

ANI'S BUSINESS OPERATIONS

Incorporated on 04 February 1997, ANI started its business operations in the same year as an importer, trader and fabricator of post-harvest agricultural machineries intended to improve the productivity as well as increase the income of Filipino farmers. Formerly known as Mabuhay 2000 Enterprises, Inc., AgriNurture, Inc. (the "Company" or "ANI") was the first to bring into the Philippine market the Mega-Sun brand of grain dryers and thereafter established itself as one of the more reliable local supplier and manufacturer of conveyor systems and other rice mill equipment.

ANI eventually diversified into other various agro-commercial businesses, specifically focusing on the export trading of fresh Philippine Carabao Mangoes as its main revenue stream. Since then, ANI has become one of the Philippines' top fresh mango exporters to the world market. At present, ANI also supplies other home-grown fruits such as banana and pineapple to customers in Hong Kong, Mainland China, the Middle East and to the different European regions.

By the start of 2015, ANI ventured into the rice import trading by partaking in the rice importation program of the Government through the National Food Authority. By the early second quarter of this year, ANI was able to complete its first round by importing 1000 metric tons of rice from Vietnam.

Nature and Scope of the Business of ANI and its Subsidiaries

Currently, the Company conducts its business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into two (2) groups, namely: (i) Philippine Operations and (ii) Foreign Operations.

The Philippine Operations Group is organized into five business units: (1) Exports, (2) Local Distribution, (3) Retail & Franchising, (4) Farming (5) Manufacturing/Processing and (6) Others. Meanwhile, Foreign Operations is principally fruits and vegetable trading in Hong Kong/China, Australia and Europe.

Philippine Operations

Export Group

The Company's Export Group is in charge of looking for markets abroad as well as sourcing the best quality produce possible to satisfy its growing number of clients. This group is the top dollar earner of ANI by exporting all kinds of fruits, vegetables and other agro products, with fresh banana, fresh mango and coconut water as its main export products.

Banana – the main banana export variety is Cavendish and its main production area is in Mindanao. The Export Group sources its supply from small independent growers and from established corporate plantations to consolidate as much supply as it can to satisfy its clients in China, Korea, Middle East and Russia. The requirement of the ANI Export Group is currently in the range of 15-40 forty-foot containers a week.

Mango - Carabao mango (*Mangifera indica* L.) is the variety exported by ANI. The Export Group sources its mangoes from all over the Philippines via a network of growers and suppliers who have been in the business of mango for decades. The Export Group also taps the various mango contract growers of ANI who avails the inputs loan provided by the Farming Group. These mango growers follow the strict mango production system prescribed by the Government to comply with good agricultural practices as well as the pesticide spraying protocol. By adhering to these strict standards, ANI's mango exports can be accepted by any stringent market abroad.

Coconut water - Coconut water is one of the most exciting ANI products in the market today for both local and export. This product is exported by the ANI Export Group to USA, Canada, Australia, New Zealand and the Middle East. The facility used for processing and packing for coconut water export is owned by M2000 IMEX Co., Inc.

Local Distribution Group

The Local Distribution Group is composed of several companies with First Class Agriculture Corporation (FCA) at the forefront. FCA, Fresh and Green Harvest Agricultural Company, Inc. (FG) and Lucky Fruit and Vegetable Products, Inc. (LF), are the main distribution arm of ANI's agricultural products under the "FCA" (Fresh Choice Always) brand.

FCA and its sister companies are presently one of the largest wholesalers of fresh vegetables to leading supermarkets in the Philippines. In addition, they supply fresh vegetables to in-house brands of various supermarkets.

In the local front, fruits and vegetables are sourced on a nationwide scale from three types of suppliers: ANI subsidiaries engaged in farming/farm management, farmers with supply contracts, and buying stations.

Meanwhile, the Distribution Group intends to boost revenues through new and innovative distribution methods such as direct selling approach to address consumers and institutional buyers' need for fresh produce amidst problems on lack of proper storage. ANI also intends to take its distribution to a global level. It aims to enter the Australian, European and US markets.

Finally, the Distribution Group will undertake aggressive expansion of its product portfolio. It intends to launch new products such as processed foods, grains, and condiments. To complement said expansion, the Distribution Group will use modern technology to increase the shelf life of their products.

The Company has the following direct and indirect subsidiaries under its Local Distribution Group:

First Class Agriculture Corporation
Fresh and Green Harvest Agricultural Corporation
Lucky Fruit and Vegetable Products, Inc.

First Class Agriculture Corporation

First Class Agriculture Corporation (FCA), a wholly-owned subsidiary of the Company, is engaged in the distribution of fruits and vegetables to supermarket chains, where it markets its products under the “FCA” (First Choice Always) brand. It supplies more than 100 varieties of vegetables and local fruits daily to various supermarket chains in Luzon.

Fresh and Green Harvest Agricultural Corporation

Fresh and Green Harvest Agricultural Corp. (F&G) is a wholly-owned subsidiary of FCA. F&G is intended to distribute fruits and vegetables to supermarkets and institutional outlets.

Lucky Fruit and Vegetable Products, Inc.

Lucky Fruit and Vegetable Products Inc. (“LF”) is a wholly-owned subsidiary of FCA. LF is engaged in the wholesale trading and distribution of commercial crops to food service and institutional accounts such as hotels, restaurants, and public markets throughout Luzon. It is expected to try the Mindanao market with Cagayan de Oro and Davao as its hubs.

Retail & Franchising Group

On 8 August, 2011, the SEC approved the amendment of the Articles of Incorporation of the Company to, among others, include the business of retail in the primary purpose. In line with this, ANI established its Retail & Franchising Group in August of 2011.

The direct and indirect subsidiaries of the Company under the Retail Group are as follows:

The Big Chill, Inc.
Heppy Corp
Goods and Nutrition for All (GANNA)

80% of the outstanding capital stock of The Big Chill, Inc., (TBC) is owned by the Company. TBC is engaged in the business of selling, on retail, beverages and other food products, and currently operates over Forty (40) retail outlets under the following brands:

Big Chill
Fresh Bar
C’Verde
Super Fresh

TBC completes the innovative “farm-to-plate” business model of the Company that allows and enhances the synergy of all the Company’s fruit and vegetable businesses. In addition to Big Chill’s company owned stores, TBC has entered into the franchise arena in the Philippines. At present, TBC has licensed 3 Big Chill locations within Metro Manila. It is the intention of management to expand further the retail franchise opportunities by direct sales of License Agreements as well as the sale of profitable existing locations to qualified buyers. At present, five (5) locations have been identified for such a sale.

Heppy Corp (Heppy)

Heppy was incorporated on November 24, 2008. It is primarily engaged in buying, selling, distributing and marketing fruit drinks. Heppy became a wholly owned subsidiary of TBC on September 1, 2011.

Goods and Nutrition for All, Inc. (GANA)

Goods and Nutrition for All, Inc. was incorporated on January 6, 2012. Its primary purpose is to engage in, operate, conduct and maintain the business of manufacturing, importing, bartering, distributing, selling on wholesale or retail, and otherwise dealing in all kinds of goods, commodities, merchandise and wares. GANA is a wholly owned subsidiary of Lucky Fruit.

Farming Group

The Company's direct and indirect subsidiaries under the Farming/Farm Management Group are as follows:

Best Choice Harvest Agricultural Corporation
Fresh & Green Palawan Agriventures, Inc.
Ocean Biochemistry Technology Research, Inc.
Beidahuang (Phils.) Agro Industrial Development Corporation

Best Choice Harvest Agricultural Corporation

The ANI Group's farming activities are mainly handled through Best Choice Harvest Agricultural Corporation (BCH), a wholly owned subsidiary of the Company, which is currently engaged in the management of the Company's farms in Central Luzon and Mindanao. Current activities are being undertaken by BCH with the objective of eventually making the farms the primary source of supply for the ANI Group.

BCH is a Board of Investments registered enterprise as "New Producer of Agricultural Products" (crops and fresh vegetables) on a non-pioneer status.

Fresh and Green Palawan Agriventures, Inc. (FG Palawan)

FG Palawan was incorporated on September 9, 2008. 51% of the outstanding capital stock of FG Palawan is owned by BCH. It is primarily engaged in corporate farming in the province of Palawan.

Ocean Biochemistry Research Technology, Inc. (Ocean Biotech)

Ocean Biotech was incorporated on March 23, 2009. It is primarily engaged in the production and growing of agricultural products such as mushroom.

Fifty-one percent (51%) of the outstanding capital stock of Ocean Biochemistry Research Technology, Inc. is owned by IMEX.

Beidahuang (Phils.) Agro Industrial Development Corporation (Beidahuang)

Beidahuang was incorporated on April 20, 2010. It is engaged in agricultural research and development, corporate farming, distribution and wholesale of foods and foodstuff, and operation of mills.

On 20 September 2011, BCH acquired 30% of the outstanding capital stock of Beidahuang.

Heilongjiang Beidahuang Seed Group. Co. Ltd., the biggest seed science & technology enterprise in Heilongjiang Province, PROC, holds 40% equity interest in Beidahuang.

Beidahuang aims to produce high-yield rice seeds and distribute these to local farmers to help them raise farm productivity and profitability.

Manufacturing and Processing

The Company's direct subsidiaries under the Manufacturing and Processing Group are as follows;

M2000 IMEX Company, Inc. (IMEX)
Fruitilicious Company, Inc.

M2000 IMEX Company, Inc. (IMEX)

IMEX is a wholly-owned subsidiary of the Company and is engaged in the manufacturing and processing of its own brand of canned fruit products such as coconut juice. IMEX likewise provides toll-packing services to several local companies and is operating a blast freezing unit to serve the overseas demand for frozen fruits, root crops and leafy vegetables. IMEX's products are principally produced for export, with its largest markets being North America (30%), the Middle East (30%), Asia (25%), Europe (10%) and local (5%).

IMEX's canning facility has a production capacity of 12,000 cans per hour.

IMEX is a Board of Investment registered enterprise as New Export Producer of Frozen Fruits, Root Crops and Leafy Vegetables on a non-pioneer status with four (4) years income tax holiday starting on September 20, 2010.

In November 2012, IMEX entered into a Shareholders' Agreement and Subscription Agreement with Tolman Manufacturing, Inc. (TMI) for the management and operation of a Tetra Pak Line for, among others, coconut water to be located in the export processing zone in Carmelray, Laguna.

Under the Shareholders' Agreement and Subscription Agreement, IMEX shall acquire an aggregate of Sixteen Million Four Hundred Thousand (16,400,000) primary common shares in TMI which shall be subscribed by the Corporation out of the increase of the authorized capital stock of TMI for an aggregate amount of Two Hundred Ten Million Pesos (Php 210,000,000.00) in cash and/or non-cash assets. Upon the approval of the increase of the authorized capital stock of TMI, IMEX shall own 51% of the total outstanding equity in TMI.

In April 2015, IMEX officially passed certification audit in compliance with ISO 22000:2005 FSMS, ISO 22002-1:2000 FSSC, HACCP, and GMP

Fruitilicious Company, Inc.

Fruitilicious Company, Inc. (“Fruitilicious”) is located in Cagayan de Oro at the center of the fruit bountiful provinces of Bukidnon, Davao, Lanao Del Norte and Agusan del Sur in Mindanao. Fruitilicious also serves as the group’s sourcing hub for its Mindanao operations. It operates a cold storage facility, blast freezing and food processing facility to produce frozen and dried fruit products and by-products for local and international clients. Fruitilicious is HACCP certified, which is proof that it supplies excellent and safe food products. Fruitilicious is 90% owned by ANI.

Others

Farmville Farming Co., Inc.
Qualis Logistics and Transport Services, Inc.

Farmville Farming Co., Inc (Farmville)

Farmville was incorporated on June 2, 2010. It is primarily engaged in trading and sourcing of fruits and vegetables.

During the last quarter of 2010, ANI acquired ownership interest in the company. Currently, ANI owns 51% of the outstanding capital stock of Farmville.

Qualis Logistics and Transport Services, Inc. (Qualis)

Qualis was incorporated on February 1, 2010. It is primarily engaged in land transportation for the transportation and carriage of passengers, goods and merchandise within any place in the Philippines.

During the last quarter of 2010, ANI acquired ownership interest in the company. Currently, ANI owns 51% of the outstanding capital stock of Qualis.

Foreign Operations

As for international distribution, ANI has operation in Hong Kong/China, Australia and Europe.

The Company has the following direct and indirect subsidiaries under its Foreign Operations:

Hong Kong/China

Joyful Fairy (Fruits) Ltd. (BVI)
Sunshine Supplies International Co., Limited
Joyful Fairy (Fruits) Ltd. (HK)
Agrinurture International Ltd (HK)

Australia

Freshness First Ltd. (Australia)

Michsul

Field Cuisine

Europe

ANI Agrinurture Europe S.L.

Hong Kong/China

ANI's Hong Kong/China operations are carried out through several companies, namely:

Joyful Fairy (Fruits) Ltd. (BVI) is a company organized and existing under the laws of the British Virgin Islands. Joyful is 51% owned by AgriNurture HK Holdings Ltd., a Cayman Islands holding company, and the latter is a 100% subsidiary of the Company.

Sunshine Supplies International Co. is engaged in the business of trading agricultural products like mangoes, onions, garlics, potatoes, etc. in Hong Kong, Macau, China, and Europe.

Joyful Fairy (Fruits) Ltd. (HK) - a company organized and existing under the laws of Hong Kong and is a subsidiary of Joyful Fairy (Fruits) Ltd. (BVI). It is currently ranked amongst the top fruit importers in Hong Kong dealing with prime fruits like Sunkist Orange, Prima Grapes and California Grapes, among others. The company also has major supplies to China.

Agrinurture International Ltd (HK) is engaged in the retail sales of fruit juices. The company opened an outlet in the Hong Kong Airport to expand its retail reach outside the Philippines.

Australia

Three companies make up ANI's Australian operations namely, Freshness First Ltd. (Australia), BSK Pty. Ltd. and Michsul Pty. Ltd.

The main activity of the Australian operations is primarily processing fruits and vegetables for distribution to food processors, schools, restaurants, mining sites and airlines.

Europe

ANI's European operation is carried out by ANI Agrinurture Europe S.L. It is primarily engaged in fruit trading.

All the Groups described above are referred collectively as the "ANI Group".