On December 27, 2007, the Parent Company was granted credit accommodations by Banco de Oro – EPCI, Inc. amounting to P10.0 million and 15.0 million as of June 30, 2008 and December 31, 2007, respectively, which is to be shared between the Parent Company and its subsidiary, FCA. In relation to this, the Parent Company and FCA have entered into a suretyship agreement with the bank to act as sureties of each other. The Parent Company, being a surety, jointly and severally and irrevocably. The suretyship agreement is still in effect to date;

(i) Secures the due and full payment and performance of the obligations incurred by FCA; and

(ii) Undertakes with the bank that upon nonpayment or nonperformance of FCA when the obligation falls due, it shall, without need for any notice, demand or any other act or deed, immediately be liable and pay as if the principal obligor. As a surety, the Parent Company also pledged, as security for the full and due payment and performance of the obligation, all its moneys and other properties. As of 2008, FCA has entered into several loan agreements with BDO, resulting to the recognition of an outstanding liability amounting to P80 million and P74.75 million as of June 30, 2008 and December 31, 2007, respectively. These loans are secured by the assignment of receivables of FCA and the suretyship agreement mentioned above.

b. Due from and to Officers and Employees

These represent advances made in carrying out the day-to-day operations of the Group and are subject to liquidation upon utilization.

c. Due from and to Stockholders

Due from and to stockholders are interest-free and settlement can be made through cash payment, offsetting or assignment of stockholders' assets to the Group. The Group has not recorded any impairment of receivables from stockholders as of June 30, 2009 and 2008. The assessment is undertaken through examining the financial position of the stockholders.

d. Compensation of key management personnel

Compensation of key management personnel of the Group amounted to P3.25 million, P3.25 million and P2.4 million in 2009, 2008 and 2007, respectively.

Note 18 – INCOME TAXES

a.) The Group's deferred tax assets are as follows:

	June 30, 2009	December 31, 2008
Deferred tax assets		
Deductible temporary difference on:		
Pension liability	P158,633	P158,633
NOLCO	<u>786,975</u>	<u>786,975</u>
	<u>P945,608</u>	<u>P945,608</u>

b.) The reconciliation between the provision for income tax computed at statutory rate and the Group's actual income tax expense is shown below:

	2009	2008
Income before income tax	20,778,108	13,768,933
Non-taxable loss of Imex		830,811
		-
Excess of fair value of net identifiable asset over cost of investment		(10,601,308)
Total	20,778,108	3,998,436
		-
Statutory provision of 30% for 2009 and 35% for 2008	6,233,433	1,399,453
Tax effect of:		-
Negative goodwill		3,710,458
Interest expenses subject to final tax	(3,823)	(9,573)
Nondeductible interest expense		7,836
Provision for income tax	<u>6,229,609</u>	<u>5,108,174</u>

c.) New Tax Laws

R.A. 9337

Republic Act (RA) No. 9337 was enacted into law amending various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA, which became effective on November 1, 2005, are as follows:

- i. Increase in the corporate income tax rate from 32% to 35% with a reduction thereof to 30% beginning January 1, 2009;
- ii. Grant of authority to the Philippine President to increase the 10% VAT rate to 12%, effective January 1, 2006, subject to compliance with certain economic conditions. VAT rate increased to 12% effective February 1, 2006;
- iii. Revised invoicing and reporting requirements for VAT;
- iv. Expanded scope of transactions subject to VAT; and
- v. Provided thresholds and limitations on the amounts of VAT credits that can be claimed.

R.R. 12-2007

Under National Internal Revenue Code, MCIT of 2% of the gross income as of the end of the taxable year is imposed beginning the fourth taxable year immediately following the registration of the Parent Company and subsidiaries with the Bureau of Internal Revenue (BIR). The MCIT puts a floor limit to the income tax payable. In the event the income tax due computed under the regular tax rate of 35% on net taxable income becomes lower than 2% of gross income, the MCIT of 2% of gross income shall be the income tax due. Any excess of the MCIT over the regular income tax shall be carried forward and credited against the regular income tax for the three immediately succeeding taxable years. On October 17, 2007, however, the BIR issued Revenue Regulation (RR) No. 12-2007 which amends certain provisions of RR No. 9-98 relative to the due date within which to pay the MCIT imposed on domestic and resident foreign corporations pursuant to Sections 27(E) and 28(A) of the Tax Code, as amended.

Accordingly, MCIT shall be computed at the time of filing the quarterly corporate income tax so that if MCIT is higher than the quarterly normal income tax, then MCIT becomes the tax

due for the quarter. In the payment of said quarterly MCIT, any excess MCIT from the previous year/s shall not be allowed to be credited. However, any expanded withholding tax, quarterly income tax payments under the normal income tax and MCIT paid in the previous taxable quarter/s are allowed to be applied against the quarterly MCIT due.

The quarterly MCIT paid in the quarterly ITR shall be credited against the normal income tax at year-end should the normal income tax due becomes higher than the computed annual MCIT. However, should the computed annual MCIT due becomes higher than the annual normal income tax due, only the quarterly MCIT payments of the current taxable quarters, the quarterly normal income tax payments in the quarters of the current taxable year, the expanded withholding taxes in the current year and excess expanded withholding taxes in the prior year may be credited against the annual MCIT due. Any excess MCIT from the previous year/s shall not be allowed to be credited as this can only be applied against normal income tax.

NOTE 19 – EARNINGS PER SHARE

Basic EPS is computed as follows:

	2009	2008
Net income attributable to equity holders of the Parent Company	P14,548,499	P8,878,612
Weighted average number of shares	178,536,602	141,587,613
	P0.082	P0.063

Note 20– FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's business activities are exposed to a variety of financial risks, which include credit risk, liquidity risk and market risk. Management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the Group's financial performance.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which result from its operating, investing and financing activities. The Group's principal financial instruments comprise of cash, trade receivables and payables, notes receivables and payables and due from and to related parties. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and payables, which arise directly from operations.

Financial risk management of the Group is coordinated by the management of the subsidiaries with its Parent Company. Group policies and guidelines cover credit risk, liquidity risk and market risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results of operations and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from deposits with banks, as well as credit exposure to receivables from third and related parties.

The Group trades only with recognized, creditworthy third parties. FCAC and FG are exposed to credit risk due to dependence on one customer. However, this sole customer of FCAC and FG is credit worthy and has already established good business relationships. Also, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For banks, the Group has maintained its business relationships with accredited banks, which are considered in the industry as universal banks. The receivables from stockholders are accordingly collected in accordance with the group's credit policy.

The Group's exposure to credit risk arises from default of other counterparties, with a maximum exposure equal to the carrying amounts as follows:

	2009	December 31, 2008
Cash	15,525,688	8,397,521
Loans and Receivables		
Trade and other receivable	116,837,557	220,461,635
Note Receivable	58,000,000	58,000,000
Due from Stockholders	197,296	5,182,925
Total	190,560,641	292,042,281

Aging analyses of financial assets are as follows:

Credit risk

June 30, 2009

Neither
impaired
nor
past due on
the
reporting
date

Past due but not yet impaired

Impaired

	Carrying amount	Current	61 to 90 days	61 to 90 days	91 to 120 days	More than 120 days
Cash	15,525,688	15,525,688	-	-	-	-
Trade and other receivables (Note 4)	116,837,557	91,133,294	12,852,131	7,010,253	5,841,878	-
Notes Receivables						
(Note 10)	58,000,000	58,000,000	-	-	-	-
Due from Stockholders (Note 15)	197,296	197,296	-	-	-	-
	190,560,541	164,856,278	12,852,131	7,010,253	5,841,878	-

Credit risk

December 31, 2008

	Carrying amount	Neither impaired nor past due on the reporting date	Past due but not yet impaired			Impaired More than 120 days
	Current	61 to 90 days	61 to 90 days	91 to 120 days		
Cash	8,397,521	8,397,521	-	-	-	-
Trade and other receivables (Note 4)	220,461,635	150,708,206	11,882,620	5,677,897	52,192,912	-
Notes Receivables						
(Note 10)	58,000,000	58,000,000	-	-	-	-
Due from Stockholders (Note 15)	5,182,925	2,800,900	-	-	2,382,025	-
	292,042,081	219,906,627	11,882,620	5,677,897	54,574,937	-

The credit quality of the Group's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks, customers and related parties who pay on or before due date.

Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due and because of lack of funding to finance its growth and capital expenditures and working capital requirements.

The Group's approach to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed. In addition, the Group continually supports the short term funding and financing requirements of the subsidiaries. The following summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments:

		June 30, 2009			
		On Demand	Less than 3 months	3 to 12 months	1 to 5 YEARS
		Total			
Trade and other payables (Note 7)		9,775,569	10,305,207	-	20,080,776
Notes payable (Note 8)		80,224,065	85,000,000	40,000,000	15,680,391
		89,999,634	95,305,207	40,000,000	15,680,391
		240,985,232			

		December 31, 2008			
		On Demand	Less than 3 months	3 to 12 months	1 to 5 years
		Total			
Trade and other payables (Note 7)		89,550,054	370,000	-	89,920,054
Notes payable (Note 8)		113,499,973	25,009,036	88,412,415	226,921,424
Due from Stockholders (Note 15)		14,652,684	-	-	-
		217,702,711	25,379,036	88,412,415	0
		331,494,162			

Market risks

Market risk refers to the risk that changes in market prices, such as interest rates, foreign exchange rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk

exposures within acceptable parameters, while optimizing the return. The Group is subject to various market risks, including risks from changes in interest rates and foreign currency exchange rates. There has been no change to the Group's exposure to market risks or the

manner in which it manages and measures the risk.

a. Interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's financial instrument that is exposed to interest risk is its loans that are based on prevailing market rate, subject to quarterly repricing. These are concession rates given by the bank in consideration for the Group's operational and financial difficulties.

The following tables show information about the Group's financial instruments that are exposed to interest rate risk and presented by maturity profile: The Group has substantially paid-up all maturing obligation in July 2009 and August 2009.

	June 30, 2009					
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
Fixed Rate						
Loans Payable						
BPI	7,000,000	-	-	-	-	7,000,000
Bank of Commerce	20,227,200					20,227,200
Floating Rate						
Loans Payable						
BDO	85,000,000	-	-	-	-	85,000,000
BPI	18,481,849	-	-	-	-	18,481,849
LBP	9,096,713	-	-	-	-	9,096,713
RCBC	3,908,954	-	-	-	-	3,908,954
MICB	59,192,240		-	-	-	59,192,240
PNB	2,287,109	3,542,289	12,168,102	-	-	17,997,500
	205,194,065	3,542,289	12,138,102	-	-	220,904,456

		June 30, 2009				
		1 to 2	2 to 3	3 to 4	4 to 5	
	Within 1 year	years	years	years	years	Total
Fixed Rate						
Loans Payable						
MICB	28,499,973			-	-	28,499,973
BPI	26,099,482					26,099,482
Floating Rate						-
Loans Payable						-
BDO	90,000,000			-	-	90,000,000
MBTC	20,000,000			-	-	20,000,000
LBP	8,735,672			-	-	8,735,672
BOC	29,770,267			-	-	29,770,267
RCBC	8,135,989	862,080		-	-	8,998,069
ORIX		14,818,211		-	-	14,818,211
	211,241,383	15,680,291	-	-	-	226,921,674

b. Foreign exchange risk

The Group's exposure to foreign exchange risk results from its business transactions denominated in foreign currency.

Capital Risk Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's

business operations and industry.

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is equivalent to total liabilities shown in the interim consolidated balance sheets. Total equity comprises all components of equity including share capital, additional paid-in capital and retained earnings. Debt to equity ratio of the Company is 1.30% and 1.65% as of June 30, 2008 and December 31, 2007, respectively.

There were no changes in the Group's approach to capital management during the periods.

The Group is not subject to externally imposed capital requirements.

Note 21 – FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The carrying values and fair values of financial assets and financial liabilities are presented below:

	June 30, 2009	December 31, 2008
Financial assets		
Cash in bank	15,525,688	8,397,521
Trade and other receivables(Note 4)	116,837,757	220,461,635
Notes receivables (Note 9)	58,000,000	58,000,000
Due from stockholders (Note 15)	197,296	5,182,925
	<u>190,560,741</u>	<u>292,042,081</u>
Financial liabilities		
Trade and other payables (Note 7)	20,080,776	89,725,054
Notes payables (Note 8)	220,904,456	226,921,774
Due from stockholders (Note 15)		14,652,684
	<u>240,985,232</u>	<u>331,299,512</u>

The carrying amounts of cash, trade and other receivables, due from and to related parties, trade and other payables, and short-term notes payable approximate their fair values due to the relatively short-term maturities of the financial instruments. The fair value of the long-term notes payable is based on the discounted value of the expected future cash flows using the applicable rate.

NOTE 22 – BUSINESS ACQUISITIONS

The acquisitions of the following subsidiaries have been accounted for using the purchase method of accounting:

Acquirer	Acquiree	Date Acquired	% of Ownership
Parent Company	FCAC	January 1, 2007	100%
FCAC	FG and BCHAC	January 1, 2007	100%
Parent Company	FCAC	January 1, 2008	100%
Parent Company	IMEX	January 1, 2008	100%

Accordingly, the 2008 interim consolidated financial statements include the results of operations of FCAC and FG for the six-month ended from their acquisition on January 1, 2007 to June 30, 2008.

The Parent Company's acquisition on LFVPI and IMEX in 2005, resulted to the recognition of goodwill amounting to P33,175. The additional investment made by the Parent Company to IMEX in 2007, gave rise to the recognition of additional goodwill of P12,600. On January 1, 2008, the Parent Company acquired the remaining 60% equity interest in IMEX, which resulted to the recognition of additional goodwill of P7,450. The fair value of the assets and liabilities of IMEX as of the date of acquisition were as follows:

	Recognized of Acquisition	Carrying Value
Cash	P12,500	P12,500
Advances to related parties	586,794	586,794
Prepayments and other current assets	250,388	250,388
CIP	5,489,311	5,489,311
Advances from related parties	<u>(6,633,369)</u>	<u>(6,633,369)</u>
Fair value of net identifiable assets and liab.	<u>(P294,376)</u>	<u>(P294,376)</u>

On January 1, 2007, the Parent Company acquired 60% equity interest in FCAC, FG and BCHAC (Note 1). The fair value of the assets and liabilities of which as of the date of acquisition were as follows:

	Recognized on Acquisition	Carrying Value
Cash	50,016	50,016
Trade and other receivables	40,032,838	40,032,838
Advantage to related parties	27,869,590	27,869,590
Inventories	1,000,187	1,000,187
Prepayment and other current assets	937,760	937,760
Property and equipment, net	10,092,267	10,092,267
Goodwill from acquisition of FG	2,150,409	2,150,409
Trade and other payables	(23,533,840)	(23,533,840)
Advances from related parties	(12,002,770)	(12,002,770)
Loans payable	<u>(9,767,912)</u>	<u>(9,767,912)</u>
Fair value of net identifiable assets and liabilities	36,828,545	36,828,545
Percentage of ownership	60%	-
	<u>22,097,127</u>	<u>36,828,545</u>

Cost of acquisition

Interest on the net identifiable assets and liabilities	50,004,838
	<u>22,097,127</u>

Goodwill	<u><u>27,907,711</u></u>
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*Includes transaction cost of P4,838

Furthermore, the Parent Company acquired the remaining 40% equity interest in FCAC, FG and BCHAC. The fair value of the assets and liabilities of which as of the date of acquisition were as follows:

	<u>Recognized on Acquisition</u>	<u>Carrying Value</u>
Cash	10,459,336	10,459,336
Trade and other receivables	60,484,218	60,484,218
Advantage to related parties	114,679,582	114,679,582
Inventories	10,842,754	10,842,754
Prepayment and other current assets	156,811	156,811
Property and equipment, net	12,397,710	12,397,710
Goodwill from acquisition of FG	2,150,409	2,150,409
Trade and other payables	(50,964,449)	(50,964,449)
Advances from related parties	(30,212,562)	(30,212,562)
Loans payable	(87,101,556)	(87,101,556)
Income tax payables	<u>(138,983)</u>	<u>(138,983)</u>
Fair value of net identifiable assets and liabilities	42,753,270	42,753,270
Percentage of ownership	<u>40%</u>	<u>-</u>
	<u><u>17,101,308</u></u>	<u><u>42,753,270</u></u>

Cost of acquisition	
Interest on the net identifiable assets and liabilities	6,500,000
	<u>17,101,308</u>
Goodwill (Excess of the net identifiable assets and liabilities over the acquisition cost)	<u><u>(10,601,308)</u></u>

NOTE 23 – MEMORANDUM OF AGREEMENT

On February 15, 2007, a Memorandum of Agreement was executed by and among the Parent Company, Education Parks for Sustainable Development Foundation, a non-stock and non-profit organization, Bamban Aeta Tribal Association (B.A.T.A.), and National Commission for Indigenous People (NCIP), a national government agency. The agreement provides for the establishment of the joint governing council for the B.A.T.A. sustainable development project. To hasten and facilitate a more effective and binding interaction among the four parties, a Joint Governing Council (JGC) shall be established to be represented as follows: two to be named by B.A.T.A.; two by the Foundation; two by the Parent Company; and one by the NCIP. This JGC shall evaluate, approve and provide guidance and direction in the management of the various component projects, which shall be introduced and implemented by various participating entities, which are willing to partake of the different development activities relevant to the improvement of the socio-economic conditions of the indigenous people.

NOTE 26 – BUSINESS SEGMENTS

For management purposes, the Group is organized into two main segments – fresh foods and processed foods. The operating businesses are organized and managed separately according to the nature of the products produced and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The fresh foods segment is primarily engaged in the trading and distribution of fresh fruits and vegetables on a wholesale basis. The processed foods products segment is engaged in the manufacturing and processing of fruit products.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property and equipment, net of provisions. Segment liabilities include all operating liabilities and consist principally of accounts, and other payables and accrued liabilities. Segment assets and liabilities do not include deferred income taxes.

Inter-segment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Such transfers are eliminated in consolidation.

NOTE 25 – LISTING WITH THE NATIONAL STOCK EXCHANGE OF UASTRALIA (NSX) AND THE PHILIPPINE STOCK EXCHANGE (PSE)

As disclosed in Note 1, the Parent Company's applications for listings of its securities with the National Stock Exchange of Australia (NSX) and the Philippine Stock Exchange, Inc. (PSE) have been approved on January 9, 2009 and April 15, 2009, respectively.

Immediately following compliance with the requirements set forth by the latter, the SEC shall declare registration of the following:

	Number of Shares	Amount
a) Common shares		
To be listed by way of introduction in the		
Second Board of the PSE on behalf of the		

existing stockholders

Issued and outstanding	167,905,135	P167,905,135
Allotted to Parent Company's directors, employees and consultants under a stock purchase plan	<u>10,631,467</u>	<u>10,631,467</u>
	178,536,602	178,536,602
To be offered to the public within one (1) year from the subject listing, by way of primary share offer from the Parent Company's unissued authorized share capital	101,463,398	101,463,398
Underlying common shares	<u>20,000,000</u>	<u>20,000,000</u>
	<u>300,000,000</u>	<u>P300,000,000</u>

b) Warrants

Relating to 20,000,000 underlying common shares P20,000,000

The Company shall list the warrants in the PSE within one (1) year from the listing by way of introduction of the underlying common shares at an issue price of P0.00 per warrant, with expiry date at the end of the 5th year from issuance and listing, and a strike price of P20 per share at the time of exercise and a conversion ratio of 1 warrant to 1 common share. Although the Parent Company has no issued and outstanding warrants, it has allotted initially a total number of 6,500,000 warrants to its directors and officers.

NOTE 26 – FINANCIAL STATEMENT PRESENTATION

Certain 2008 and 2007 consolidated financial statement data were reclassified to conform to the current year's financial statement presentation.