

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
Dec 31, 2015
2. SEC Identification Number
142312
3. BIR Tax Identification No.
000-083-856-000
4. Exact name of issuer as specified in its charter
GINEBRA SAN MIGUEL INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
3rd and 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center,
Mandaluyong City
Postal Code
1550
8. Issuer's telephone number, including area code
(+632) 841-5100
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCKS	286,327,841
PREFERRED STOCKS	32,786,885

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No
 If yes, state the name of such stock exchange and the classes of securities listed therein:
 Philippine Stock Exchange - Common
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

As of December 21, 2015 and March 31, 2016 is P722,224,327.68 and P705,936,672.00

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

None

(b) Any information statement filed pursuant to SRC Rule 20

None

(c) Any prospectus filed pursuant to SRC Rule 8.1

None

and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Ginebra San Miguel, Inc. GSMI

PSE Disclosure Form 17-1 - Annual Report
*References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the fiscal year ended	Dec 31, 2015
Currency (indicate units, if applicable)	Php (in Thousands)

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2015	Dec 31, 2014
Current Assets	7,927,522	9,275,329
Total Assets	15,753,390	18,040,248
Current Liabilities	11,059,863	12,836,428
Total Liabilities	11,649,663	13,398,061
Retained Earnings/(Deficit)	4,177,762	4,563,358
Stockholders' Equity	4,103,727	4,642,187
Stockholders' Equity - Parent	3,942,036	4,434,421
Book Value per Share	12.86	14.55

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2015	Dec 31, 2014
Operating Revenue	16,554,541	14,920,577
Other Revenue	104,547	20,745
Gross Revenue	16,659,088	14,941,322
Operating Expense	15,917,435	14,369,197
Other Expense	595,826	626,578
Gross Expense	16,513,261	14,995,775
Net Income/(Loss) Before Tax	145,827	-54,453
Income Tax Expense	509,896	578,055

Net Income/(Loss) After Tax	-364,069	-632,508
Net Income/(Loss) Attributable to Parent Equity Holder	-346,089	-597,541
Earnings/(Loss) Per Share (Basic)	-1.52	-2.84
Earnings/(Loss) Per Share (Diluted)	-1.44	-2.37

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2015	Dec 31, 2014
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.72	0.72
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.29	0.39
Solvency Ratio	Total Assets / Total Liabilities	1.35	1.35
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.74	0.74
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	2.84	2.89
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	2.61	1.8
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	3.84	3.89
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0.26	0.27
Net Profit Margin	Net Profit / Sales	-0.02	-0.05
Return on Assets	Net Income / Total Assets	-0.02	-0.04
Return on Equity	Net Income / Total Stockholders' Equity	-0.09	-0.17
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	-8.08	-5.59

Other Relevant Information

Income Statement is for Continuing Operations only, as shown on the Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013 in Annex "D" of attached SEC Form 17-A.

Filed on behalf by:

Name	Conchita Jamora
Designation	General Counsel and Assistant Corporate Secretary

COVER SHEET

1 4 2 3 1 2
S. E. C. Registration Number

G I N E B R A
S A N M I G U E L
I N C .

(Company's Full Name)

3rd & 6th F L R S . S A N M I G U E L
P R O P E R T I E S C E N T R E ,
S T . F R A N C I S S T R E E T ,
O R T I G A S C E N T E R ,
M A N D A L U Y O N G C I T Y

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

CONCHITA P. JAMORA
Contact Person

841-5100
Company Telephone Number

1 2
Month

3 1
Day

SEC Form 17-A
FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC FORM 17-A



**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended December 31, 2015.
2. SEC Identification Number 142312
3. BIR Tax Identification No. **000-083-856-00**
4. Exact name of issuer as specified in its charter **GINEBRA SAN MIGUEL INC.**
5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. _____ (SEC Use Only)
Industry Classification Code:
7. **3rd & 6th Floors, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City, Philippines**
Address of principal office
- 1550**
Postal Code
8. **(632) 841-5100**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding and Outstanding Debt as of December 31, 2015
Common	286,327,841
Preferred	<u>32,786,885</u>
	319,114,726
Short Term Borrowings	P8,406,460,000
Long Term Borrowings	<u>228,571,429</u>
	P8,635,031,429

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

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The

Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes [] No []

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

Yes [] No []

13. The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2015 and March 31, 2016 is P722,224,327.68 and P705,936,672.00, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are incorporated by reference:

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Ginebra San Miguel Inc. (the "Company" or "GSMI"), a majority-owned subsidiary of San Miguel Corporation ("SMC"), whose ultimate parent company is Top Frontier Investment Holdings, Inc. ("Top Frontier"), has been primarily engaged in the manufacture and sale of alcoholic and non-alcoholic beverages until the Company disposed its non-alcoholic beverage assets in favor of San Miguel Brewery Inc. ("SMB"), sometime in April 2015.

Liquor Business

The Company was formed on July 10, 1987 as the legal entity for the acquisition by SMC of the production assets of an existing liquor production company that had been in operation since 1902. Today, the Company operates three (3) liquor bottling facilities located in the following areas: (1) Mandaue City, Cebu; (2) Sta. Barbara, Pangasinan; and (3) Cabuyao, Laguna.

Among its subsidiaries are (1) Distileria Bago, Inc. ("DBI"), an entity with a distillery located in Bago City, Negros Occidental, that converts sugar cane molasses into alcohol, which entity became a wholly-owned subsidiary of the Company in 1996; and (2) Agricrops Industries, Inc. ("Agricrops"), which was incorporated in 2000 as a wholly-owned subsidiary of GSMI to primarily engage in the production of cassava starch milk, an alternative raw material for the production of alcohol. On August 14, 2009, both DBI and Agricrops amended their respective Articles of Incorporation to expand their respective primary purposes. For DBI, its primary purpose now includes the manufacture, production and tolling of not only distilled alcohol but also other kinds of alcohol and the by-product of the said kinds of alcohol. For Agricrops, its primary purpose now includes farming and medicinal preparations such as ethyl rubbing alcohol as well as manufacturing of organic fertilizer from various agro-industrial wastes. As of December 31, 2015, Agricrops has not yet started commercial operations.

To fast-track entry into regional markets, the Company in November 2004 entered into a Share Purchase Agreement ("SPA") with the Thai Life Group of Companies ("Thai Life") for the purchase of 40% ownership of the outstanding shares of C.N.T. Wine and Liquor Company Limited ("CNT"), a limited company organized under the laws of Thailand. CNT possesses a license in Thailand to engage in the business of manufacturing alcohol and manufacturing, selling and distributing brandy, wine and distilled spirits products both for domestic and export markets. Also, on the same date, the Company and Thai Life entered into a Joint Venture Agreement ("JVA"). The JVA established the terms and conditions regarding the ownership and operation of CNT and the joint control rights, obligations and responsibilities of the Company and Thai Life, as stockholders. In November 2004, the Company incorporated Ginebra San Miguel International Limited ("GSMIL") and subsequently assigned its rights and obligations under the SPA and the JVA to GSMIL, including its rights to purchase 40% ownership of the outstanding shares of CNT. The acquisition of CNT was completed in December of the same year. CNT was later renamed Thai San Miguel Liquor Co., Ltd. ("TSML").

On June 29, 2007, the Company incorporated GSM International Holdings Ltd. ("GSMIHL"), a wholly-owned subsidiary in Thailand. GSMIHL holds 40% of the shares of Thai Ginebra Trading Co., Ltd. ("TGT"), another joint venture company formed with Thai Life. TGT functions as the selling and distribution arm of TSML.

On August 27, 2008 and September 11, 2008, the Company incorporated Global Beverage Holdings Limited ("GBHL") and Siam Holdings Limited ("SHL"), respectively, as its wholly-owned subsidiaries, respectively. Both are entities established as holding companies for the acquisition of additional investment in TSML and TGT.

On October 14, 2008, SHL acquired 49% ownership of the outstanding shares of Siam Wine and Liquor Ltd. ("SWL"), a limited company organized under the laws of Thailand. On the same date,

SWL acquired 10% ownership of the outstanding capital stock of TSML and TGT. Accordingly, the share in TSML and TGT of the Company and its subsidiaries was increased from 40% to 44.9%.

On January 27, 2012, the Company purchased 100% of the total outstanding shares of East Pacific Star Bottlers Phils Inc. ("EPSBPI"), a corporation principally engaged in the toll-manufacture and bottling of alcoholic and non-alcoholic beverages. The acquisition forged synergies with the Company's on-going operations and provided additional capacity for the contemplated expansion plans of the Company. EPSBPI owns bottling facilities in Cauayan, Isabela and in Ligao City, Albay, which are currently being used principally in connection with the Company's liquor business.

In August 2015, the Company sold certain properties located in Calumpit, Bulacan and Tagoloan, Misamis Oriental. The Company recognized gain included as part of "Gain on sale of property and equipment" account in the 2015 consolidated statements of income.

Non-Liquor Business

On January 31, 2008, Healthy Condiments, Inc. ("HCI") was incorporated as a wholly-owned subsidiary of the Company. HCI was established to manufacture, sell, distribute, import and export vinegar and other sauce products and condiments. On March 27, 2009, the Board of Directors (the "Board") and stockholders of HCI approved the transfer of all its assets, properties, business, permits and licenses to the Company. On April 16, 2009, HCI and the Company executed an Asset Purchase Agreement ("APA") for the sale of the former's assets consisting of receivables and inventories as of February 28, 2009, including the trademark "Supremo" (collectively referred to as "Condiments Assets"). On May 31, 2009, the closing of the purchase and sale of Condiments Assets took place for a total consideration of P15 million, which is equivalent to the book value of the assets sold. HCI is commercially inactive at present.

On November 1, 2008, the Company entered into an Asset Purchase Agreement with San Miguel Beverages, Inc. ("SMBI") for the purchase of SMBI's assets consisting of receivables, equipment, containers and inventories. SMBI is engaged in the manufacture and distribution of non-alcoholic beverages. With the acquisition of SMBI assets, the Company ventured into the manufacturing and distribution of non-alcoholic beverages thru toll manufacturing agreements with third parties to produce its products in Valenzuela, Bulacan, Pampanga, Laguna, Rizal, Las Piñas, Cebu and Davao.

On December 5, 2014, the Company's Board authorized the sale and transfer to SMB of certain non-alcoholic beverage assets consisting of property, plant and equipment ("PPE") as of December 31, 2014, and inventories as of March 31, 2015 (the "Transaction") and delegated to Management the negotiation and conclusion of the terms and conditions of the Transaction. The sale of the PPE was completed on April 1, 2015 and April 30, 2015 for the finished goods and other inventories.

Other than the foregoing, there was no bankruptcy, receivership or similar proceeding or material reclassification, merger, consolidation, purchase or sale of a significant amount of assets by the Company which is not in the ordinary course of business during the past three (3) years. The other developments in the Company are also discussed in the Company's Management Discussion and Analysis attached hereto as **Annex "C"**.

Products

The Company's products are listed in **Annex "A"** of this report.

Products and operations of the Company are further discussed in the Company's Management's Discussion and Analysis attached as **Annex "C"**.

Ginebra San Miguel, the flagship product of the Company, contributed 82.5% of the total revenues of the Company, while the other products that complete the liquor business of the Company comprise about 13.1% of its total revenues. These products are available nationwide while some are exported to select countries.

Non-liquor business contributed 0.7% of total revenue of the Company for the year ended December 31, 2015.

Other products and businesses comprise the remaining 3.7% of total revenues.

Distribution methods of the products or services

The Company distributes majority of its liquor and non-liquor products nationwide to consumers through territorial distributorship by a network of dealers and through the Company's territorial sales offices. Furthermore, some off-premise outlets such as supermarkets, grocery stores, sari-sari stores and convenience stores, as well as on-premise outlets such as bars, restaurants and hotels are directly served by the Company or through its key accounts group.

The Logistics Group of the Company is responsible for planning and delivering the products from the plants to the dealers and sales offices. Thereafter, the products are sold by routing these to retailers and consumers across their territories. The Company has ninety-six (96) dealers and fourteen (14) sales offices as of year-end 2015. The Company utilizes third party services in the warehousing and delivery of its products.

Status of any publicly-announced new products

In January 2015, Primera Light Brandy was introduced as the Company continues its focus in regaining its leadership in the hard liquor industry.

Competition

Liquor Business

The Company is the gin market leader in the local liquor industry. Major competitors include Tanduay Distillers, Inc., Emperador Distillers, Inc., and Distileria Limtuaco Inc. Competition in the hard liquor industry revolves around brand equity, price, security of raw material supply, production efficiency and distribution network.

Major players compete in their development of brand equity, as the industry's consumers generally develop affinities and loyalty to the brands that they patronize. The Company effectively takes the lead as it continues to build upon the brand legacy that it had established in over a hundred years of operation thru effective advertising and promotional programs.

Even as the industry approaches maturity, major players also compete by adopting a product portfolio that potentially caters to shifting consumer preferences. The Company is very receptive to these shifts, which, coupled with the Company's ample resources, enables it to develop and mobilize new product variants to consumers to keep up with competition.

The highly elastic demand for mainstream liquor products also leads major players to compete on the basis of pricing. In this area, the Company employs rational pricing policies that are in line with prevailing consumer purchasing power and current operating cost levels. Also, the Company ensures that its products provide utmost value for money to its consumers.

The liquor industry is currently dependent on the supply of molasses, the raw material for alcohol production. The country's molasses supply for beverage alcohol is currently decreasing due to the demand for fuel alcohol with the Government's implementation of the Biofuel Act of 2006. Thus, the tight supply situation has resulted to importation of beverage alcohol to replace alcohol from local molasses, thereby reducing molasses requirement. This eases pressure on hard liquor manufacturers since imported beverage alcohol is readily available from sources outside of the country. ASEAN countries are exempted to pay tariff or custom duty under the Common Effective Preferential Tariff scheme for imports and exports between ASEAN countries.

Liquor manufacturers also compete in terms of production efficiencies, as the price-sensitive nature of the industry's consumers makes them more reliant on cost improvements than on price increases to brace against profit squeezes from an inflationary operating environment. The Company

implements strategies that maximize the retrieval of second-hand bottles, the usage of which in production may result to significant improvements in the Company's cost structure.

Lastly, manufacturers compete in the breadth of their distribution network. The Company's distribution network of ninety-six (96) dealers, fourteen (14) sales offices, three (3) Company-owned liquor bottling plants and two (2) subsidiary-owned bottling plants are strategically dispersed throughout the country, ensuring that consumers are immediately served with high-quality liquor products.

Non-liquor Business

Up until the sale of its non-alcoholic beverage assets, the Company manufactured diverse non-alcoholic beverage products namely: water, fruit juices, and tea drinks. These products were in ready-to-drink and powdered mix formats.

There were a lot of entities which were also in the business of manufacturing non-alcoholic beverage products. Major players include carbonated beverage manufacturers, such as The Coca-Cola Company, Pepsi-Cola Products Philippines, Asiawide Refreshments Corporation and Asia Brewery, and non-carbonated beverage manufacturers such as Universal Robina Corporation, Del Monte Philippines and Nestle Philippines. The Company, however, was a minor player in this diverse beverage cage industry.

Some of the ninety-six (96) dealers, fourteen (14) sales offices comprising the distribution network of the Company also catered to the sales and distribution needs of the non-liquor business.

Raw Materials and Supplies

The Company uses the following materials in its products:

A. Alcohol

The alcohol used in the Company's liquor products is distilled alcohol produced from fermentation of molasses which is a by-product of raw sugar manufacturing from sugarcane. Generally, the Company purchases molasses from traders, which is then delivered to its wholly-owned subsidiary, DBI, in Negros Occidental. After converting the molasses into alcohol, DBI then delivers the distilled alcohol back to the Company's facilities as part of the raw materials for liquor. The Company pays a corresponding fee for this distillation.

The Company sources about 67% of its total alcohol requirement from DBI. The remaining alcohol requirement is sourced from domestic and foreign open markets.

B. Sugar/Sugar Substitutes

The Company uses sugar and high fructose corn syrup ("HFCS"), a sugar substitute, in the manufacture of its non-alcoholic beverage products. Generally, the Company purchases sugar and HFCS from traders, which commit themselves to deliver to the Company the specific quality it requires. Majority of the Company's sugar requirements are sourced locally, while the Company's HFCS requirements, though procured locally, are imported by traders.

C. Flavoring

Gin essences and other flavoring agents are used in the production of gin. In 2015, the Company purchased ingredients mainly from the following suppliers: Anstie Distillers, Givaudan Singapore, PT Mane Indonesia LTD, Symrise and Treasure Island Corporation.

D. Bottles

The Company's liquor products are packaged in glass bottles, majority of which are manufactured by San Miguel Yamamura Packaging Corporation ("SMYPC"), an SMC subsidiary.

Glass bottles account for a significant portion of the cost of goods sold for the Company's liquor products. The cost is managed in part by maintaining a network of washed second-hand bottle suppliers across the country that retrieves the bottles from the market place for the Company.

For non-alcoholic beverage products, these are packaged in glass and PET bottles, majority of which are manufactured by SMYPC.

Customers

The Company has ninety-six (96) dealers, fourteen (14) sales offices as of year-end 2015 to serve its customers. The Company is not dependent upon a single or few customers, the loss of any of which will have a material adverse effect on the Company and its subsidiaries taken as a whole.

Transactions with and /or dependence on related parties

The Company, in the normal course of business, has significant transactions with related parties such as those pertaining to the purchases of raw materials, bottles and other packaging materials as well as the sale of liquor and by-products at market prices.

The Company's transactions with related parties are described in Note 27 of the Company's 2015 Audited Consolidated Financial Statements attached hereto as **Annex "D"**.

Intellectual Property

The Company recognizes that intellectual property is essential and indispensable in the success of its business and in distinguishing its products and business from those of others. Accordingly, the Company sees to it that the marks, industrial design and copyright used or intended to be used in its products and business are protected, by registering them with the Intellectual Property Office (IPO) and ensuring that such registrations are maintained and renewed upon expiry of their respective terms.

All marks used by the Company in its products sold in the Philippines and in the relevant foreign markets are either registered or pending registration in its name or in the name of its parent company, SMC. The Company, among others, has registered in its name the trademarks Ginebra San Miguel, Vinu Kulafu and Primera Brandy, and in the name of SMC, the trademarks G.S.M. Blue, G.S.M. Blue Light, Antonov Vodka and Don Enrique Mixkila, the use of which by GSML has been licensed by SMC. The Company also has an industrial design registration for its bottle Ginebra San Miguel (Round/Bilog) and has existing copyright over certain pictorial illustrations, periodicals and newspapers, and radio and cinema materials.

The trademarks used by the Company in its business operations are likewise registered in various countries, which include, among others, Thailand, United States of America, China, Canada, Hong Kong, India, Italy, Kuwait, New Zealand and Taiwan.

The Company is protective of its intellectual property rights. It defends them against any infringement and opposes any registration applications that may adversely affect them.

Government Approval

The Company has obtained all necessary permits, licenses and government approvals necessary in the conduct of its business, including, but not limited to, permits and licenses from the Bureau of Internal Revenue ("BIR"), Bureau of Customs, Department of Environment and Natural Resources and Food and Drug Authority ("FDA").

Government Regulation

The Company, cognizant of the fact that the success of its business lies, among others, in the observance of government laws and regulations, has seen to it that the Company complies with laws, as well as rules and regulations governing its business operations.

The Company and its subsidiaries (collectively, the "Group") are regulated by the government and other regulatory agencies.

With respect to the manufacture, sale and distribution of its products, the Company is governed, among others, by the Foods, Drugs and Devices, and Cosmetics Act, as amended by the FDA Act of 2009 and the Consumer Act of the Philippines, the provisions of which with respect to food products are principally enforced by the FDA, a governmental agency under the Department of Health.

On matters relating to the operations of the Group which affect the environment, they are subject, among others, to the provisions of the Philippine Clean Water Act of 2004 (R.A. 9275), Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (R.A. 6969) and Ecological Solid Waste Management Act of 2000 (R.A. 9003) implemented and enforced by the Department of Environment and Natural Resources and its related and/or attached agencies.

Anent the corporate registration and securities of the Group, they are governed by the Corporation Code of the Philippines, as amended, and the Securities Regulations Code ("SRC"), which provisions are principally enforced by the Securities and Exchange Commission ("SEC").

On the matter of taxation, the Group are subject to the National Internal Revenue Code of 1997 ("NIRC"), as amended by Republic Act No. 9334 and further amended by Republic Act No. 10351. In the course of its business operation, the Company, among others, is subjected to income tax and value added tax. As to the Company's liquor products, they are specifically subject to excise taxes as provided for in the NIRC and the relevant circulars and issuances of the concerned government agencies such as those issued by the Department of Finance and BIR.

The most recent law passed that may impact on the way the Company operates is Republic Act No. 10667 or otherwise known as the Philippine Competition Act, which was signed into law on July 21, 2015 and became effective on August 8, 2015. This law, which lays down a consolidated framework on competition policy, prohibits and penalizes all forms of anti-competitive agreements, abuse of dominant position and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development.

Research and Development

Research and development costs amounted to P33.1 million, P30.4 million and P15.7 million for 2015, 2014 and 2013, respectively. Spending on research and development for the years 2013 to 2015 was less than 0.2% of total revenue.

Costs and Effects of Compliance with Environmental Laws

As part of its continuing compliance with and adherence to environmental laws, the Company and its relevant subsidiaries have collectively spent P79.6 million in 2015, P72.2 million in 2014 and P77.2 million in 2013, for the improvement of the wastewater treatment facilities of their various plants. These investments, particularly in the distillery, created the opportunity to generate and use of methane gas in lieu of the traditional bunker fuel oil to supply its power requirement.

Human Resources and Labor Matters

As of December 31, 2015, the Company has a total of 601 regular employees, while DBI and EPSBPI have a total of 118 and 50 regular employees, respectively. The number of employees of GSMI is expected to increase by 20% in the next twelve (12) months because of organizational and operational changes. EPSBPI's manpower requirement is also expected to increase by 194% in the next twelve (12) months attributable to its plan to have the bottling lines in its two plants operated by regular employees. DBI, on the other hand, does not expect its number of employees to materially change in 2016.

Details of the employees of GSMI, DBI and EPSBPI are as follows:

	Administrative				Operations				Total
	GSMI	DBI	EPSBPI	Total	GSMI	DBI	EPSBPI	Total	
No. of Employees	226	11	6	243	375	107	44	526	769
Under CBA	-	-	-	-	48	76	-	124	124
Non-CBA	226	11	6	243	327	31	44	402	645

The Company is party to a Collective Bargaining Agreement ("CBA") with the monthly-paid employees of its plant in Sta. Barbara, Pangasinan ("Sta. Barbara Plant"). DBI, its subsidiary, has a CBA with the monthly-paid employees of its plant in Bago City, Negros Occidental ("DBI Plant"). The daily-paid employees of the Sta. Barbara Plant and in the Cabuyao, Laguna plant ("Cabuyao Plant") of the Company entered into individual Memoranda of Agreement with the Company for their economic package. As regards the daily-paid employees of its plant in Subangdaku, Mandaue City ("Mandaue Plant"), their union entered into a Memorandum of Agreement with the Company relative to their economic benefits. All other non-economic provisions of their previous CBAs have been maintained.

The status of the respective CBAs and Memoranda of Agreement of GSMI and DBI as of December 31, 2015 is summarized in the table below:

BUSINESS UNIT / PLANT	UNION AFFILIATION	EXPIRATION OF ECONOMIC PROVISION	REMARKS
GSMI - Mandaue Plant (Dailies)	Free Workers Association	December 31, 2015	The Union, composed of eight (8) members, signed a Memorandum of Agreement with the Company on February 1, 2013. The three (3)-year agreement concerning their economic package is for the period January 1, 2013 up to December 31, 2015.
GSMI - Cabuyao Plant (Dailies)	Independent. Nagkakaisang Manggagawang LTDI	January 31, 2016	Nine (9) covered employees signed individual Memoranda of Agreement with the Company on February 3, 2013 for their economic package effective February 1, 2013 up to January 31, 2016. Negotiation was conducted through the Labor Management Council.
GSMI - Sta. Barbara Plant (Monthlies)	Independent La Tondeña Distillers Inc. Workers (LATODIWU)	December 31, 2016	The Union, composed of twenty-two (22) members, signed a CBA with the Company on March 26, 2014, the effectivity of its economic provisions is from January 1, 2014 to December 31, 2016.
GSMI - Sta. Barbara Plant (Dailies)	CIO-ALU. Nagkakaisang Manggagawang LTDI-CIO-ALU	December 31, 2016	Ten (10) covered employees signed individual Memoranda of Agreement with the Company on March 26, 2014, covering their economic package, the effectivity of which is from January 1, 2014 to December 31, 2016.

DBI Plant (Monthlies)	(CIO – DBEU) – Congress of Independent Organizations Distileria Bago Employees Union	December 31, 2016	The Union, composed of seventy-five (75) members, signed the CBA with the Company on April 4, 2014, the effectivity of its economic provisions is from January 1, 2014 to December 31, 2016.
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There have been no strikes or threatened strikes in the Company and in any of its subsidiaries for the past three (3) years.

The Company maintains a retirement plan pursuant to which all regular monthly-paid and daily-paid employees of the Company are eligible members.

The retirement plan is described in Note 29 of the 2015 Audited Consolidated Financial Statements of the Company attached hereto as **Annex “D”**.

Major Risks

Competitor Risk

A. Alcoholic Beverage

With the industry approaching maturity, major players compete by adopting a product portfolio that caters to shifting consumer preferences. Over the years, the Company has expanded its product portfolio to include brandy, gin variants and ready-to-drink flavored alcoholic beverages.

B. Non - Alcoholic Beverage

Though fast-growing, the non-alcoholic beverage industry is broad in scope, thereby inciting competition among diverse beverage products. Also, relatively low entry barriers, coupled with the presence of large entities that offer a multitude of product variants, intensify the degree of competition in this industry. The Company strives to mitigate this risk and make inroads on the non-alcoholic beverage market by developing and offering a wide range of product variants, such as water, ready-to-drink and powdered fruit juices and flavored teas in varying packaging formats that encompass the current scope of this industry.

Regulatory Risk

Changes in regulations and actions by national or local regulators can result in increased competitive pressures, such as the excise tax increases for alcoholic beverages. The Company cushions the effect of these increases through price increases in its products and improvements in manufacturing cost.

Raw Material Supply/Price Risk

The Company still faces volatility of local supply and prices of molasses since the current demand-supply situation may not be sustainable. When there is volatility in supply, the Company addresses this by regular monitoring of molasses and alcohol requirement and covering its requirements with forward supply contracts. The Company also imports some of its alcohol requirements whenever local supply cannot meet the Company's demand.

Currency Risk

The Company's exposure to foreign exchange risk resulted from its business transactions denominated in foreign currencies. It is the Company's policy to ensure that capabilities exist for active and prudent management of its foreign exchange.

Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that sales of products are made to customers with appropriate credit history. It maintains an internal mechanism to monitor the granting of credit and management of credit exposures. The Company has made provisions, where necessary, for potential losses on credits extended. Where appropriate, the Company obtains collateral or arranges master netting agreements.

The Company's exposure to credit risk arises from default of the counterpart with a maximum exposure equal to the carrying amount of these instruments, net of the value of collaterals, if any.

The Company does not expect any counterparty to default in its obligations. The Company has no significant concentration of credit risk with any counterparty.

For other risks material to the Company's operations, see Note 32 of the Company's 2015 Audited Consolidated Financial Statements attached hereto as **Annex "D"**.

Item 2. Properties

A summary of information on the general condition and location of the principal properties of the Company and its relevant subsidiaries, including those properties they are leasing is attached hereto as **Annex "B"**.

The Company has no principal properties, which are subject to a lien or mortgage or are subject to specific limitations in usage or ownership. The Company currently does not intend to acquire any material properties.

Item 3. Legal Proceedings

The Company or any of its subsidiaries or affiliates is not a party to, and its properties are not the subject of, any material pending legal proceeding that could be expected to have a material adverse effect on the Company or its results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common equity is traded in the Philippine Stock Exchange, Inc. ("PSE").

The Company's high and low closing prices for each quarter of the last three (3) fiscal years are as follows:

Quarter	2016		2015		2014	
	High	Low	High	Low	High	Low
1 st	13.50	11.00	15.88	14.00	23.00	18.30
2 nd	-	-	15.28	13.30	20.70	16.00
3 rd	-	-	14.00	12.00	20.75	17.20
4 th	-	-	12.50	12.28	18.50	15.10

The closing price of the Company's common shares as of April 4, 2016, the latest practicable date, is P13.60.

The approximate number of shareholders of common shares and preferred shares as of December 31, 2015 is 728 and 1, respectively.

The top 20 stockholders, as of December 31, 2015, of the Company are as follows:

Rank	Name of Stockholders	Common	Preferred	Total No. of Shares	% of Total O/S
1	San Miguel Corporation	216,972,000	32,786,885	249,758,885	78.27%
2	PCD Nominee Corporation (Filipino)	53,038,805	0	53,038,805	16.62%
3	Ginebra San Miguel Inc. Retirement Plan	9,943,285	0	9,943,285	3.12%
4	PCD Nominee Corporation (Non-Filipino)	2,901,222	0	2,901,222	0.91%
5	La Suerte Cigar & Cigarette Factory	200,000	0	200,000	0.06%
6	Lim Tay	80,000	0	80,000	0.03%
7	Pua Yok Bing	55,000	0	55,000	0.02%
8	Rosalina A. Lioanag	51,500	0	51,500	0.02%
9	Dar B. Licanel	51,500	0	51,500	0.02%
10	Roman T. Yap	50,000	0	50,000	0.02%
11	Leonardo P. Bico	46,500	0	46,500	0.01%
12	Emmanuel B. Macalalag	46,500	0	46,500	0.01%
13	Novemia S. Bico	36,500	0	36,500	0.01%
14	Teodorico T. Lasin	36,500	0	36,500	0.01%
15	Ritche B. Morta	35,000	0	35,000	0.01%
16	Nelson S. Elises	31,500	0	31,500	0.01%
17	Kerwin P. Santos	30,000	0	30,000	0.01%
18	Lucia C. Unsay	30,000	0	30,000	0.01%
19	Bernard D. Marquez	30,000	0	30,000	0.01%
20	Noel D. Sotiangco	30,000	0	30,000	0.01%

As of December 31, 2015, the Company's public float or public ownership percentage is 20.54%, computed in accordance with the Revised Listing Rules dated June 9, 2004 issued by the PSE as well as the SEC-approved Amended Rule on Minimum Public Ownership under Memorandum Circular CN-No. 2012-003 dated January 3, 2012 issued by the PSE.

Dividends Per Share

For the years 2013, 2014 and 2015, the Company did not declare dividends. The dividends in respect of the preferred shares are paid in priority to any dividend or distribution in favor of holders of common shares.

Description of the following securities of the Company may be found in the indicated Notes to the 2015 Audited Consolidated Financial Statements, attached herein as **Annex "D"**:

Equity	Note 19
Share-based Payment Plans	Note 31

The Company has not sold any unregistered securities or exempt securities, including issuance of securities constituting an exempt transaction, within the past three (3) fiscal years, save for the common shares issued by the Company under its Employee Stock Purchase Plan (the "Plan"), which as confirmed by the SEC in its Resolution dated January 21, 2008, is exempt from the registration requirement of the SRC. The shares covered by the Plan are no longer available for subscription as the offering period provided under the Plan expired on January 21, 2013.

Item 6. Management's Discussion and Analysis or Plan of Operation

The information required by Item 6 is attached hereto as Annex "C".

Item 7. Financial Statements (FS) and Other Documents Required to be filed with the FS under SRC Rule 68, as Amended

The 2015 Audited Consolidated Financial Statements of the Company, including its Statement of Management's Responsibility and Auditor's Report, are attached as Annex "D" hereto. The Supplementary Schedules (including report of auditors on Supplementary Schedules) are attached as Annexes "D-1" to "D-8" hereof.

The other documents together with their corresponding separate report required to be filed with the FS under SRC Rule 68, as amended are hereto attached to Annex "D" as follows:

Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1,4 (c))	Schedule 1
A map of the conglomerate or group of companies showing the relationships between and among the company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates (Par 4(h))	Schedule 2
Tabular schedule of standards and interpretations as of reporting date (Par 4(l))	Schedule 3
Financial Soundness Indicators	Schedule 4

Item 8. Information on Independent Accountants and Other Related Matters

(A) External Audit Fees and Services

From 2006 up to the present, the accounting firm of R.G. Manabat & Co. (formerly Manabat Sanagustin & Co., CPAs) has been the Company's external auditor. Compliant with Part I (3) (b) (ix) of SRC Rule 68, as amended, with respect to the re-engagement of the said audit firm, the Company consistently observes the rule on rotation for the signing partner every after five (5) years.

Fees for the services rendered by the external auditor to the Company and its subsidiaries in connection with the Company's annual financial statements and other statutory and regulatory filings for 2015 and 2014 (inclusive of retainer fees and out-of-pocket expenses) amounted to about 7 Million per year.

The Company's Audit Committee, pursuant to its Duties and Responsibilities as set forth in the Audit Committee Charter and the Company's Amended Manual on Corporate Governance, recommends to the Board the appointment of the Company's external auditor. Such recommendation, upon approval of the Board, is thereafter presented for the approval of the stockholders during the Regular Stockholders' Meeting. The Audit Committee also reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that audit services rendered shall not impair or derogate the independence of the external auditor or violate SEC regulations.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

It is the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. At present, the Board is composed of nine (9) directors, two of whom are independent directors. The members of the Board were elected during the Regular Stockholders' Meeting held on May 28, 2015 and will hold office until their successors have been elected.

All the 2015 directors and senior executive officers of the Company attended a Corporate Governance Seminar conducted by a SEC-registered provider, Risks, Opportunities, Assessment and Management, Inc., conducted on various dates: September 24, October 20, November 11 and December 4, 2015 at the Head Office Complex of San Miguel Corporation located at No. 40 San Miguel Avenue, Mandaluyong City.

The names, age, gender, citizenship and position of the 2015 directors and senior executive officers of the Company are shown in the table below:

Name	Age	Gender	Citizenship	Type/Position
<u>Directors</u>				
Eduardo M. Cojuangco, Jr.	80	Male	Filipino	Chairman and Chief Executive Officer
Ramon S. Ang	62	Male	Filipino	Vice Chairman and Director
Bernard D. Marquez	47	Male	Filipino	President
Leo S. Alvez	73	Male	Filipino	Director
Gabriel S. Claudio	61	Male	Filipino	Director
Francisco S. Alejo III	67	Male	Filipino	Director
Mario K. Surio	69	Male	Filipino	Director
Minita V. Chico-Nazario	76	Female	Filipino	Independent Director
Francisco H. Villaruz, Jr.	72	Male	Filipino	Independent Director
<u>Officers</u>				
Virgilio S. Jacinto	59	Male	Filipino	Corporate Secretary and Compliance Officer
Cynthia M. Baroy	52	Female	Filipino	Assistant Vice President and Chief Finance Officer
Nelson S. Elises	57	Male	Filipino	Vice President and Marketing Manager
Clemente O. Alburo	65	Male	Filipino	Vice President and National Manufacturing Manager
Rosalina A. Lioanag	52	Female	Filipino	Assistant Vice President and Business Procurement Group Manager

More detailed information relative to the 2015 directors and senior executive officers of the Company, including their directorships for the past five (5) years are as follows:

Eduardo M. Cojuangco, Jr. is the Chairman and Chief Executive Officer of the Company, a position he has held since October 21, 1998. He is also the Chairman of the Company's Executive Committee. He also holds positions in the following companies listed with the PSE: Chairman and Chief Executive Officer of San Miguel Corporation; Chairman of San Miguel Pure Foods Company, Inc. and Petron Corporation. He is also the Chairman of ECJ and Sons Agricultural Enterprises, Inc. and Eduardo Cojuangco, Jr. Foundation, Inc.; and Director of Caiñaman Farms, Inc. He was previously a director of various companies, including but not limited to Manila Electric Company (February 2009-May 2009). He attended the College of Agriculture, University of the Philippines – Los Baños and California Polytechnic College in San Luis, Obispo, U.S.A. He is a recipient of the LaSallian Master Award for his exemplary leadership in Business (November 20, 2010) and Order of Madame de Maillefer (October 28, 2011) both given by the De La Salle University.

Ramon S. Ang is the Vice Chairman of the Company and has been a Director of the Company since April 4, 2000. He is a Member of the Company's Executive Committee and Executive Compensation Committee. He also holds positions in the following PSE-listed companies: Vice Chairman, President and Chief Operating Officer of San Miguel Corporation; Chief Executive Officer

and President of Petron Corporation and Top Frontier Investment Holdings, Inc.; and Vice Chairman of San Miguel Pure Foods Company, Inc. His other current positions, include, among others, the following: Chairman and Chief Executive Officer of Petron Marketing Corporation and SMC Global Power Holdings Corp.; Vice Chairman of San Miguel Yamamura Phu Tho Packaging Co. Limited (Vietnam); Chairman and President of San Miguel Properties, Inc., San Miguel Consolidated Power Corporation, Rapid Thoroughfares Inc., and Bell Telecommunications Philippines, Inc.; Chairman of San Miguel Brewery Inc., San Miguel Brewery Hongkong Limited, Distileria Bago, Inc., San Miguel Foods, Inc., The Pure Foods Hormel Company, Inc., San Miguel Yamamura Packaging Corporation, South Luzon Tollway Corporation, Liberty Telecoms Holdings, Inc., Anchor Insurance Brokerage Corp., Sea Refinery Corporation, Philippine Diamond Hotel & Resort Inc. and Manila North Harbour Port, Inc. Mr. Ang was previously the President and Chief Operating Officer of PAL Holdings, Inc. and Philippine Airlines, Inc., Director of Air Philippines Corporation, and Vice Chairman of Manila Electric Company. He has held directorships in various companies, including domestic and international subsidiaries of San Miguel Corporation in the last five years. He has a Bachelor of Science degree in Mechanical Engineering from Far Eastern University.

Bernard D. Marquez is the President of the Company since May 12, 2011 and is a Member of the Company's Executive Committee, Executive Compensation Committee and Nomination and Hearing Committee. He is the incumbent President of the Company's operating subsidiaries - Distileria Bago, Inc. and East Pacific Star Bottlers Phils Inc. He is also a director of the following companies: Thai San Miguel Liquor Co., Ltd. (TSML), Thai Ginebra Trading, Siam Wine and Liquor Limited, Ginebra San Miguel International Limited, GSM International Holdings Limited, Siam Holdings Limited and Global Beverage Holdings Limited. He previously held the following positions: Vice President and General Manager of TSML (January 2010-March 2011) and Vice President and General Manager of San Miguel Beverages, Inc. (March 2007-December 2009). He holds a degree in B.A. Economics from Ateneo de Manila University and a Master's degree in Business Management from the Asian Institute of Management. He has also completed his academic units for Master in Public Administration at the University of the Philippines.

Leo S. Alvez has been a Director of the Company since April 24, 2002. He is also the Chairman of the Company's Nomination and Hearing Committee and a Member of the Company's Audit Committee and Executive Compensation Committee. He is also an incumbent Director of San Miguel Corporation, a company listed with the PSE. Retired Major General Alvez, a former director of San Miguel Purefoods Company, Inc., has also held various positions in the government. He earned his Bachelor of Science Degree from the Philippine Military Academy and Masters in Business Administration from the University of the Philippines. He also attended various military education courses.

Gabriel S. Claudio has been a Director of the Company since November 11, 2010 and a Member of the Company's Nomination and Hearing Committee. He is presently Chairman of the Board of Trustees of the Conflict Resolution Group Foundation, Inc., a Member of the Board of Trustees of TOBY's Sports and Youth Foundation, a Director of the Risks and Opportunities Assessment Management, Inc. and a member of the Board of Directors of Lion's Club Pasig Host Chapter. He was Chairman of the Board of Trustees of the Metropolitan Waterworks & Sewerage System (MWSS) and a Director of the Development Bank of the Philippines (DBP) and the Philippine Charity Sweepstakes Office (PCSO). He occupied several cabinet positions: Presidential Political Adviser, Presidential Legislative Adviser, Head of the Presidential Legislative Liaison Office, Acting Executive Secretary and Cabinet Coordinating Officer for Regional Development. He earned his AB Communications Arts degree from the Ateneo de Manila University.

Francisco S. Alejo III is a Director of the Company since May 28, 2015 and is a member of the Company's Executive Committee and Audit Committee. He is also the incumbent President of San Miguel Pure Foods Company, Inc., a company listed with the PSE. He also holds the following positions: Chairman of Philippine Prime Meat Marketing Corporation, San Miguel Purefoods Investment (BVI) Ltd. and San Miguel Foods & Beverage International Ltd.; Vice Chairman of San Miguel Foods, Inc. and San Miguel Mills, Inc.; Director of The Purefoods-Hormel Company, Inc.; President of Magnolia Inc. and San Miguel Super Coffeemix Co., Inc., President Commissioner of PT San Miguel Pure Foods Indonesia, San Miguel Purefoods (VN) Company Ltd., and San Miguel Foods

(L) Pte Ltd.; and member of the San Miguel Foundation, Inc. Mr. Alejo holds a Bachelor's Degree in Business Administration from De La Salle University, and is a graduate of the Advanced Management Program of Harvard Business School.

Mario K. Surio, has been a Director of the Company since May 28, 2015 and a member of the Company's Nomination and Hearing Committee. He is currently a Consultant of San Miguel Corporation. He was previously the President of CEMA Consultancy Services, Inc. and Centech International, Inc. He also previously held the positions of Quality Control Head, Production Manager and Plant Manager of Northern Cement Corporation. Mr. Surio is a licensed Chemical Engineer having obtained his degree from the University of Sto. Tomas. He is an incumbent member of the Philippine Institute of Chemical Engineers.

Minita V. Chico-Nazario is an Independent Director of the Company since March 9, 2012, Chairperson of the Company's Audit Committee and Member of the Company's Executive Compensation Committee. She is also an Independent Director of Top Frontier Investment Holdings, Inc. and San Miguel Pure Foods Company, Inc., which are both listed with the PSE, and San Miguel Properties, Inc. She is currently a Director of Banco San Juan (Rural Bank) and Legal Consultant of Union Bank of the Philippines. She is also the incumbent Dean of the College of Law of the University of Perpetual Help in Las Piñas City. She has previously held the following positions: Legal Consultant of Philippine Amusement and Gaming Corporation (January 2010-June 2010) and Metro Manila Development Authority (March 2010-June 2010); and Chairman of the Board of Directors (June 2010-August 2010) and Director (September 2010-September 2011) of PNOC Exploration Corporation. She has served the judiciary in various capacities for forty-seven (47) years, as Presiding Justice of the Sandiganbayan (February 2003-February 2004) and Associate Justice of the Supreme Court (February 10, 2004-December 5, 2009). She obtained her law degree from the University of the Philippines and is a member of the New York State Bar.

Francisco H. Villaruz, Jr. is an Independent Director of the Company since November 6, 2014 and a Member of the Audit Committee and Nomination and Hearing Committee. He is also an incumbent Independent Director of South Luzon Tollway Corporation (since March 16, 2015). He has served the judiciary as Associate Justice in Sandiganbayan (October 8, 2001 – October 9, 2011) and as Presiding Justice (October 10, 2011 – June 8, 2013). He was previously appointed as Director of the Securities and Exchange Commission. He obtained his law degree from the University of the Philippines and was a member and officer of the Order of The Purple Feather (UP Law Honor Society). He has attended various trainings, seminars and conferences in the Philippines and abroad.

Virgilio S. Jacinto is the Company's Corporate Secretary and Compliance Officer since November 11, 2010. He also holds, among others, the following positions in the following PSE-listed companies: Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of San Miguel Corporation and Petron Corporation; Director of San Miguel Brewery Inc. and Northern Cement Corporation. Atty. Jacinto is also the Corporate Secretary and Compliance Officer of Top Frontier Investment Holdings, which is also a PSE-listed Company, and Corporate Secretary of Jewelmer International Corporation, Inc. He is also a director and Corporate Secretary of various domestic and international subsidiaries of the San Miguel Corporation group. He is an Associate Professor VII at the University of the Philippines, College of Law. Atty. Jacinto obtained his law degree from the University of the Philippines where he was class salutatorian and placed sixth in the 1981 Bar Examinations. He holds a Master of Laws degree from Harvard University and a member of the International Honor Society of the PHI KAPPA PHI and Harvard Club (Philippines).

Cynthia M. Baroy is the Assistant Vice President and Chief Finance Officer of the Company. She is also the Treasurer of Distileria Bago, Inc. and East Pacific Star Bottlers Phils Inc., which are operating subsidiaries of the Company. She is also an incumbent Director of GSM International Holdings Limited and Siam Holdings Limited. She previously held the following positions: Financial Planning and Analysis Manager of San Miguel Yamamura Packaging Corporation; Finance Manager of Metal Closures & Lithography Business; and, Finance Manager of San Miguel Rengo Packaging Corporation. Ms. Baroy obtained her B.S. Commerce major in Accounting from the University of Sto. Tomas where she graduated Cum Laude. She is a Certified Public Accountant.

Nelson S. Elises is the Vice President and Marketing Manager of the Company. He is also a Director of GSM International Holdings Limited. Mr. Elises's work experience includes: Assistant Vice President and National Sales Manager and Area Sales Manager of the Company; Sales and Sales Services Manager of Philippine Beverage Partners, Inc.; and General Manager for Sugarland Corporation. Mr. Elises obtained his Business Economics degree and Masters in Business Administration from the University of the Philippines.

Clemente O. Alburo¹ is the Vice President and National Manufacturing Manager of the Company. Mr. Alburo was previously the Manufacturing and Engineering Services Manager of the Company, Technical Operations Manager of San Miguel Beverages, Inc. and Technical Operations Director of Coca-Cola Bottlers Philippines, Inc. He obtained his Mechanical Engineering degree from the University of Southern Philippines and is a licensed Mechanical Engineer.

Rosalina A. Lioanag is the Assistant Vice President and Business Procurement Group Manager of the Company. Ms. Lioanag was previously the Company's Product Supply and Planning Manager, Non-Alcoholic Beverages Sales Manager, Supply Chain Group Manager, Supply Chain Area Operations for North Luzon and Logistics Manager. She is also an Assistant Professor in the University of Sto. Tomas, Department of Chemical Engineering. She obtained her Bachelor of Science in Chemical Engineering degree from the University of the Philippines and her Master's degrees in Chemical Engineering and Business Administration, both from the University of the Philippines. Ms. Lioanag is a licensed Chemical Engineer.

Independent Directors

The Company has two (2) Independent Directors who, apart from their fees and shareholdings, have no business or relationship with the Company, which could or could reasonably be perceived to materially interfere with the exercise of their independent judgment in carrying out their responsibilities as directors. The Independent Directors of the Company in 2015 are Minita V. Chico-Nazario and Francisco H. Villaruz, Jr.

Significant Employees

The Company has no employee who is not an executive officer but who is expected to make a significant contribution to the business.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among the directors, executive officers, or nominees for election as directors.

Parent Company

As of December 31, 2015, San Miguel Corporation owns 78.27% of the shares of the Company.

Involvement in Certain Legal Proceedings

None of the directors, nominees for election as director, executive officers or control persons of the Company have been involved in the following legal proceedings, including being the subject of any (a) bankruptcy petition, (b) conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange

¹ Mr. Alburo retired from the Company effective at the close of business hours of December 31, 2015, as disclosed by the Company through SEC Form 17-C filed on January 12, 2016.

or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his/her ability or integrity to hold the relevant position in the Company.

Item 10. Executive Compensation

The following table summarizes the aggregate compensation paid or incurred during the last two (2) fiscal years and estimated to be paid in the ensuing fiscal year to the Company's President and senior executive officers:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the President and Senior Executive Officers ²	2016	P29.0	P8.3	8.1	45.4
	(estimated)	Million	Million	Million	Million
	2015	P28.6	P14.0	P8.3	P50.9
		Million	Million	Million	Million
	2014	P 26.5	P5.5	P7.7	P 39.7
		Million	Million	Million	Million
All other officers and directors as a group unnamed	2016	P28.2	P8.1	P10.0	46.3
	(estimated)	Million	Million	Million	Million
	2015	P30.8	P15.4	P11.2	P57.4
		Million	Million	Million	Million
	2014	P28.8	P6.1	P11.0	P45.9
		Million	Million	Million	Million
TOTAL	2016	P57.2	P16.4	P18.1	P91.7
	(estimated)	Million	Million	Million	Million
	2015	P59.4	P29.4	P19.5	P108.3
		Million	Million	Million	Million
	2014	P55.3	P11.6	P18.7	P85.6
		Million	Million	Million	Million

Article II, Section 9 of the Amended By-Laws of the Company provides that the members of the Board shall receive such compensation as may be approved by a majority vote of the stockholders at a regular or special meeting duly called, subject to such limitations as may be imposed by law.

Each director receives a per diem of Ten Thousand Pesos (P10,000.00) per attendance at Board and Board Committee meetings of the Company. There were five (5) Board meetings, four (4) Audit Committee and one (1) Nomination and Hearing Committee meetings that were held in 2015.

There were no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, during the last fiscal year, and the ensuing fiscal year.

There were no employment contracts between the Company and a named executive officer.

The named executive officers of the Company, just like other full-time and permanent employees of the Company, subject to certain requirements,³ are eligible to subscribe to Company

² The President and senior officers of the Company from 2014 to 2015 are the following: Bernard D. Marquez, Clemente O. Alburo (retired from the Company effective at the close of the business hours of December 31, 2015 as disclosed by the Company through SEC Form 17-C filed on January 12, 2016), Rosalina A. Lioanag, Cynthia M. Baroy and Nelson S. Elises. For 2016, the President and senior officers of the Company are the same as previous years, except for the exclusion of Mr. Alburo and inclusion of Mr. Emmanuel B. Macalalag. Mr. Eduardo M. Cojuangco, Jr., the Chairman and Chief Executive Officer of the Company, does not receive compensation from the Company other than the per diem for attendance in Board meetings.

³ All full-time and permanent employees of the Company and its subsidiaries, who have rendered at least one (1) year of continuous service on a regular status (one year after regularization) at the Exercise Date (defined under the Plan), are entitled to subscribe to shares of the capital stock of the Company under the Plan, subject to the terms and conditions provided therein, which subscription shall be subject to the employees' credit profile. Members of the Board of Directors who are not employees of the Company or its subsidiaries are not eligible to participate in the Plan.

shares under the Company's Employees Stock Purchase Plan (the "Plan"). As of December 31, 2015, the named officers have an aggregate subscription of 158,000 shares under the Plan.

The Plan was intended primarily to promote a sense of ownership and greater work commitment among employees of the Company and its subsidiaries. Three Million (3,000,000) shares from the Company's authorized and unissued shares were reserved for the Plan. The subscription price per share under the Plan is equal to the weighted average market closing prices of the last quarter immediately preceding the application/subscription period, less a discount of fifteen percent (15%). The shares covered by the Plan are no longer available for subscription as the offering period provided under the Plan expired on January 21, 2013.

There were neither compensatory plans nor arrangements with respect to a named executive officer.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Owners of record of more than 5% of the Company's voting securities as of December 31, 2015 were as follows:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Preferred ⁵	San Miguel Corporation ⁴ No. 40 San Miguel Avenue, Mandaluyong City, parent company of the issuer	San Miguel Corporation	Filipino	216,972,000 32,786,885	78.27%
Common	PCD Nominee Corporation (Filipino) Ground Floor, Makati Stock Exchange Ayala, Ave., Makati City ⁶	various	Filipino	53,038,805	16.62%

The following are the number of shares of the Company's capital stock (all of which are voting shares) owned of record by the Chairman, directors, and key officers of the Company, as of December 31, 2015:

(1) Title of Class	(2) Name of Record Owner	(3) Amount and Nature of Ownership	(4) Citizenship	(5) Percent of Class
Common	Eduardo M. Cojuangco, Jr.	5,000 (r)	Filipino	0.00%
Common	Ramon S. Ang	5,000 (r)	Filipino	0.00%
Common	Gabriel L. Claudio	5,000 (r)	Filipino	0.00%
Common	Bernard D. Marquez	30,000 (r)	Filipino	0.00%

⁴ The Board of Directors of San Miguel Corporation ("SMC") authorizes any Group A signatory, singly, or any two Group B signatories, jointly, to act and vote in person or by proxy, shares held by SMC in other corporations. The Group A signatories of SMC are Eduardo M. Cojuangco, Jr., Ramon S. Ang, Ferdinand K. Constantino, Virgilio S. Jacinto, Joseph N. Pineda, Aurora T. Calderon and Sergio G. Edeza. The Group B signatories of SMC are Bella O. Navarra, Cecile Caroline U. de Ocampo, Manuel M. Agustin, Virgilio S. de Guzman, Lorenzo G. Formoso III, Almira C. Dalusung, Ma. Raquel Paula G. Lichauco and Casiano B. Cabalan, Jr.

⁵ The Preferred Shareholders shall be entitled to vote in the same manner as Common Shareholders in accordance with the Company's Amended By-Laws.

⁶ Registered owner of shares held by participants in the Philippine Depository & Trust Corp., a private company organized to implement an automated book entry of handling securities in the Philippines.

Common	Leo S. Alvez	5,000 (r)	Filipino	0.00%
Common	Francisco H. Villaruz, Jr.	5,000 (r)	Filipino	0.00%
Common	Minita V. Chico Nazario	5,000 (r)	Filipino	0.00%
Common	Franciso S. Alejo III	5,000 (r)	Filipino	0.00%
Common	Mario K. Surio	5,000 (r)	Filipino	0.00%

The aggregate number of shares owned of record by the Chairman and Chief Executive Officer, key officers and directors as a group as of December 31, 2015, is 70,000 shares or approximately 0.0219% of the Company's outstanding capital stock.

The aggregate number of shares owned of record by all officers and directors as a group as of December 31, 2015 is 388,000 shares or approximately 0.1216% of the Company's outstanding capital stock.

The foregoing beneficial or record owners have no right to acquire additional shares within thirty (30) days from options, warrants, conversion privileges or similar obligations or otherwise.

There is no person holding more than 5% of the Company's voting securities under a voting trust or similar agreement.

Since the beginning of the last fiscal year, there were no arrangements which resulted in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

See Note 27 (Related Party Disclosures) to the 2015 Audited Consolidated Financial Statements of the Company attached hereto as **Annex "D"**.

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Company) not in the ordinary course of business. The Company observes an arm's length policy in its dealings with related parties.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The evaluation by the Company to measure and determine the level of compliance of the Board and top level management with its Manual on Corporate Governance (the "CG Manual") is vested by the Board in the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the CG Manual.

On March 30, 2010, the Board amended its CG Manual in compliance with the Revised Code of Corporate Governance issued by SEC under its Memorandum Circular No. 6, Series of 2009. Thereafter, on July 17, 2014, the Board again amended in CG Manual in order to align the provisions thereof with the SEC Memorandum Circular No. 9, Series of 2014.

The Company substantially complied with the provisions of its CG Manual, as amended.

Please refer to the Consolidated Changes in the Annual Corporate Governance Report for 2015, attached as **Annex "F"**.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The 2015 Audited Consolidated Financial Statements are attached as **Annex "D"** and the Supplementary Schedules (including the report of the auditors on the Supplementary Schedules) are attached as **Annexes "D-1" to "D-8"**. The other Schedules as indicated in the Index to Schedules are either not applicable to the Company or require no answer.

The other documents together with their corresponding separate report required to be filed with the FS under SRC Rule 68, as amended are hereto attached to **Annex "D"** as "Schedules 1 to 4".

(b) Reports on SEC Form 17-C

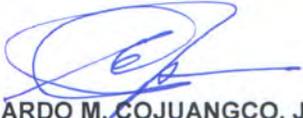
Reports on Form 17-C filed during the last twelve (12)-month period covered by this report are attached as **Annex "E"**.

[The space below is intentionally left blank]

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on, MAR 17 2016, 2016.

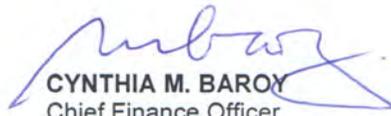
By:



EDUARDO M. COJUANGCO, JR.
Chairman and Chief Executive Officer



BERNARD D. MARQUEZ
President



CYNTHIA M. BAROY
Chief Finance Officer



VIRGILIO S. JACINTO
Corporate Secretary

MAR 17 2016

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2016 affiants exhibiting to me their respective passports as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Eduardo M. Cojuangco, Jr.	EC3542719	February 27, 2015	DFA Manila
Bernard D. Marquez	EC2448395	October 17, 2014	DFA NCR East
Cynthia M. Baroy	EB7884362	April 16, 2013	DFA Manila
Virgilio S. Jacinto	EC3608156	March 6, 2015	DFA Manila



Doc. No. 418 ;
Page No. 95 ;
Book No. 1 ;
Series of 2016.



DAN DAVID VINCENT D. ANTONIO
Commission No. 0455-15
Notary Public for Mandaluyong City
Until December 31, 2016
GSMI, 6th Floor, San Miguel
Properties Centre, St. Francis Street,
Ortigas Center, Mandaluyong City
Roll No. 56053
PTR No. 2482693; 1/28/16; Mandaluyong City
IBP No. 1026861; 1/28/16; Laguna

Annex "A"

**GINEBRA SAN MIGUEL INC.
LIST OF PRODUCTS
AS OF DECEMBER 31, 2015**

ALCOHOLIC BEVERAGES

1. GINEBRA SAN MIGUEL
2. GINEBRA SAN MIGUEL PREMIUM GIN
3. G.S.M. BLUE
4. G.S.M. BLUE LIGHT
5. G.S.M. BLUE FLAVORS
6. GRAN MATADOR LIGHT
7. GRAN MATADOR BRANDY
8. PRIMERA LIGHT BRANDY
9. VINO KULAFU
10. ANTONOV VODKA
11. ANTONOV SCHNAPPS
12. MIXX BLUE CURACAO
13. DON ENRIQUE MIXKILA DISTILLED SPIRIT
14. AÑEJO RUM
15. TONDEÑA MANILA RUM (for Export only)
16. MIX GIN (for Export only)
17. MIX RUM (for Export only)
18. MIX VODKA (for Export only)

NON-ALCOHOLIC BEVERAGES*

1. MAGNOLIA FRUITDRINK (Ready-to-Drink) - Orange and Grape
2. MAGNOLIA HEALTHTEA (Ready-to-Drink) - Apple, Lemon and Strawberry
3. MAGNOLIA PUREWATER
4. MAGNOLIA FRUITDRINK (Powdered) - Orange Mango, Calamansi, Lemonade and Orange
5. MAGNOLIA HEALTHTEA (Powdered) - Apple and Lemon
6. BERRI (Ready-to-Drink Natural Juice) - Apple, Dark Grape, Orange, Tomato, Cranberry, Pink Guava and Multi-V (*Imported from Lion Dairy & Drinks formerly National Foods Australia*)

**NAB beverages were commercially sold by GSMI until March 31, 2015 only.*

**LIST OF PROPERTIES OWNED
BY GINEBRA SAN MIGUEL INC.
AND ITS SUBSIDIARIES
AS OF DECEMBER 31, 2015**

	<i>Owner</i>	<i>Classification</i>	<i>Address</i>	<i>Condition</i>
1	East Pacific Star Bottlers Phils Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Plant (Buildings and Machineries only)	San Fermin, Cauayan, Isabela	Good
2	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries)	Tebag West, Sta. Barbara, Pangasinan	Good
3	Ginebra San Miguel Inc.	Land	Libsong East, Lingayen, Pangasinan	Good
4	Ginebra San Miguel Inc.	Land	Sta. Rita, Olongapo City,	Good
5	Ginebra San Miguel Inc.	Division Office	3 rd and 6 th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Good
6	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries)	Silangan Industrial Estate, Brgy Pittland, Terelay Phase, Cabuyao, Laguna	Good
7	Ginebra San Miguel Inc.	Land	Silangan Industrial Estate, Brgy Pittland, Terelay Phase, Cabuyao, Laguna	Good
8	Ginebra San Miguel Inc.	Warehouse	Sitio Pulang Lupa, Makiling, Calamba, Laguna	Good
9	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries)	Brgy. Gulang-gulang, Lucena City	Need to Rehabilitate
10	Ginebra San Miguel Inc.	Alcohol Depot (Land and Depot)	Brgy. Cotta, Lucena City	Good
11	East Pacific Star Bottlers Phils Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Plant (Buildings and Machineries)	Km. 503, Hacienda Mitra, Paulog, Ligao City, Albay	Good
12	Ginebra San Miguel Inc.	Tabangao Alcohol Depot	National Hi-way, Brgy. Tabangao, Aplaya, Batangas City	Good
13	Ginebra San Miguel Inc.	Plant (Land, Buildings and Machineries) Alcohol Depot	Subangdaku, Mandaue City, Cebu	Good
14	Ginebra San Miguel Inc.	Land and Machineries	Brgy. Calumangan, Bago City, Negros Occidental	Good
15	Ginebra San Miguel Inc.	Sales Office	Km. 13.5, Brgy. Taloc, Bago City, Negros Occidental	Good
16	Distileria Bago, Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Plant (Land, Deepwell, Machineries and Buildings)	Km. 13.5, Brgy. Taloc, Bago City, Negros Occidental	Good
17	Distileria Bago, Inc. <i>(Wholly-owned subsidiary of GSMI)</i>	Land (Relocation Site)	Brgy. Calumangan, Bago City, Negros Occidental	Good

Annex "B"

**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
LIST OF PROPERTIES - RENTED
AS OF DECEMBER, 2015**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>	
NORTH LUZON							
1	SMC Shipping & Lighterage Corp.	Alcohol Depot #1	Brgy. Namonitan, Sto. Tomas (Damortis), La Union	Good	223,214	October 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
2	SMC Shipping & Lighterage Corp.,	Alcohol Depot # 2	Brgy. Namonitan, Sto. Tomas (Damortis), La Union	Good	232,143	October 31, 2016	
3	SMC Shipping & Lighterage Corp.	Warehouse	Tebag West, Sta. Barbara, Pangasinan	Good	1,412,750	June 30, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
4	Isabela Leaf Tobacco Co. Inc.	Warehouse (Kerwin Pua) 1	Don Jose Canciller St., Cauayan City, Isabela	Good	215,220	December 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
5	Isabela Leaf Tobacco Co. Inc.	Warehouse (Kerwin Pua) 3	Don Jose Canciller St., Cauayan City, Isabela	Good	133,620	August 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.

Annex "B"

**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
LIST OF PROPERTIES - RENTED
AS OF DECEMBER, 2015**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
6 Helen Tan, Editha Lee Co, Alicia Lee Dixon, Anita Lee Flores, Maria Lee, Lilibeth Lee Dela Pena, represented by Jean Annabel Lee (AIF)	Territory Office	Lee Bldg., Nat'l. Hiway, Brgy. Carlatan, San Fernando City, La Union.	Good	17,368	December 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
7 East Pacific Star Bottlers Phils., Inc.	Sales Office	San Fermin, Cauayan, Isabela	Good	20,000	December 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
8 San Miguel Properties Inc.	Land (where East Pacific Star Bottlers Phils, Inc., Plant Facilities are installed)	San Fermin, Cauayan, Isabela	Good	121,551 (March 2014 to February 2015) 127,551 (March 2015 to February 2016)	February 28, 2019	Ten (10) years from March 01, 2009 to February 28, 2019
CENTRAL LUZON						
1 Lin Ai Trading	Warehouse and Sales Office	Sitio Torres, Brgy. Sta. Cruz, Porac, Pampanga	Good	275,250	December 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.

Annex "B"

**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
LIST OF PROPERTIES - RENTED
AS OF DECEMBER, 2015**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>	
GMA/NCR							
1	Platinum 168, Inc.	Office Space	5 th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Good	751,820	August 31, 2017	Renewable after expiration upon mutual written agreement of the Lessee and Lessor.
2	KMC Realty Corporation	Warehouse and Sales Office	Warehouse 5B, A. Correa St. Extension, Paco, Manila	Good	534,897	June 30, 2016	Renewable after expiration upon mutual written agreement of the Lessee and Lessor.
3	CTA Starke Property Corporation	Warehouse & Sales Office	80 Marcos Highway, Brgy. Mayamot, Antipolo City	Good	700,000	March 31, 2015	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
SOUTH LUZON							
1	SMC Shipping & Lighterage Corp.	Warehouse	Silangan Industrial Estate, Brgy Pittland, Terelay Phase, Cabuyao, Laguna	Good	1,092,753	January 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
2	Southern Textile Mills, Inc.	Warehouse and Sales Office	Bgy. Lawa, Calamba City, Laguna	Good	475,200	February 29, 2016	Renewal at discretion of the Lessee under the terms and conditions as may be mutually agreeable to both parties.
3	GMV Coldkeepers, Inc.	Chiller Storage	107 North Main Avenue, LTI, Brgy. Binan, Binan Laguna	Good	P50.00/pallet per day (based on actual volume)	March 14, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed

Annex "B"

**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
LIST OF PROPERTIES - RENTED
AS OF DECEMBER, 2015**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>	
4	GMV Coldkeepers, Inc.	Freezer Storage	107 North Main Avenue, LTI, Binan Laguna	Good	P50.00/pallet per day (based on actual volume)	March 14, 2016	a written renewal but on a month to month basis under the same contract.
5	International Developments Management Corp.	Alcohol Depot (Tanks 1,2,3)	BBTI, Bauan, Batangas	Good	500,000	September 30, 2016	Renewable by GSMI at terms and conditions mutually acceptable to the parties herein, by providing IDMC its written intention to renew the agreement at least thirty (30) days prior to expiration of its Term.
6	International Developments Management Corp.	Alcohol Depot (Tanks 5 & 7)	BBTI, Bauan, Batangas	Good	600,000	September 30, 2016	
7	Newport Industries & Manufacturing Corporation	Land	Sitio Pulang Lupa, Makiling, Calamba, Laguna	Good	1,543,500	December 31, 2020	Subject to renewal or extension upon expiration of such period on such terms and conditions as may mutually be agreed upon
8	East Pacific Star Bottlers Phils. Inc.	Warehouse	Ha. Mitra, Brgy. Paulog, Ligao City	Good	295,305	January 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
9	Navotas Ridge Realty Corp.	Tolling Plant Site (of East Pacific Star Bottlers Phils., Inc.)	Ha. Mitra, Brgy. Paulog, Ligao City	Good	126,799 (5% increase every year until end of term)	December 31, 2019	Renewable upon mutual agreement of both parties.
10	Navotas Ridge Realty Corp.	Warehouse Extension (East Pacific Star Bottlers Phils., Inc.)	Ha. Mitra, Brgy. Paulog, Ligao City	Good	80,324 (April 2014 to March 2015) 84,340 (April 2015 to March 2016) (5% increase every year until the end of term)	March 31, 2017	Renewable upon mutual agreement of both parties.

Annex “B”

**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
LIST OF PROPERTIES - RENTED
AS OF DECEMBER, 2015**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>	
11	Benson Baritua	Office	PTI Building, Brgy. Cruzada, Legazpi City	Good	10,000	June 30, 2014	Renewal in process
12	Broad Concept Landholdings, Inc.	Office	1080 Doña Aurora Boulevard, Gulang Gulang, Lucena City	Good	20,000	November 30, 2017	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
13	Country Road Realty Inc. / Lode Mining Ventures, Inc.	Land	Barrio Tabangao, Batangas City	Good	46,248 <small>(Jan. 01 2015 to Dec 31 2016 – same rate) with escalation rate of 5% from year 2017 to year 2021 and 10% from year 2022 to year 2024.</small>	December 31, 2024	Subject to renewal upon expiration for such period and under such terms and conditions as may be mutually acceptable to the parties; provided further that a written notice of renewal is given by the Lessee to the Lessor at least sixty (60) days prior to the expiration of the lease.
14	Axlerate Inc.	Sales Office	Tahao Road, Gogon, Legaspi	Good	330,000 – 75,000 cases and below 310,000 – 75,001 to 110,000 cases 290,000 – above 110,000 cases *with additional fee based on volume	September 16, 2016	Renewable upon mutual agreement of the parties under such terms and conditions and should parties continue their relations without a written renewal, they shall continue to be governed by the provisions except as to the term, which shall subsist from month to month

Annex "B"

**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
LIST OF PROPERTIES - RENTED
AS OF DECEMBER, 2015**

<i>Lessor</i>		<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>
VISAYAS							
1	San Miguel Corporation	Alcohol Depot	Ouano, Mandaue City	Good	57,319	December 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor.
2	SMC Shipping and Lighterage Corp.	Warehouse (K & I)	Mandaue Port, J. Cenniza St., Looc, Mandaue City	Good	203,200 (For warehouse K only)	December 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.
MINDANAO							
1	San Miguel Corporation	Warehouse & Sales Office	Brgy. Talomo, Ulas, Davao City	Good	45,000	May 31, 2016	Subject to renewal or extension upon expiration of such period on such terms and conditions as may be mutually agreed upon between the parties.
2	LYL Development Corporation	Territory Office	Unit 118, LYL Apartment, Kimwa Compound, Brgy Baloy, Cagayan De Oro City	Good	14,286	December 31, 2016	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract.

Annex "B"

**GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
LIST OF PROPERTIES - RENTED
AS OF DECEMBER, 2015**

<i>Lessor</i>	<i>Classification of Leased Property</i>	<i>Address</i>	<i>Condition</i>	<i>Monthly Rental (In PHP)</i>	<i>Expiry of the Lease Contract</i>	<i>Terms of Renewal</i>	
3	Ramona Construction & Enterprise	Territory Office	Amethyl Compound, BF Arao Avenue, Tiguma, Pagadian City	Good	8,500	December 31, 2014	Renewable at such terms and conditions mutually acceptable to both Lessee and Lessor or Extended without having executed a written renewal but on a month to month basis under the same contract. Contract for the period January to Dec 2015 is for notarization while for 2016 still in process with same rental fee.

***** *Nothing Follows* *****



GINEBRA SAN MIGUEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND PERFORMANCE

The following discussion should be read in conjunction with the attached audited consolidated financial statements of Ginebra San Miguel Inc. (the Parent Company or GSMI) and its subsidiaries (collectively referred to as the Group) as of and for the period ended December 31, 2015 (with comparative figures as of December 31, 2014 and for the period ended December 31, 2013). All necessary adjustments to present fairly the consolidated financial position, financial performance and cash flows of the Group as of December 31, 2015, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards have been omitted.

I. FINANCIAL PERFORMANCE

2015 vs. 2014

With the price increase for liquor products implemented in January and volume growing faster in the second half of the year, revenues ended 11% higher versus 2014. As a result, total gross profit jumped 10% from a year ago despite an increase in cost of sales.

The more aggressive advertising and promotion programs drove selling and marketing expenses to increase by 5% compared last year. Likewise, the general and administrative expenses rose 14% mainly due to increase in personnel, provision for impairment losses and repairs and maintenance.

Meanwhile, interest expense net of interest income declined by 18% from 2014 because of the significant reduction in notes payable and continuous settlement of long-term obligations.

Equity in net losses of joint ventures increased against last year because of the allowance for impairment loss recognized. This was due to the decline in operations resulting in lower sales forecast compared with previous years.

In addition, the sale of scraps and certain properties resulted to Php 75 million other income net of the goodwill impairment loss related to EPSBPI.

All these translated to an income before tax of Php 146 million, a substantial improvement from previous year's loss before tax of Php 55 million for the business with continuing operations. Combined with a lower provision for income tax on account of lower Net Operating Loss Carry Over (NOLCO) and loss before tax from the discontinued operation, net loss ended at Php 386 million. This was 50% better than last year's net loss of Php 766 million and 2013's net loss of Php 1.1 billion.

Anchored on the robust performance in 2015 and the better economic prospects of 2016, the Group is confident it can continue to move forward as it focuses in sustaining the growth of its core brands and will endeavor to strengthen traction of recently launched products. The marketing and distribution programs were crafted to be more relevant in order to ensure continued patronage and to promote interest across a younger and wider consumer base. Complemented by the pursuit for higher operational efficiency and purposive cost reduction measures, the Group is poised to deliver better results than this year.

2014 vs. 2013

Revenues grew 9% versus 2013 due to liquor volume growth and the impact of the price increase on liquor products.

Higher volumes of liquor, higher selling prices and lower production cost resulted in a 35% increase in gross profit over 2013.

Managed spending for advertising and promotion programs trimmed down selling and marketing expenses by 17%. While, general and administrative expenses grew 13% mainly due to increase in rent and taxes and licenses.

Early settlement of long-term debt resulted in a 20% decline in interest expense, net of interest income.

Lower equity in net losses of joint ventures by 11% was due to significant reduction in fixed costs of Thai San Miguel Liquor Co. Ltd. (TSML).

Other income (charges) - net was due to the inventory losses recognized this year, which exceeded other income.

Provision for income tax for 2014 relates to Minimum Corporate Income Tax (MCIT) increase due to increase in gross profit in 2014 and recognition of expired tax benefit from NOLCO in 2011 and 2012 versus 2013's tax benefit also from NOLCO.

Improvement in volumes, particularly of flagship brand Ginebra San Miguel, resulted from the implementation of sales and marketing programs and the thematic campaign “Ganado sa Buhay” launched in the first semester. Cost reduction and working capital management further reduced operating and financing expenses. All these resulted in a 30% drop in net loss versus last year.

Focus on core brands reaped gains for the year. The launch of consumer promos during the year boosted consumer interest and off-take. With the growth momentum achieved in 2014, the company is poised to sustain volume growth through more effective sales and marketing programs, management of costs and improvement in operating efficiencies towards obtaining better results in 2015.

On December 5, 2014, the Company's Board authorized the sale and transfer to San Miguel Brewery Inc. of certain non-alcoholic beverage assets consisting of property, plant and equipment as of December 31, 2014, and inventories as of March 31, 2015 (the “Transaction”) and delegated to Management the negotiation and conclusion of the terms and conditions of the Transaction.

II. FINANCIAL POSITION

2015 vs. 2014

The Company's cash position at the end of the year was lower by 23% largely due to more raw materials purchased and settlement of both short-term and long-term debts among others.

Meanwhile, the significant improvement in collection resulted in a 29% reduction in trade and other receivable despite higher sales revenue for the year. This was due to programs implemented and the year-long effort to manage the Company's receivables.

With the more purchases in 2015 as mentioned above, inventory value at the end of the period grew by 16%. This was largely on account of more expensive molasses and the purposive build-up of raw alcohol, bottles and bunker fuel as a strategy to manage the cost of key production materials.

The year-to-date net loss of TSML joint venture further declined by 20% because of the provision for impairment loss recognized at the end of the year. This was a result of the decline in operations resulting to lower sales forecast compared to previous years.

On the other hand, the deferred tax assets slipped by 27% as an effect of recognition of applied and expired 2012 NOLCO and MCIT.

Trade and other payables decreased by 4% on account of payments made from additional purchase of materials and supplies.

Annex “C”

Lastly, with the Company’s improved performance in 2015, it was able to reduce its notes payable by almost Php 1.7 billion and concurrently settled its long-term obligation – net of current maturities by another 33% when compared against last year’s debt level.

2014 vs. 2013

Improvement in operating results resulted to better cash position as cash and cash equivalents increased by 13%.

Higher collection in spite of an increase in revenue from customers resulted to a 4% reduction in trade and other receivables – net.

Inventories declined by 29% due to managed purchases of raw materials particularly alcohol in order to reduce working capital levels.

Net loss of joint venture, resulting from lower TSML sales volumes, resulted in 8% decline in investment in joint ventures.

Deferred tax assets declined by 26% due to recognition of expired 2011 and 2012 NOLCO and MCIT.

Advances extended to TSML in the first semester of the year led to a 6% increase in net other non-current assets.

Trade and other payables decreased by 9% due to managed purchases.

Income and other taxes payable was reduced by 6% on account of lower output tax partly offset by higher MCIT due to better operating results.

Long-term debt – net of current maturities reduced by 59%, due to early payment of Parent Company’s long-term debt.

Equity

The decrease in equity for the period ended December 31, 2015 and 2014 are due to:

	December 31	
	2015	2014
	<i>(In Millions)</i>	
Net loss for the period	(P386)	(P766)
Share in other comprehensive income of joint ventures	(25)	6
Equity reserve for retirement plan	(128)	(49)
Cancellation of Employee Stock Purchase Plan reverted to treasury shares		(91)
	(P538)	(P900)

III. Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	December 31	
	2015	2014
	<i>(In Millions)</i>	
Net cash flows provided by operating activities	P1,769	P2,030
Net cash flows provided by (used in) investing activities	383	(566)
Net cash flows used in financing activities	(2,287)	(1,400)

Net cash flows provided by operating activities consist of loss before income tax for the period and the effect of non-cash transactions and changes in non-cash current assets and certain current liabilities including net movement in inventory level.

Net cash flows provided by (used in) investing activities include the following:

	December 31	
	2015	2014
	<i>(In Millions)</i>	
Additions to property, plant and equipment	(P233)	(P213)
Increase in other noncurrent assets	1	(354)
Proceeds from sale of property, plant and equipment	140	1
Proceeds from sale of NAB assets	476	-

Major components of net cash flows used in financing activities are as follows:

	December 31	
	2015	2014
	<i>(In Millions)</i>	
Proceeds from:		
Short-term borrowings	P81,992	P100,826
Issuance of common shares	5	10
Payments of:		
Short-term borrowings	(83,670)	(100,722)
Long-term borrowings	(114)	(929)
Interest	(499)	(585)

The effect of exchange rate changes on cash and cash equivalents amounted to (P0.10 million) and (P2.88 million) for the periods ended December 31, 2015 and 2014, respectively.

IV. KEY PERFORMANCE INDICATORS

The following are the major performance measures that the Group uses. Analyses are employed by comparisons and measurements based on the financial data of the current period against the same period of previous year. Please refer to Item II, “Financial Performance” of the Management Discussion and Analysis (MD&A), for the discussion of the computed certain Key Performance Indicators.

KPI	December 31, 2015	December 31, 2014
Liquidity: Current Ratio	0.72	0.72
Solvency: Debt to Equity Ratio Asset to Equity Ratio	2.84 3.84	2.89 3.89
Profitability: Return on Average Equity Interest Rate Coverage Ratio	(9%) 2.61	(15%) 1.80

KPI	Period Ended December 31	
	2014	2014
Operating Efficiency: Volume Growth Revenue Growth Operating Margin	4% 11% 4%	4% 9% 2%

The manner by which the Group calculates the above indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Equity}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests, Taxes, Depreciation and Amortization}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth	$\left(\frac{\text{Sum of All Business' Volume}}{\text{Prior Period Volume}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

V. OTHER MATTERS

a. *Commitments*

- The Company has a Toll Manufacturing Agreement with third parties for the production of its alcoholic and nonalcoholic products. Toll manufacturing expense amounting to P82,677, P245,368 and P286,962 in 2015, 2014 and 2013, respectively, were included as part of outside services under the “Cost of sales” account (Note 20).
- The outstanding purchase commitments of the Company amounted to US\$105,225 (P4,951,885) and US\$19,837 (P887,113) as of December 31, 2015 and 2014, respectively.

b. *Contingencies*

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group. No provision was recognized in 2015, 2014 and 2013.

- c. Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications have no effect on the reported financial performance for any period.
- d. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management’s Discussion and Analysis of Financial Position and Financial Performance.
- e. There were no material changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in prior financial years.
- f. There were no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Group’s liquidity.
- g. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favourable or unfavourable impact on net sales or revenues or income from continuing operation.
- h. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date.
- i. The effects of seasonality or cyclicity on the interim operations of the Group’s businesses are not material.
- j. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015, 2014 and 2013



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of Ginebra San Miguel Inc. (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

EDUARDO M. COJUANGCO, JR.

Chairman and Chief Executive Officer

CYNTHIA M. BAROY

Chief Finance Officer

BERNARD D. MARQUEZ

President

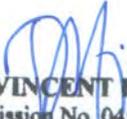
March 16, 2016

GINEBRA SAN MIGUEL, INC.

SUBSCRIBED AND SWORN to before this 17 March 2016, affiant exhibiting to me their Passport, as follow:

<u>NAME</u>	<u>PASSPORT NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Eduardo M. Cojuangco	EC3542719	February 27, 2015	DFA Manila
Bernard D. Marquez	EC2448395	October 17, 2014	DFA NCR East
Cynthia M. Baroy	EB7884362	April 16, 2013	DFA Manila

Doc. No. 425;
Page No. 86;
Book No. I;
Series of 2016.


DAN DAVID VINCENT D. ANTONIO
Commission No. 0455-15
Notary Public for Mandaluyong City
Until December 31, 2016
GSML, 6th Floor, San Miguel
Properties Centre, St. Francis Street,
Ortigas Center, Mandaluyong City
Roll No. 56053
PTR No. 2482693; 1/28/16; Mandaluyong City
IBP No. 1026861; 1/28/16; Laguna



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Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ginebra San Miguel Inc. and Subsidiaries which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ginebra San Miguel Inc. and Subsidiaries as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

R.G. MANABAT & CO.

NOEL A. BALADIANG

Partner

CPA License No. 106166

SEC Accreditation No. 1473-A, Group A, valid until March 30, 2018

Tax Identification No. 223-804-972

BIR Accreditation No. 08-001987-33-2014

Issued October 15, 2014; valid until October 14, 2017

PTR No. 5320737MD

Issued January 4, 2016 at Makati City

March 16, 2016

Makati City, Metro Manila

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014
(In Thousands)



	Note	2015	2014
ASSETS			
Current Assets			
Cash and cash equivalents	7, 32, 33	P445,801	P579,917
Trade and other receivables - net	4, 8, 27, 31, 32, 33	2,802,212	3,921,468
Inventories	4, 9	3,090,271	2,657,197
Prepaid expenses and other current assets	10, 32, 33	1,589,238	1,569,041
		7,927,522	8,727,623
Assets held for sale	6	-	547,706
Total Current Assets		7,927,522	9,275,329
Noncurrent Assets			
Investments in joint ventures	4, 11	524,850	659,488
Property, plant and equipment - net	4, 12	5,574,827	5,936,826
Goodwill	4, 13	126,863	226,863
Deferred tax assets	4, 18	810,305	1,116,010
Other noncurrent assets - net	4, 14, 27, 32, 33	789,023	825,732
Total Noncurrent Assets		7,825,868	8,764,919
		P15,753,390	P18,040,248
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	15, 32, 33	P8,406,460	P10,084,440
Trade and other payables	16, 27, 32, 33	2,236,049	2,329,193
Income and other taxes payable		303,068	308,509
Current maturities of long-term debt - net of debt issue costs	17, 32, 33	114,286	114,286
Total Current Liabilities		11,059,863	12,836,428
Noncurrent Liabilities			
Retirement liabilities	29	361,229	218,776
Long-term debt - net of current maturities and debt issue costs	17, 32, 33	228,571	342,857
Total Noncurrent Liabilities		589,800	561,633
Total Liabilities		11,649,663	13,398,061
Equity			
	19		
Capital stock		399,063	399,063
Additional paid-in capital		2,539,454	2,539,454
Reserve for retirement plan		(263,568)	(135,675)
Cumulative translation adjustments		(79,011)	(54,040)
Retained earnings:			
Appropriated		2,500,000	2,500,000
Unappropriated		1,677,762	2,063,358
Treasury stock		(2,669,973)	(2,669,973)
Total Equity		4,103,727	4,642,187
		P15,753,390	P18,040,248

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(In Thousands, Except Per Share Data)

	<i>Note</i>	2015	2014	2013
CONTINUING OPERATIONS				
SALES	27	P16,554,541	P14,920,577	P13,676,986
COST OF SALES	20, 34	12,181,764	10,947,315	10,735,408
GROSS PROFIT		4,372,777	3,973,262	2,941,578
SELLING AND MARKETING EXPENSES	21	(1,842,708)	(1,759,410)	(2,116,413)
GENERAL AND ADMINISTRATIVE EXPENSES	22	(1,892,963)	(1,662,472)	(1,467,973)
INTEREST EXPENSE AND OTHER FINANCING CHARGES	15, 17, 25	(486,159)	(560,313)	(657,899)
EQUITY IN NET LOSSES OF JOINT VENTURES	11	(109,667)	(66,265)	(74,763)
INTEREST INCOME	27	29,843	22,810	10,944
GAIN (LOSS) ON SALE OF PROPERTY AND EQUIPMENT	12	125,589	(89)	512
OTHER INCOME (CHARGES) - Net	26	(50,885)	(1,976)	30,332
INCOME (LOSS) BEFORE INCOME TAX		145,827	(54,453)	(1,333,682)
INCOME TAX EXPENSE (BENEFIT)	18	509,896	578,055	(352,647)
NET LOSS FROM CONTINUING OPERATIONS		(364,069)	(632,508)	(981,035)
DISCONTINUED OPERATIONS				
LOSS FROM DISCONTINUED OPERATIONS - Net of tax	6	(21,527)	(133,699)	(120,160)
NET LOSS		(P385,596)	(P766,207)	(P1,101,195)
Basic and Diluted Loss Per Share	30	(P1.52)	(P2.84)	(P3.97)
Basic and Diluted Loss Per Share - Continuing Operations	30	(P1.44)	(P2.37)	(P3.55)

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(In Thousands)

	<i>Note</i>	2015	2014	2013
NET LOSS		(P385,596)	(P766,207)	(P1,101,195)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that may be reclassified to profit or loss				
Share in other comprehensive income (loss) of joint ventures	<i>11</i>	(24,971)	5,564	6,219
Items that will not be reclassified to profit or loss				
Equity reserve for retirement plan	<i>29</i>	(182,704)	(69,958)	62,609
Income tax (expense) benefit		54,811	20,987	(18,783)
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax		(152,864)	(43,407)	50,045
TOTAL COMPREHENSIVE LOSS - Net of tax		(P538,460)	(P809,614)	(P1,051,150)

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(In Thousands)

	Note	Capital Stock		Additional Paid-in Capital	Reserve for Retirement Plan	Cumulative Translation Adjustments	Retained Earnings		Treasury Stock	Total
		Common	Preferred				Appropriated	Unappropriated		
As of January 1, 2015		P345,625	P53,438	P2,539,454	(P135,675)	(P54,040)	P2,500,000	P2,063,358	(P2,669,973)	P4,642,187
Share in other comprehensive loss of joint ventures	11	-	-	-	-	(24,971)	-	-	-	(24,971)
Equity reserve for retirement plan	29	-	-	-	(127,893)	-	-	-	-	(127,893)
Other comprehensive loss		-	-	-	(127,893)	(24,971)	-	-	-	(152,864)
Net loss		-	-	-	-	-	-	(385,596)	-	(385,596)
Total comprehensive loss		-	-	-	(127,893)	(24,971)	-	(385,596)	-	(538,460)
As of December 31, 2015	19	P345,625	P53,438	P2,539,454	(P263,568)	(P79,011)	P2,500,000	P1,677,762	(P2,669,973)	P4,103,727
As of January 1, 2014		P345,625	P53,438	P2,539,454	(P86,704)	(P59,604)	P2,500,000	P2,829,565	(P2,579,409)	P5,542,365
Share in other comprehensive income of joint ventures	11	-	-	-	-	5,564	-	-	-	5,564
Equity reserve for retirement plan	29	-	-	-	(48,971)	-	-	-	-	(48,971)
Other comprehensive income (loss)		-	-	-	(48,971)	5,564	-	-	-	(43,407)
Net loss		-	-	-	-	-	-	(766,207)	-	(766,207)
Total comprehensive income (loss)		-	-	-	(48,971)	5,564	-	(766,207)	-	(809,614)
Cancellation of Employee Stock Purchase Plan reverted to treasury shares		-	-	-	-	-	-	-	(90,564)	(90,564)
As of December 31, 2014	19	P345,625	P53,438	P2,539,454	(P135,675)	(P54,040)	P2,500,000	P2,063,358	(P2,669,973)	P4,642,187

Forward

	Note	Capital Stock		Additional Paid-in Capital	Reserve for Retirement Plan	Cumulative Translation Adjustments	Retained Earnings		Treasury Stock	Total
		Common	Preferred				Appropriated	Unappropriated		
As of January 1, 2013		P345,625	P53,438	P2,539,447	(P130,530)	(P65,823)	P2,500,000	P3,930,760	(P2,579,409)	P6,593,508
Share in other comprehensive income of joint ventures	11	-	-	-	-	6,219	-	-	-	6,219
Equity reserve for retirement plan	29	-	-	-	43,826	-	-	-	-	43,826
Other comprehensive income		-	-	-	43,826	6,219	-	-	-	50,045
Net loss		-	-	-	-	-	-	(1,101,195)	-	(1,101,195)
Total comprehensive income (loss)		-	-	-	43,826	6,219	-	(1,101,195)	-	(1,051,150)
Stock options		-	-	7	-	-	-	-	-	7
As of December 31, 2013	19	P345,625	P53,438	P2,539,454	(P86,704)	(P59,604)	P2,500,000	P2,829,565	(P2,579,409)	P5,542,365

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(In Thousands)

	<i>Note</i>	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax from:				
Continuing operations		P145,827	(P54,453)	(P1,333,682)
Discontinued operations	6	(30,753)	(190,998)	(171,657)
		115,074	(245,451)	(1,505,339)
Adjustments for:				
Depreciation and amortization	12, 23	644,647	720,014	742,214
Interest expense and other financing charges	15, 17, 25	486,159	560,313	657,899
Provision for impairment losses	8, 13, 22, 26	284,052	81,080	-
Write-down of inventories to net realizable value	9, 20	195,683	68,000	-
Equity in net losses of joint ventures	11	109,667	66,265	74,763
Retirement expense	29	56,826	61,078	66,446
Net unrealized foreign exchange loss (gain)	26	2,081	(2,778)	(7,980)
Net derivative loss (gain)	26	702	2,459	(1,007)
Interest income	27	(29,844)	(22,810)	(10,947)
Loss (gain) on sale of property and equipment	6, 12	(162,923)	103	(705)
Operating income before working capital changes		1,702,124	1,288,273	15,344
Decrease (increase) in:				
Trade and other receivables		799,796	216,077	(70,922)
Inventories		(624,127)	797,749	1,974,149
Prepaid expenses and other current assets		31,016	11,098	(193,971)
Increase (decrease) in:				
Trade and other payables		(37,314)	(215,799)	(721,519)
Income and other taxes payable		(2,641)	(9,580)	51,287
Cash generated from operations		1,868,854	2,087,818	1,054,368
Interest received		27,710	22,810	10,947
Income taxes paid		(30,430)	(11,793)	(490)
Contribution to retirement plan	29	(97,077)	(68,951)	(97,741)
Net cash flows provided by operating activities		1,769,057	2,029,884	967,084
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	12	(232,743)	(212,887)	(256,908)
Decrease (increase) in other noncurrent assets		38,060	(353,769)	(72,330)
Proceeds from sale of NAB assets	6	438,283	-	-
Proceeds from sale of property and equipment		139,717	882	590
Net cash flows provided by (used in) investing activities		383,317	(565,774)	(328,648)

Forward

	<i>Note</i>	2015	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings		P81,992,016	P100,825,924	P101,992,376
Collection of subscription receivables		4,687	9,639	33,448
Payments of:				
Short-term borrowings		(83,669,996)	(100,722,284)	(101,443,776)
Long-term borrowings		(114,286)	(928,571)	(542,857)
Interest and other financing charges		(498,989)	(585,041)	(665,239)
Cash dividends		(23)	(55)	(456)
Net cash flows used in financing activities		(2,286,591)	(1,400,388)	(626,504)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		101	2,883	3,877
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(134,116)	66,605	15,809
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		579,917	513,312	497,503
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	<i>8</i>	P445,801	P579,917	P513,312

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Percentages, Per Share Data and Number of Shares)

1. Reporting Entity

Ginebra San Miguel Inc. (GSMI or the Company), a subsidiary of San Miguel Corporation (SMC or the Parent Company), was incorporated in the Philippines on July 10, 1987. Top Frontier Investment Holdings, Inc. (Top Frontier) is the ultimate parent company of the Group.

The accompanying consolidated financial statements comprise the financial statements of the Company and its Subsidiaries (collectively referred to as the “Group”) and the Group’s interests in joint ventures.

The Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on The Philippine Stock Exchange, Inc.

The Group is primarily engaged in manufacturing and selling of alcoholic and nonalcoholic beverages (NAB).

In 2015, the Group sold its NAB business to San Miguel Brewery Inc. (SMB) (Note 6).

The registered office address of the Company is 3rd and 6th Floor, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The consolidated financial statements were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on March 16, 2016.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis of accounting except for the following items which are measured on an alternative basis at each reporting date:

<u>Items</u>	<u>Measurement Basis</u>
Derivative financial instruments	Fair value
Defined benefit retirement asset (liability)	Fair value of the plan assets less the present value of the defined benefit retirement obligation

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information are rounded off to the nearest thousand (000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

<u>Name of Subsidiary</u>	<u>Country of Incorporation</u>
Distileria Bago, Inc. (DBI)	Philippines
East Pacific Star Bottlers Phils Inc. (EPSBPI)	Philippines
Agricrops Industries, Inc. (AII)	Philippines
Healthy Condiments, Inc. (HCI)	Philippines
Ginebra San Miguel International Ltd. (GSMIL)	British Virgin Islands (BVI)
GSM International Holdings Ltd. (GSMIHL)	BVI
Global Beverage Holdings Ltd. (GBHL)	BVI
Siam Holdings Ltd. (SHL)	BVI

A subsidiary is an entity controlled by the Group. The Group controls an entity if, and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, and the cumulative transaction differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statements of income; and (iii) reclassify the Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of New and Amended Standards and Interpretation

The FRSC approved the adoption of a number of new and amended standards and interpretation as part of PFRS.

Amendments to Standards and Interpretation Adopted in 2015

The Group has adopted the following PFRS effective January 1, 2015 and accordingly, changed its accounting policies in the following areas:

- *Annual Improvements to PFRS Cycles 2010-2012 and 2011-2013* contain 11 changes to nine standards with consequential amendments to other standards and interpretations, of which only the following are applicable to the Group:
 - Meaning of ‘Vesting Condition’ (*Amendment to PFRS 2, Share-based Payment*). PFRS 2 has been amended to clarify the definition of ‘vesting condition’ by separately defining ‘performance condition’ and ‘service condition’. The amendment also clarifies the following: (i) how to distinguish between a market and a non-market performance condition; and (ii) the basis on which a performance condition can be differentiated from a non-vesting condition. The adoption of the amendment did not have an effect on the consolidated financial statements.
 - Scope Exclusion for the Formation of Joint Arrangements (*Amendment to PFRS 3, Business Combinations*). PFRS 3 has been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in PFRS 11, *Joint Arrangements* - i.e., including joint operations - in the financial statements of the joint arrangements themselves. The adoption of the amendment did not have an effect on the consolidated financial statements.
 - Disclosures on the Aggregation of Operating Segments (*Amendments to PFRS 8, Operating Segments*). PFRS 8 has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include: (i) a brief description of the operating segments that have been aggregated; and (ii) the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics. In addition, the amendments clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets is required only if this information is regularly provided to the entity’s chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities. The adoption of the amendments did not have an effect on the consolidated financial statements.

- Scope of Portfolio Exception (*Amendment to PFRS 13, Fair Value Measurement*). The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis (portfolio exception) applies to contracts within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* and PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities under PAS 32, *Financial Instruments: Presentation* - e.g., certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument. The adoption of the amendment did not have an effect on the consolidated financial statements.
- Definition of ‘Related Party’ (*Amendments to PAS 24, Related Party Disclosures*). The definition of a ‘related party’ is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to ‘look through’ the management entity and disclose compensation paid by the management entity to the individuals providing KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g., loans. The adoption of the amendments did not have an effect on the consolidated financial statements.
- Classification and Measurement of Contingent Consideration (*Amendments to PFRS 3*). The amendments clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to PAS 32, rather than to any other PFRS. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of income. Consequential amendments are also made to PAS 39 and PFRS 9 to prohibit contingent consideration from subsequently being measured at amortized cost. In addition, PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is amended to exclude provisions related to contingent consideration. The adoption of the amendments did not have an effect on the consolidated financial statements.

Additional disclosures required by the amended standards were included in the consolidated financial statements, where applicable.

New and Amended Standards and Interpretation Not Yet Adopted

A number of new and amended standards and interpretation are effective for annual periods beginning after January 1, 2015 and have not been applied in preparing these consolidated financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the consolidated financial statements.

The Group will adopt the following new and amended standards and interpretation on the respective effective dates:

- Disclosure Initiative (*Amendments to PAS 1, Presentation of Financial Statements*). The amendments clarify the following: (i) the materiality requirements in PAS 1; (ii) that specific line items in the consolidated statements of income, consolidated statements of comprehensive income and the consolidated statements of financial position may be disaggregated; (iii) that entities have flexibility as to the order in which they present the notes to the consolidated financial statements; and (iv) that share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the consolidated statements of financial position, the consolidated statements of income and consolidated statements of comprehensive income. The amendments are required to be applied for annual periods beginning on or after January 1, 2016. Early adoption is permitted.
- Accounting for Acquisitions of Interests in Joint Operations (*Amendments to PFRS 11*). The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured. The amendments place the focus firmly on the definition of a business, because this is key to determining whether the acquisition is accounted for as a business combination or as the acquisition of a collection of assets. As a result, this places pressure on the judgment applied in making this determination. The amendments are required to be applied prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.
- Clarification of Acceptable Methods of Depreciation and Amortization (*Amendments to PAS 16, Property, Plant and Equipment and PAS 38, Intangible Assets*). The amendments to PAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments to PAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g., changes in sales volumes and prices. The amendments are required to be applied prospectively for annual periods beginning on or after January 1, 2016. Early application is permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates*). The amendments address an inconsistency in the requirements in PFRS 10 and PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business whether it is housed in a subsidiary or not. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are required to be applied prospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

- *Annual Improvements to PFRS Cycles 2012-2014* contain changes to four standards, of which only the *Changes in Method for Disposal (Amendments to PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations)* is applicable to the Group. PFRS 5 is amended to clarify that: (a) if an entity changes the method of disposal of an asset or disposal group - i.e., reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale, or vice versa, without any time lag - the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value of the asset or disposal group, less costs to sell or distribute; and (b) if an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting. Any change in method of disposal or distribution does not, in itself, extend the period in which a sale has to be completed. The amendments to PFRS 5 are applied prospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to changes in methods of disposal that occur on or after January 1, 2016.
- PFRS 9 (2014) replaces PAS 39 and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment of all financial assets that are not measured at fair value through profit or loss (FVPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset, and supplements the new general hedge accounting requirements published in 2013. The new model on hedge accounting requirements provides significant improvements by aligning hedge accounting more closely with risk management. The new standard is required to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
- PFRS 16, *Leases* supersedes PAS 17, *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced. PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted PFRS 15. The Group is currently assessing the potential impact of PFRS 16 and plans to adopt this new standard on leases on the required effective date once adopted locally.

- IFRS 15, *Revenue from Contracts with Customers* replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and Standard Interpretation Committee - 31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange nonmonetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Financial Assets and Financial Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs.

'Day 1' Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and the fair value (a 'Day 1' difference) in the consolidated statements of income unless it qualifies for recognition as some other type of asset. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in the consolidated statements of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets

The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at FVPL, loans and receivables, available-for-sale (AFS) financial assets and held-to-maturity (HTM) investments. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no financial assets classified as HTM investments and AFS financial assets as of December 31, 2015 and 2014.

Financial Assets at FVPL. A financial asset is classified as at FVPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVPL if the Group manages such investments and makes purchase and sale decisions based on their fair values in accordance with the documented risk management or investment strategy of the Group. Derivative instruments (including embedded derivatives), except those covered by hedge accounting relationships, are classified under this category.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets may be designated by management at initial recognition as at FVPL, when any of the following criteria is met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis;
- the assets are part of a group of financial assets which are managed and their performances are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recognized.

The Group carries financial assets at FVPL using their fair values. Attributable transaction costs are recognized in the consolidated statements of income as incurred. Fair value changes and realized gains or losses are recognized in the consolidated statements of income. Fair value changes from derivatives accounted for as part of an effective cash flow hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest earned is recognized as part of "Interest income" account in the consolidated statements of income. Any dividend income from equity securities classified as at FVPL is recognized in the consolidated statements of income when the right to receive payment has been established.

The Group's derivative assets are classified under this category (Notes 10, 32 and 33).

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables is recognized as part of "Interest income" account in the consolidated statements of income on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The periodic amortization is also included as part of "Interest income" account in the consolidated statements of income. Gains or losses are recognized in the consolidated statements of income when loans and receivables are derecognized or impaired.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The Group's cash and cash equivalents, trade and other receivables and noncurrent receivables and deposits are included under this category (Notes 7, 8, 14, 32 and 33).

Financial Liabilities

The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities are classified under this category through the fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedge accounting relationships, are also classified under this category.

The Group carries financial liabilities at FVPL using their fair values and reports fair value changes in profit or loss. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the consolidated statements of changes in equity. Any interest expense incurred is recognized as part of "Interest expense and other financing charges" account in the consolidated statements of income.

The Group's derivative liabilities are classified under this category (Notes 16, 32 and 33).

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense and other financing charges" account in the consolidated statements of income. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

The Group's liabilities arising from its trade or borrowings such as notes payable, trade and other payables and long-term debt are included under this category (Notes 15, 16, 17, 32 and 33).

Derivative Financial Instrument and Hedging

Embedded Derivatives

The Group assesses whether embedded derivatives are required to be separated from the host contracts when the Group becomes a party to the contract.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid or combined instrument is not recognized as at FVPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Group has not bifurcated any embedded derivatives as of December 31, 2015 and 2014.

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) 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 or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. 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. The difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group assesses, at the reporting date, whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost such as loans and receivables, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Group includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group 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 the collective impairment assessment.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, 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). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss for the period is recognized in the consolidated statements of income. 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 amount of the asset does not exceed its amortized cost at the reversal date.

Classification of Financial Instruments between Liability and Equity

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

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- 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.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in the consolidated statements of income.

Offsetting Financial Instruments

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

Inventories

Finished goods and materials and supplies are valued at the lower of cost and net realizable value (NRV).

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Finished goods	-	at cost, which includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs; costs are determined using the moving-average method.
Materials and supplies	-	at cost, using the moving-average method.

Finished Goods. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Materials and Supplies. Net realizable value is the current replacement cost.

Containers (i.e., Returnable Bottles and Shells). These are stated at deposit values less any impairment in value. The excess of the acquisition cost of the containers over their deposit value is presented as “Deferred containers” under “Other noncurrent assets - net” account in the consolidated statements of financial position and is amortized over the estimated useful life of ten years. Amortization of deferred containers is included under “General and administrative expenses” account in the consolidated statements of income.

Assets Held for Sale and Discontinued Operation

The Group classifies noncurrent assets, or disposal groups comprising assets and liabilities as held for sale or distribution, if their carrying amounts will be recovered primarily through sale or distribution rather than through continuing use. The assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for some assets which are covered by other standards. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statements of income. Gains are not recognized in excess of any cumulative impairment losses.

The criteria for held for sale or distribution is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn.

Property, plant and equipment once classified as held for sale or distribution are not depreciated.

Assets and liabilities classified as held for sale or distribution are presented separately as current items in the consolidated statements of financial position.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which: (1) represent a separate major line of business or geographic area of operations; (2) is part of a single coordinated plan to dispose a separate major line of business or graphic area of operations; or (3) is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative consolidated statements of income are re-presented as if the operation had been discontinued from the start of the comparative period.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as "Loss from discontinued operations - net of tax" in the consolidated statements of income.

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included as part of "General and administrative expenses" account in the consolidated statements of income.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in the consolidated statements of income.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statements of income. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of income. Costs related to the acquisition, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the consolidated statements of income.

Goodwill in a Business Combination

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with PFRS 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

Transactions under Common Control

Transactions under common control entered into in contemplation of each other and business combination under common control designed to achieve an overall commercial effect are treated as a single transaction.

Transfers of assets between commonly controlled entities are accounted for using book value accounting.

Investments in Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group's share in profit or loss of joint venture is recognized as "Equity in net losses of joint ventures" account in the consolidated statements of income. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the joint venture arising from changes in the joint venture's other comprehensive income. The Group's share of these changes is recognized as "Share in other comprehensive income (loss) of joint ventures" account in the consolidated statements of comprehensive income. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, the Group does not recognize further losses, unless it has incurred obligation or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss with respect to the Group's net investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group recalculates the amount of impairment as the difference between the recoverable amount and carrying amount of the joint venture. Such impairment loss is recognized as part of "Equity in net losses of joint ventures" account in the consolidated statements of income.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of income.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO). Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represents the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of plant and equipment are capitalized during the construction period. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Land improvements	5 - 10
Buildings and building improvements	20 - 50
Transportation equipment	5
Machinery and equipment	3 - 40
Furniture, fixtures and other equipment	2 - 5
Leasehold improvements	10 - 30
	or term of the lease, whichever is shorter

The remaining useful lives, residual values, and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of income in the period of retirement and disposal.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are recognized in the consolidated statements of income in the year in which the related expenditures are incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income consistent with the function of the intangible asset.

Amortization is computed using the straight-line method over the estimated useful life of four to ten years.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Impairment of Non-financial Assets

The carrying amounts of investments in joint ventures, property, plant and equipment, intangible assets, deferred containers and idle assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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

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

Fair Value Measurements

The Group measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Company.

Preferred shares are classified as a liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in the consolidated statements of income as accrued.

Additional Paid-in Capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Sale of Goods

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which is normally upon delivery, and the amount of revenue can be measured reliably.

Revenue from Rendering of Services

Revenue is recognized upon satisfactory performance of services which is manufacturing and bottling of NAB in favor of the customer where such production inputs are in the name of the customer.

Others

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

Dividend income is recognized when the Group's right to receive the payment is established.

Rent income from operating lease is recognized on a straight-line basis over the related lease terms. Lease incentives granted are recognized as an integral part of the total rent income over the term of the lease.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Share-based Payment Transactions

Under the Group's Employee Stock Purchase Plan (ESPP), executives and employees of the Group receive remuneration in the form of share-based payment transactions, whereby the executives and employees render services as consideration for equity instruments of the Company. Such transactions are handled centrally by the Company.

Share-based transactions in which the Company grants option rights to its equity instruments directly to the Group's employees are accounted for as equity-settled transactions.

The cost of ESPP is measured by reference to the market price at the time of the grant less subscription price.

The cost of share-based payment transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expenses recognized for share-based payment transactions at each reporting date until the vesting date reflect the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. Where the terms of a share-based award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

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

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

Operating Lease

Group as Lessee. Leases which do not transfer to the Group substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an 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.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as rent income. Contingent rents are recognized as income in the period in which they are earned.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Research Costs

Research costs are expensed as incurred.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Costs

The Company and DBI have separate funded, noncontributory retirement plans, administered by the respective trustees, covering their respective permanent employees. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability or asset
- Remeasurements of defined benefit retirement liability or asset

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

Net interest on the net defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the net defined benefit retirement liability or asset. Net interest on the net defined benefit retirement liability or asset is recognized as expense or income in the consolidated statements of income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statements of income. The Group recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and nonmonetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Nonmonetary items in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognized in the consolidated statements of income, except for differences arising on the translation of AFS financial assets, a financial liability designated as an effective hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognized in other comprehensive income.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Philippine peso at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Philippine peso at average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income and presented in the "Cumulative translation adjustments" account in the consolidated statements of changes in equity. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the cumulative translation adjustments related to that foreign operation is reclassified to the consolidated statements of income as part of the gain or loss on disposal.

When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified in the consolidated statements of income.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income and presented in the “Cumulative translation adjustments” account in the consolidated statements of changes in equity.

The functional currency of GSMIL, GSMIHL, GBHL and SHL is the Philippine peso, while that of Thai San Miguel Liquor Co. Ltd. (TSML) and Thai Ginebra Trading (TGT) is the Thailand Baht (THB). The assets and liabilities of TSML and TGT are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and their income and expenses are translated at the average exchange rates for the year.

Taxes

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Current tax and deferred tax are recognized in the consolidated statements of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” or “Income and other taxes payable” accounts in the consolidated statements of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm’s length basis in a manner similar to transactions with non-related parties.

Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income (loss) for the period attributable to equity holders of the Company, net of dividends on preferred shares, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effects of the shares issuable to employees and executives under the ESPP of the Company, which are assumed to be exercised at the date of grant.

Where the effect of the assumed conversion of shares issuable to employees and executives under the stock purchase plan of the Company would be anti-dilutive, diluted EPS is not presented.

Operating Segments

The Group's operating segments 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. Financial information on operating segments is presented in Note 5 to the consolidated financial statements. The President (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's financial position at the 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.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating Lease Commitments - Group as Lessor/Lessee. The Group has entered into various lease agreements either as a lessor or a lessee. The Group had determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases while the significant risks and rewards for property leased from third parties are retained by the lessors.

Rent income, recognized as part of "Other income (charges)" account in the consolidated statements of income, amounted to P4,733, P8,072 and nil in 2015, 2014 and 2013, respectively (Notes 26 and 28).

Rent expense recognized in the consolidated statements of income amounted to P145,102, P153,827 and P166,032 in 2015, 2014 and 2013, respectively (Notes 6, 20, 21, 22 and 28).

Classification of Joint Arrangements. The Group has determined that it has rights only to the net assets of TSML and TGT based on the structure, legal form, contractual terms and other facts and circumstances of the arrangement. As such, the Group classified its joint arrangements as joint ventures (Note 11).

Contingencies. The Group is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Group. The Group's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Group currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings (Note 34).

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Fair Value Measurements. A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Notes 11, 12, 13, 29, 32, and 33.

Allowance for Impairment Losses on Trade and Other Receivables and Noncurrent Receivables and Deposits. Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the customers and counterparties, the current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of the recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in the allowance for impairment losses would increase the recorded general and administrative expenses and decrease current and noncurrent assets.

The allowance for impairment losses on trade and other receivables and noncurrent receivables and deposits, included as part of "Other noncurrent assets - net" account in the consolidated statements of financial position, amounted to P421,168 and P255,204 as of December 31, 2015 and 2014, respectively.

The carrying amounts of trade and other receivables, and noncurrent receivables and deposits amounted to P2,989,550 and P4,111,449 as of December 31, 2015 and 2014, respectively (Notes 8 and 14).

Write-down of Inventory. The Group writes-down the cost of inventory to net realizable value whenever net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

The accumulated amount of write-down of inventories amounted to P317,669 and P137,904 as of December 31, 2015 and 2014, respectively.

The carrying amount of inventories amounted to P3,090,271 and P2,657,197 as of December 31, 2015 and 2014, respectively (Note 9).

Estimated Useful Lives of Property, Plant and Equipment and Deferred Containers. The Group estimates the useful lives of property, plant and equipment and deferred containers based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and deferred containers 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, plant and equipment and deferred containers is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment and deferred containers would increase the recorded cost of sales, selling and marketing expenses, general and administrative expenses and decrease noncurrent assets.

Property, plant and equipment, net of accumulated depreciation and amortization amounted to P5,882,427 and P6,244,426 as of December 31, 2015 and 2014, respectively. Accumulated depreciation and amortization of property, plant and equipment amounted to P6,510,264 and P6,885,820 as of December 31, 2015 and 2014, respectively (Note 12).

Deferred containers, net of accumulated amortization, included as part of “Other noncurrent assets - net” account in the consolidated statements of financial position amounted to P288,117 and P334,575 as of December 31, 2015 and 2014, respectively (Note 14).

Estimated Useful Life of Intangible Assets. The useful life of intangible assets are assessed at the individual asset level as having either a finite or indefinite life.

Intangible assets, net of accumulated amortization, included as part of “Other noncurrent assets - net” account in the consolidated statements of financial position amounted to P44,450 and P3,790 as of December 31, 2015 and 2014, respectively. Accumulated amortization of intangible assets amounted to P50,609 and P43,316 as of December 31, 2015 and 2014, respectively (Note 14).

Impairment of Goodwill with Indefinite Useful Life. The Group determines whether goodwill is impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amount of goodwill amounted to P126,863 and P226,863 as of December 31, 2015 and 2014, respectively (Note 13).

Acquisition Accounting. The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets acquired and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.

The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired intangible assets and property, plant and equipment, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The Group recognized goodwill arising from an acquisition in 2012 (Note 13).

Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting 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 assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary difference and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P810,305 and P1,116,010 as of December 31, 2015 and 2014, respectively (Note 18).

Impairment of Non-financial Assets. PFRS requires that an impairment review be performed on investments in joint ventures, property, plant and equipment, intangible assets, deferred containers and idle assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

Accumulated impairment losses on investment in joint ventures and property, plant and equipment amounted to P393,800 and P307,600 as of December 31, 2015 and 2014, respectively (Notes 11 and 12).

The combined carrying amounts of investments in joint ventures, property, plant and equipment, intangible assets, deferred containers and idle assets amounted to P6,432,244 and P6,934,679 as of December 31, 2015 and 2014, respectively (Notes 11, 12 and 14).

Present Value of Defined Benefit Retirement Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions are described in Note 29 to the consolidated financial statements and include discount rate and salary increase rate.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's defined benefit retirement obligation.

The present value of defined benefit retirement obligation amounted to P1,074,331 and P763,688 as of December 31, 2015 and 2014, respectively (Note 29).

Asset Retirement Obligation. Determining ARO requires estimation of the costs of dismantling, installing and restoring leased properties to their original condition. The Group determined that there are no significant ARO as of December 31, 2015 and 2014. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

5. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined based on the Group's risks and rates of return which are affected predominantly by differences in the products and services produced. 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 Group is organized into two major operating segments namely alcoholic and NAB.

The alcoholic segment produces and markets alcoholic beverages.

The nonalcoholic segment is involved in the production and marketing of NAB.

For each of the operating segments, the chief operating decision maker reviews internal management reports on at least monthly basis.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, trade and other receivables, inventories, assets held for sale and property, plant and equipment, net of allowances, accumulated depreciation and amortization, and impairment. Segment liabilities include all operating liabilities and consist primarily of trade and other payables and income and other taxes payable. Segment assets and liabilities do not include deferred taxes.

Major Customer

The Group does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Group.

The Group's revenue from external customers and noncurrent assets are mainly in the Philippines.

Financial information about operating segments follows:

	For the Years Ended December 31, 2015, 2014 and 2013								
	Alcoholic			Nonalcoholic (Note 6)			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Sales	P16,461,673	P14,875,418	P13,637,680	P165,899	P635,253	P761,396	P16,627,572	P15,510,671	P14,399,076
Result									
Segment result	P711,800	P526,079	(P667,070)	(P140,399)	(P166,075)	(P158,957)	P571,401	P360,004	(P826,027)
Interest expense and other financing charges							(486,159)	(560,313)	(657,899)
Interest income							29,843	22,810	10,944
Equity in net losses of joint ventures							(109,667)	(66,265)	(74,763)
Other income (losses) - net							109,656	(1,687)	42,406
Income tax benefit (expense)							(500,670)	(520,756)	404,144
Net Loss							(P385,596)	(P766,207)	(P1,101,195)
Other Information									
Segment assets	P12,767,507	P13,823,283	P14,554,010	P70,901	P724,931	P1,549,759	P12,838,408	P14,548,214	P16,103,769
Investments in joint ventures							524,850	659,488	720,189
Goodwill							126,863	226,863	226,863
Other noncurrent assets - net							1,452,964	1,489,673	1,018,350
Deferred tax assets							810,305	1,116,010	1,510,886
Consolidated Total Assets							P15,753,390	P18,040,248	P19,580,057
Segment liabilities	P2,550,039	P2,431,314	P2,574,296	P47,239	P116,655	P152,974	P2,597,278	P2,547,969	P2,727,270
Notes payable							8,406,460	10,084,440	9,980,800
Long-term debt - net of debt issue costs							342,857	457,143	1,383,548
Deferred tax liabilities							-	-	210
Income and other taxes payable							303,068	308,509	327,092
Consolidated Total Liabilities							P11,649,663	P13,398,061	P14,418,920
Capital expenditures	P232,742	P183,036	P170,695	P -	P29,851	P86,213	P232,742	P212,887	P256,908
Depreciation and amortization							644,648	720,014	742,214
Noncash items other than depreciation							481,815	146,302	(7,980)

6. Discontinued Operation

On December 5, 2014, the BOD of GSMI authorized the sale and transfer of certain NAB assets of the Company to SMB, a related party, consisting of property, plant and equipment as of December 31, 2014 and inventories as of March 31, 2015 (“Transaction”). As such, the Company reclassified the following NAB assets as held for sale as of December 31, 2014:

	<i>Note</i>	2014
Property and equipment	12	P193,941
Finished goods and other inventories		353,765
Assets held for sale		P547,706

In 2015, the Company received a total of P445,642 for the sale of the assets used in its NAB business and executed the following: (a) Deed of Sale of property, plant and equipment (“NAB PPE”) executed on April 1, 2015; and (b) Deed of Sale of finished goods inventories and other inventories consisting of containers on hand, raw materials, goods-in-process and packaging materials executed on April 30, 2015. The purchase price is net of adjustments to the price of the NAB PPE after subsequent validation and confirmation by the parties. As a result of the Transaction, the Group recognized a gain amounting to P37,334, included as part of “Gain on sale of property and equipment” account.

Certain accounts in the consolidated statements of income have been reclassified to show the discontinued operations separately from continuing operations. Details of the discontinued operations for 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Sales	P73,031	P590,094	P722,090
Cost of sales	61,967	413,173	496,920
Gross profit	11,064	176,921	225,170
Selling and marketing expenses	(65,176)	(323,149)	(362,792)
General and administrative expenses	(11,593)	(45,148)	(45,597)
Gain on sale of property and equipment	37,334	192	193
Other income (charges) - net	(2,382)	186	11,369
Loss before income tax	(30,753)	(190,998)	(171,657)
Income tax benefit	(9,226)	(57,299)	(51,497)
Net loss	(P21,527)	(P133,699)	(P120,160)
Basic and Diluted Loss Per Share	(P0.08)	(P0.47)	(P0.42)

The net cash flows used in operating activities of NAB segment amounted to (P3,137), (P2,756) and (P2,084) in 2015, 2014 and 2013, respectively.

7. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<i>Note</i>	2015	2014
Cash in banks and on hand		P273,301	P289,731
Short-term investments		172,500	290,186
	32, 33	P445,801	P579,917

Cash in banks earn interest at the respective bank deposit rates. Short-term investments include demand deposits which can be withdrawn at anytime depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rates.

8. Trade and Other Receivables

Trade and other receivables consist of:

	<i>Note</i>	2015	2014
Trade		P2,104,005	P2,988,257
Amounts owed by related parties	27	820,774	920,268
Non-trade	31	201,794	202,217
		3,126,573	4,110,742
Less allowance for impairment losses		324,361	189,274
	32, 33	P2,802,212	P3,921,468

Trade receivables are non-interest bearing and are generally on a 60 to 90-day term.

Non-trade receivables consist of the following: (i) advances to supplier amounting to P1,598 and P1,252 as of December 31, 2015 and 2014, respectively; (ii) subscription receivables amounting to P335 and P4,975 as of December 31, 2015 and 2014, respectively; (iii) receivable from employees amounting to P16,471 and P24,121 as of December 31, 2015 and 2014, respectively; (iv) sale of raw materials amounting to P130,926 and P130,781 as of December 31, 2015 and 2014, respectively; and (v) miscellaneous receivables amounting to P52,464 and P41,088 as of December 31, 2015 and 2014, respectively. These are generally collectible on demand.

The movements in allowance for impairment losses are as follows:

	<i>Note</i>	2015	2014
Balance at beginning of year		P189,274	P108,194
Provision for impairment losses	22	152,883	81,080
Amounts written off		(17,796)	-
Balance at end of year		P324,361	P189,274

The aging of trade and other receivables is as follows:

December 31, 2015	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P914,942	P18,385	P30,735	P964,062
Past due:				
Less than 30 days	652,173	6,756	3,547	662,476
30 - 60 days	152,970	7,607	13,640	174,217
61 - 90 days	15,376	208	4,057	19,641
Over 90 days	368,544	168,838	768,795	1,306,177
	P2,104,005	P201,794	P820,774	P3,126,573

December 31, 2014	Trade	Non-trade	Amounts Owed by Related Parties	Total
Current	P1,755,719	P5,195	P17,770	P1,778,684
Past due:				
Less than 30 days	567,311	3,595	18,859	589,765
30 - 60 days	114,324	8,068	10,040	132,432
61 - 90 days	59,355	2,296	22,632	84,283
Over 90 days	491,548	183,063	850,967	1,525,578
	P2,988,257	P202,217	P920,268	P4,110,742

Various collaterals for trade receivables such as bank guarantees, cash bond, time deposit and real estate mortgages are held by the Group for certain credit limits.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality (Note 32).

9. Inventories

Inventories consist of:

	2015	2014
At NRV:		
Finished goods	P663,037	P863,623
Materials and supplies	2,388,643	1,793,574
Containers	38,591	-
	P3,090,271	P2,657,197

The cost of finished goods and materials and supplies amounted to P3,369,349 and P2,795,101 as of December 31, 2015 and 2014, respectively.

The amount of inventories recognized as expense amounted to P10,672,125, P9,439,825 and P9,140,314 in 2015, 2014 and 2013, respectively (Note 20).

The write-down of inventories to net realizable value amounted to P195,683 and P68,000 in 2015 and 2014, respectively (Note 20). The Group has written off inventories amounting to P15,918 in 2015.

The accumulated amount of write-down of inventories amounted to P317,669 and P137,904 as of December 31, 2015 and 2014, respectively.

10. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of:

	<i>Note</i>	2015	2014
Prepaid taxes		P1,538,778	P1,517,112
Derivative assets	32, 33	430	52
Others		50,030	51,877
		P1,589,238	P1,569,041

Prepaid taxes represent prepayments of excise taxes on alcohol and income taxes.

11. Investments in Joint Ventures

a. TSML

GSMI, through GSMIL, has an existing joint venture with Thai Life Group of Companies (Thai Life) covering the ownership and operations of TSML. TSML is a limited company organized under the laws of Thailand in which GSMIL owns 40% ownership interest. TSML holds a license in Thailand to engage in the business of manufacturing alcohol and manufacturing, selling and distributing brandy, wine and distilled spirits products both for domestic and export markets.

Through the acquisition by SHL of the 49% ownership interest in Siam Wine Liquor Co., Ltd. (SWL) and SWL's acquisition of shares representing 10% ownership of the outstanding capital stock of TSML, the Group's share in TSML increased from 40% to 44.9%. The acquisition was funded through advances made by GSMI to GBHL, which has an existing loan agreement with SWL for the same amount.

Summarized financial information of TSML, as included in its own financial statements, and the reconciliation with the carrying amount of the investment are set out below:

	2015	2014	2013
Current assets (including cash and cash equivalents - 2015: P199,953, 2014: P103,873 and 2013: P141,673)	P1,357,379	P1,282,143	P1,319,308
Noncurrent assets	1,349,762	1,510,106	1,612,052
Current liabilities (including current financial liabilities excluding trade and other payables and provisions - 2013: P660,479)	(105,528)	(29,659)	(718,254)
Noncurrent liabilities (including noncurrent financial liabilities excluding trade and other payables and provisions - 2015: P1,240,700, 2014: P1,292,950 and 2013: P607,815)	(1,240,700)	(1,293,798)	(609,122)
Net assets	1,360,913	1,468,792	1,603,984
Percentage of ownership	44.9%	44.9%	44.9%
Amount of investment in joint venture	611,050	659,488	720,189
Less: Allowance for impairment loss	86,200	-	-
Carrying amount of investment in joint venture	P524,850	P659,488	P720,189

	2015	2014	2013
Sales	P1,195,033	P847,596	P1,124,174
Cost of sales (including depreciation - 2015: P111,751, 2014: P114,843 and 2013: P115,788)	(1,120,469)	(866,195)	(1,171,279)
Operating expenses (including depreciation - 2015: P5,606, 2014: P4,630 and 2013: P4,783)	(71,435)	(72,070)	(101,628)
Other charges (including interest expense - 2015: P58,494, 2014: P58,054 and 2013: P47,492)	(55,393)	(56,914)	(17,777)
Net loss	(52,264)	(147,583)	(166,510)
Percentage of ownership	44.9%	44.9%	44.9%
Share in net loss	(23,467)	(66,265)	(74,763)
Share in other comprehensive income (loss)	(24,971)	5,564	6,219
Total comprehensive loss	(P48,438)	(P60,701)	(P68,544)

The recoverable amount of investment in TSML has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit. This growth rate is consistent with the long-term average growth rate for the industry. The discount rates applied to after tax cash flow projections is 9% in 2015. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium.

As a result of decline in operations resulting in lower sales forecast compared with previous years, the Group recognized impairment loss amounting to P86,200 in 2015, included as part of "Equity in Net Losses of Joint Ventures" account, in the consolidated statements of income. The recoverable amount of investment in TSML has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

b. TGT

GSMI, through GSMIHL, also has an existing 40% ownership interest in TGT, which was formed as another joint venture with Thai Life. TGT functions as the selling and distribution arm of TSML.

Through the acquisition of SWL of the 10% ownership interest in TGT, the Group's share in TGT increased from 40% to 44.9%. The acquisition was funded through advances made by GSMI to GBHL which has an existing loan agreement with SWL for the same amount.

Summarized financial information of TGT, as included in its own financial statements, and the reconciliation with the carrying amount of the investment are set out below:

	2015	2014	2013
Current assets (including cash and cash equivalents - 2015: P26,126, 2014: P80,571 and 2013: P61,904)	P40,096	P95,262	P105,156
Noncurrent assets	5,676	5,634	5,781
Current liabilities	(785,937)	(857,947)	(838,907)
Noncurrent liabilities (including noncurrent financial liabilities excluding trade and other payables and provisions - 2015: P299, 2014: P136 and 2013: P219)	(299)	(136)	(219)
Net liabilities	(740,464)	(757,187)	(728,189)
Percentage of ownership	44.9%	44.9%	44.9%
Carrying amount of investment in joint venture	(P332,468)	(P339,977)	(P326,957)

	2015	2014	2013
Sales	P77,141	P174,908	P268,140
Cost of sales	(68,359)	(157,805)	(237,871)
Operating expenses (including depreciation - 2015: P151, 2014: P158 and 2013: P229)	(23,986)	(41,314)	(110,610)
Other income	850	695	1,223
Net loss	(14,354)	(23,516)	(79,118)
Percentage of ownership	44.9%	44.9%	44.9%
Share in net loss	(6,445)	(10,559)	(35,524)
Share in other comprehensive income (loss)	(13,954)	2,463	887
Total comprehensive loss	(P20,399)	(P8,096)	(P34,637)

The Group discontinued recognizing its share in the net liabilities of TGT since the cumulative losses including the share in other comprehensive loss already exceed the cost of investment. If TGT reports profits subsequently, the Group resumes recognizing its share of those profits after its share of the profits equals the share of net losses not recognized. Unrecognized share in net liabilities amounted to P332,468 and P339,977 as of December 31, 2015 and 2014, respectively.

12. Property, Plant and Equipment

Property, plant and equipment consist of:

	Land and Land Improvements	Buildings and Building Improvements	Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Other Equipment	Leasehold Improvements	Capital Projects in Progress	Total
Cost								
January 1, 2014	P727,692	P2,510,685	P248,525	P8,682,231	P913,482	P141,389	P266,683	P13,490,687
Additions	-	10	2,242	75,236	86	-	135,313	212,887
Disposals and reclassifications	55	16,451	(19,800)	102,262	66,669	263	(320,084)	(154,184)
Reclassification to assets held for sale	-	-	(18,060)	(297,544)	(103,540)	-	-	(419,144)
December 31, 2014	727,747	2,527,146	212,907	8,562,185	876,697	141,652	81,912	13,130,246
Additions	11	-	-	122	2,274	-	230,336	232,743
Disposals and reclassifications	33,487	(663,489)	9,787	(256,968)	39,609	(1,661)	(131,063)	(970,298)
December 31, 2015	761,245	1,863,657	222,694	8,305,339	918,580	139,991	181,185	12,392,691
Accumulated Depreciation and Amortization								
January 1, 2014	173,084	841,170	174,619	4,735,729	701,954	18,587	-	6,645,143
Depreciation and amortization	3,969	53,833	33,076	430,437	88,082	6,668	-	616,065
Disposals and reclassifications	16	88	(24,853)	(12,527)	(112,926)	17	-	(150,185)
Reclassification to assets held for sale	-	-	(9,679)	(171,822)	(43,702)	-	-	(225,203)
December 31, 2014	177,069	895,091	173,163	4,981,817	633,408	25,272	-	6,885,820
Depreciation and amortization	4,168	56,682	22,362	392,843	85,906	5,648	-	567,609
Disposals and reclassifications	-	(43,818)	616	(902,519)	2,645	(89)	-	(943,165)
December 31, 2015	181,237	907,955	196,141	4,472,141	721,959	30,831	-	6,510,264
Accumulated Impairment Losses								
December 31, 2014 and 2015	-	-	-	307,600	-	-	-	307,600
Carrying Amount								
December 31, 2014	P550,678	P1,632,055	P39,744	P3,272,768	P243,289	P116,380	P81,912	P5,936,826
December 31, 2015	P580,008	P955,702	P26,553	P3,525,598	P196,621	P109,160	P181,185	P5,574,827

The carrying amounts of unutilized machinery and equipment, net of accumulated impairment losses of P307,600 in 2015 and 2014, amounted to P55,764 and P68,630 as of December 31, 2015 and 2014, respectively.

The recoverable amount was determined by an independent property appraiser having appropriate recognized professional qualifications and recent experience in the category of the property being valued. The fair value of the property being appraised was determined using the replacement cost model. This approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices of materials, labor, contractor's overhead, profit and fees, and all other attendant's costs associated with its acquisition and installation in place. Adjustment is then made for accrued depreciation as evidenced by the observed condition and present and prospective serviceability in comparison with the new similar units.

The fair value of the distillation equipment has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation techniques.

In 2015, the Group sold certain properties located in Calumpit, Bulacan and Tagoloan, Misamis Oriental for P139,658. The Group recognized a gain amounting to P125,531, included as part of "Gain on sale of property and equipment" account in the 2015 consolidated statements of income.

Depreciation, amortization and impairment losses recognized in the consolidated statements of income amounted to P567,609, P616,065 and P662,810 in 2015, 2014 and 2013, respectively. These amounts include annual amortization of capitalized interest amounting to P12,072, P11,841 and P11,637 in 2015, 2014 and 2013, respectively.

Interest amounting to P2,471, P2,310 and P2,042 were capitalized to machinery and equipment in 2015, 2014 and 2013, respectively (Note 25). The capitalization rates used to determine the amount of interest eligible for capitalization were 4.35%, 4.88% and 5.69% in 2015, 2014 and 2013, respectively. The unamortized capitalized borrowing costs amounted to P53,636 and P63,237 as of December 31, 2015 and 2014, respectively.

13. Goodwill

In 2012, GSMI acquired 100% of the outstanding capital stock of EPSBPI for P200,000. EPSBPI, which is considered a CGU, is a company primarily engaged in the manufacturing and bottling of alcoholic beverages and NAB. The acquisition resulted in the recognition of goodwill amounting to P226,863.

The recoverable amount of goodwill has been determined based on a valuation using cash flow projections covering a five-year period based on long range plans approved by management. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined per individual cash-generating unit. This growth rate is consistent with the long-term average growth rate for the industry. The discount rates applied to after tax cash flow projections ranged from 9% to 12% in 2015 and 2014. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. As a result of decline in operations resulting in lower sales forecast compared with previous years, the Group recognized impairment loss amounting to P100,000 in 2015 (Note 26). The recoverable amount of goodwill has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (Note 4).

The calculations of value in use are most sensitive to the following assumptions:

- *Gross Margins.* Gross margins are based on average values achieved in the period immediately before the budget period. These are increases over the budget period for anticipated efficiency improvements. Values assigned to key assumptions reflect past experience, except for efficiency improvement.
- *Discount Rates.* The Group uses the weighted-average cost of capital as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investments proposals.
- *Raw Material Price Inflation.* Consumer price forecast is obtained from indices during the budget period from which raw materials are purchased. Values assigned to key assumptions are consistent with external sources of information.

14. Other Noncurrent Assets

Other noncurrent assets consist of:

	<i>Note</i>	2015	2014
Deferred containers - net		P288,117	P334,575
Noncurrent receivables and deposits - net	27, 32, 33	187,338	189,981
Intangible assets		44,450	3,790
Others		269,118	297,386
		P789,023	P825,732

Noncurrent receivables and deposits - net include: (i) trade receivable referred to legal and receivables from terminated dealers amounting to P33,594 and P35,358 as of December 31, 2015 and 2014, respectively, net of allowance for impairment losses amounting to P96,807 and P65,930 as of December 31, 2015 and 2014, respectively. Provision for impairment losses amounted to P31,169 and nil in 2015 and 2014, respectively (Note 22). The Group has written-off receivables amounting to P292 in 2015; and (ii) security deposits to related parties amounting to P485 as of December 31, 2015 and 2014 (Note 27).

The movements in intangible assets are as follows:

	2015	2014
Cost		
Balance at beginning of year	P47,106	P42,050
Reclassification	47,953	5,056
Balance at end of year	95,059	47,106
Accumulated Amortization		
Balance at beginning of year	43,316	42,050
Amortization	7,293	1,266
Balance at end of year	50,609	43,316
Carrying Amount	P44,450	P3,790

Amortization expense, included as part of “General and administrative expenses” account in the consolidated statements of income, amounted to P7,293 and P1,266 in 2015 and 2014, respectively (Note 22).

Others include: (i) input taxes on the acquisition of capitalizable assets amounting to P4,972 and P33,240 as of December 31, 2015 and 2014, respectively; and (ii) advances for a project that is temporarily put on hold amounting to P264,146 as of December 31, 2015 and 2014, respectively.

15. Notes Payable

This account consists of unsecured short-term peso-denominated borrowings obtained from local banks for working capital requirements. These loans mature in three months or less and bear annual interest rates ranging from 2% to 4.75% and 3% to 5.75% in 2015 and 2014, respectively.

Interest expense and other financing charges recognized in the consolidated statements of income amounted to P471,423, P495,963 and P556,641 in 2015, 2014 and 2013, respectively (Note 25).

The Group’s exposure to interest rate and liquidity risks are discussed in Note 32.

16. Trade and Other Payables

Trade and other payables consist of:

	<i>Note</i>	2015	2014
Trade		P1,706,869	P1,679,576
Amounts owed to related parties	27	529,052	649,257
Derivative liabilities	32, 33	128	360
	32, 33	P2,236,049	P2,329,193

Trade payables are non-interest bearing and are generally on a 30-day term.

17. Long-term Debt

Long-term debt consists of:

	<i>Note</i>	2015	2014
Floating interest rate based on PDST-F plus margin or BSP overnight rate, whichever is higher, with maturities up to 2018		P342,857	P457,143
Less current maturities		114,286	114,286
	32, 33	P228,571	P342,857

GSMI, through EPSBPI, has an unsecured, long-term interest bearing loan with a local bank amounting to P800,000. The proceeds of the loan was used to finance the construction of the bottling facilities in Ligao, Albay and Cauayan, Isabela.

The loan is payable up to nine years from and after the initial date of borrowing, but in no case later than September 30, 2018 (expiry date of memorandum of agreement), inclusive of a grace period of two years on principal repayment. The loan is payable in equal quarterly installments on the Principal Repayment Dates which commenced on February 18, 2012.

EPSBPI agrees to pay interest on the outstanding principal amount of borrowings on each interest payment date ending per annum equivalent to the higher of benchmark rate plus a spread of one percent or the overnight rate. Benchmark rate is the three-month PDST-F rate as displayed in the Philippine Dealing and Exchange Corporation page on the first day of each interest period. While overnight rate means the Bangko Sentral ng Pilipinas overnight reverse repo rate on interest rate settling date.

The movement in debt issue costs is as follows:

	2014
Balance at beginning of year	P2,166
Amortization	(2,166)
Balance at end of year	P -

Interest expense on long-term borrowings amounted to P17,207, P66,660 and P103,300 in 2015, 2014 and 2013, respectively.

Repayment Schedule

The annual maturities are as follows:

Year	Gross Amount
2016	P114,286
2017	114,286
2018	114,285
	P342,857

Contractual terms of the Group's interest-bearing loans and exposure to interest rate and liquidity risks are discussed in Note 32.

18. Income Taxes

Deferred tax assets arise from the following:

	2015	2014
Items recognized in profit or loss		
NOLCO	P157,639	P673,367
MCIT	165,094	78,458
Provision for impairment losses	251,198	171,409
Allowance for write-down of inventories	95,301	41,371
Past service costs	30,472	19,890
Various accruals	17,788	85,594
Unrealized foreign exchange loss (gain) - net	625	(833)
Derivative liabilities (assets) - net	(90)	93
Net defined benefit retirement obligation (surplus)	(4,589)	7,486
Unamortized capitalized borrowing costs	(16,090)	(18,971)
	697,348	1,057,864
Items recognized directly in other comprehensive income		
Equity reserve for retirement plan	112,957	58,146
	P810,305	P1,116,010

The movements of the net deferred tax assets are accounted for as follows:

	2015	2014
Amount charged to profit or loss	(P360,516)	(P415,653)
Amount charged to other comprehensive income	54,811	20,987
	(P305,705)	(P394,666)

As of December 31, 2015, the NOLCO and MCIT of the Group that can be claimed as deduction from future taxable income and deduction from corporate income tax due, respectively, are as follows:

Year Incurred/Paid	Carryforward Benefits Up To	NOLCO	MCIT
2013	December 31, 2016	P1,508,367	P57,903
2014	December 31, 2017	18,085	78,128
2015	December 31, 2018	9,926	88,227
		P1,536,378	P224,258

As of December 31, 2015, deferred tax asset has not been recognized in respect of NOLCO and MCIT amounting to P1,010,915 and P59,164, respectively, as management believes it is not probable that future taxable income will be available against which the Group can utilize the benefit therefrom.

The components of income tax expense (benefit) from continuing operations are shown below:

	2015	2014	2013
Current	P149,380	P105,102	P109,999
Deferred	360,516	472,953	(462,646)
	P509,896	P578,055	(P352,647)

The income tax expense from continuing operations exclude the Group's share of the income tax benefit from the discontinued operation of P9,226, P57,299 and P51,497 in 2015, 2014 and 2013, respectively, which have been included in loss from discontinued operation, net of tax (Note 6).

The reconciliation between the statutory income tax rate on income before income tax and the Group's effective income tax rate is as follows:

	2015	2014	2013
Statutory income tax rate	30.00%	30.00%	30.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subject to final tax	(0.82%)	(0.12%)	(0.10%)
Others	320.48%	(1,091.45%)	(3.46%)
Effective income tax rate	349.66%	(1,061.57%)	26.44%

19. Equity

a. Capital Stock

Common Shares

The Company has 460,000,000 authorized common shares with par value of P1 per share and offer price of P12.28 and P15.88 as of December 31, 2015 and 2014, respectively.

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Company has a total of 728 and 738 stockholders as of December 31, 2015 and 2014, respectively.

The movements in the number of issued and outstanding shares of common stock are as follows:

	2015	2014
Issued and outstanding shares at beginning of year	345,625,332	345,625,332
Less treasury shares	59,297,491	59,297,491
Issued and outstanding shares at end of year	286,327,841	286,327,841

Preferred Shares

The Company has 100,000,000 authorized preferred shares with par value of P1 per share as of December 31, 2015 and 2014.

The holders of preferred shares are entitled to participate and receive annual dividends of P1.50 per share which shall be cumulative and payable in arrears on December 31 of each year. In addition, the holders of preferred shares shall receive a special annual dividend equal to the excess of the aggregate dividends paid or to be paid to common shareholders over P1.50 per preferred share per annum. The holders of preferred shares are entitled to vote in the same manner as the holders of common shares.

The movements in the number of issued and outstanding shares of preferred stock are as follows:

	2015	2014
Issued and outstanding shares at beginning of year	53,437,585	53,437,585
Less treasury shares	20,650,700	20,650,700
Issued and outstanding shares at end of year	32,786,885	32,786,885

b. *Treasury Shares*

Treasury shares consist of:

	2015	2014	2013
Common	59,297,491	59,297,491	55,549,391
Preferred	20,650,700	20,650,700	20,650,700
	79,948,191	79,948,191	76,200,091

The movements in the number of common shares held in treasury are as follows:

	2015	2014	2013
Number of shares at beginning of year	59,297,491	55,549,391	55,549,391
Cancellation of ESPP	-	3,748,100	-
	59,297,491	59,297,491	55,549,391

c. *Unappropriated Retained Earnings*

No dividends were declared in 2015 and 2014.

The unappropriated retained earnings of the Group includes the accumulated earnings in subsidiaries and equity in net losses of joint ventures amounting to P254,350, P272,329 and P307,296 in 2015, 2014 and 2013, respectively. Such amounts are not available for declaration as dividends until declared by the respective investees.

The unappropriated retained earnings of the Group is restricted in the amount of P2,669,973 in 2015 and 2014 and P2,579,409 in 2013, representing the cost of common and preferred shares held in treasury.

d. *Appropriated Retained Earnings*

As of December 31, 2015 and 2014, the Company's BOD approved the appropriation of retained earnings amounting to P2,500,000 for the purpose of capital investment for the expansion of the plant facilities, including but not limited to equipment rehabilitation, to accommodate new product line and the increase in volume requirements in the next three to five years.

20. Cost of Sales

Cost of sales consist of:

	<i>Note</i>	2015	2014	2013
Inventories	9	P10,672,125	P9,439,825	P9,140,314
Utilities and supplies		487,832	615,674	538,438
Depreciation and amortization	12, 23	302,378	300,250	430,521
Write-down of inventories to net realizable value	9	195,683	68,000	-
Outside services	34	174,084	223,614	205,385
Personnel	24, 29	156,404	145,209	179,445
Repairs and maintenance		153,173	96,480	105,573
Rent	28	31,759	35,956	83,878
Insurance		6,668	4,203	4,428
Others		1,658	18,104	47,426
		P12,181,764	P10,947,315	P10,735,408

21. Selling and Marketing Expenses

Selling and marketing expenses consist of:

	<i>Note</i>	2015	2014	2013
Advertising and promotions		P802,064	P727,348	P943,373
Delivery and marketing		493,705	544,831	531,082
Personnel	24, 29	212,841	181,475	203,473
Outside services		88,467	94,198	121,335
Rent	28	69,737	58,258	61,206
Utilities and supplies		39,905	54,205	60,461
Depreciation and amortization	12, 23	40,886	28,265	49,916
Repairs and maintenance		31,410	24,078	25,067
Travel and transportation		27,178	19,863	26,016
Corporate special program		24,943	15,859	84,227
Others		11,572	11,030	10,257
		P1,842,708	P1,759,410	P2,116,413

22. General and Administrative Expenses

General and administrative expenses consist of:

	<i>Note</i>	2015	2014	2013
Personnel	24, 29	P648,612	P571,237	P543,938
Depreciation and amortization	12, 14, 23	289,791	296,933	188,144
Outside services	27	273,961	272,915	367,706
Taxes and licenses		184,596	146,571	108,056
Provision for impairment losses	8, 14	184,052	81,080	-
Insurance		82,499	84,035	70,329
Repairs and maintenance		56,755	25,916	31,195
Rent	28	40,440	52,255	16,870
Corporate special program		35,274	37,163	71,198
Utilities and supplies		34,974	34,896	31,523
Research		33,142	30,443	15,726
Travel and transportation		22,639	19,947	20,903
Others		6,228	9,081	2,385
		P1,892,963	P1,662,472	P1,467,973

23. Depreciation and Amortization

Depreciation and amortization from continuing operations consist of:

	<i>Note</i>	2015	2014	2013
Property, plant and equipment	12	P567,609	P566,648	P634,224
Pallets		58,153	45,982	24,265
Others	14	7,293	12,818	10,092
		P633,055	P625,448	P668,581

Depreciation and amortization from continuing operations are distributed as follows:

	<i>Note</i>	2015	2014	2013
Cost of sales	20	P302,378	P300,250	P430,521
Selling and marketing expenses	21	40,886	28,265	49,916
General and administrative expenses	22	289,791	296,933	188,144
		P633,055	P625,448	P668,581

24. Personnel Expenses

Personnel expenses from continuing operations consist of:

	<i>Note</i>	2015	2014	2013
Salaries and wages		P664,133	P587,382	P603,306
Employee benefits		297,488	252,043	259,859
Retirement costs	29	56,236	58,496	63,691
		P1,017,857	P897,921	P926,856

Personnel expenses from continuing operations are distributed as follows:

	<i>Note</i>	2015	2014	2013
Cost of sales	20	P156,404	P145,209	P179,445
Selling and marketing expenses	21	212,841	181,475	203,473
General and administrative expenses	22	648,612	571,237	543,938
		P1,017,857	P897,921	P926,856

25. Interest Expense and Other Financing Charges

Interest expense and other financing charges consist of:

	<i>Note</i>	2015	2014	2013
Interest on notes payable	15	P471,423	P495,963	P556,641
Interest on long-term debt		17,207	66,660	103,300
Capitalized borrowing costs	12	(2,471)	(2,310)	(2,042)
		P486,159	P560,313	P657,899

26. Other Income (Charges)

Other income (charges) consist of:

	<i>Note</i>	2015	2014	2013
Gain on sale of scrap materials		P24,742	P29,360	P27,864
Tolling fees		24,942	10,270	3,965
Rent income	28	4,733	8,072	-
Loss on sale of molasses and alcohol		-	(46,343)	-
Gain (loss) on derivatives	33	(702)	(2,459)	1,007
Foreign exchange gain (loss)		(2,081)	2,778	3,441
Provision for impairment loss	13	(100,000)	-	-
Others		(2,519)	(3,654)	(5,945)
		(P50,885)	(P1,976)	P30,332

27. Related Party Disclosures

The Group purchase products and services from and sells products to related parties. Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The following are the transactions with related parties and the outstanding balances as of December 31:

	Year	Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Parent Company	2015	P8,246	P264,803	P4,905	P40,031	On demand;	Unsecured;
	2014	10,913	263,184	23,399	95,998	non-interest	no impairment
	2013	20,805	193,568	31,487	123,911	bearing	
Under Common Control	2015	576,005	3,422,989	151,928	489,021	On demand;	Unsecured;
	2014	249,456	3,088,207	233,413	553,259	non-interest	no impairment
	2013	480,192	2,817,997	211,071	694,387	bearing	
Joint Venture	2015	-	-	663,941	-	On demand;	Unsecured;
	2014	-	-	663,941	-	interest	no impairment
	2013	-	-	316,778	-	bearing	
Associates of the Parent Company	2015	-	-	-	887,200	3 months;	Unsecured
	2014	-	-	-	3,047,665	interest	
	2013	-	-	-	2,177,200	bearing	
	2015	P584,251	P3,687,792	P820,774	P1,416,252		
	2014	P260,369	P3,351,391	P920,753	P3,696,922		
	2013	P500,997	P3,011,565	P559,336	P2,995,498		

- a. The Group, in the normal course of business, has significant transactions with related parties pertaining to purchases of containers, bottles and other packaging materials and sale of liquor and by-products. The sales to and purchases from related parties are made at normal market prices. There have been no guarantees provided or received for any amounts owed by and owed to related parties.
- b. The Group has entered into various lease agreements with related parties as a lessor and lessee (Note 28).
- c. Management fees amounting to P189,343, P181,825 and P170,567 in 2015, 2014 and 2013, respectively, are included in "Outside services" account under "General and administrative expenses" (Note 22).
- d. Security deposits amounted to P485 as of December 31, 2015 and 2014, respectively, are included as part of "Noncurrent receivables and deposits - net" under "Other noncurrent assets - net" account in the consolidated statements of financial position (Note 14).
- e. TSML executed various promissory notes in favor of the Company. The details of which are as follows:
 - o Principal sum of THB250,000,000 together with interest of 5.5% per annum, which interest shall accrue on March 13, 2014.
 - o Principal sum of THB50,000,000 together with interest of 5.0% per annum, which interest shall accrue on September 2, 2013.
 - o Principal sum of THB25,000,000 together with interest of 5.0% per annum, which interest shall accrue on June 14, 2013.

- Principal sum of THB75,000,000 together with interest of 3.0% per annum, which interest shall accrue on September 6, 2011.
- Principal sum of THB75,000,000 together with interest of 3.0% per annum, which interest shall accrue on April 7, 2011.

The principal sum is due and payable in full on demand of the Company and the stipulated interest shall be payable every three months.

The receivables from TSML are included as part of “Amounts owed by related parties” under “Trade and other receivables - net” account in the consolidated statements of financial position (Note 8).

Interest income from amounts owed by TSML, recognized in the consolidated statements of income, amounted to P26,650, P19,796 and P6,658 in 2015, 2014 and 2013, respectively.

- f. Amounts owed to Bank of Commerce are included in “Notes payable” account in the consolidated statements of financial position (Note 15).
- g. The compensation of key management personnel of the Group, by benefit type, follows:

	<i>Note</i>	2015	2014	2013
Short-term employee benefits		P43,401	P35,874	P31,689
Retirement costs	29	6,540	6,215	5,283
Share-based payments	31	-	-	371
		P49,941	P42,089	P37,343

28. Leasing Agreements

Operating Leases

Group as Lessor

- a. The Company has an existing lease agreement with a related party for the lease of a parcel of land in Cabuyao, Laguna for a period of three years from February 1, 2013 to January 31, 2016. Rental fee amounted to P194 per month.
- b. The Company also has another lease agreement with a related party for the lease of a parcel of land in Sta. Barbara, Pangasinan for a period of three years from July 1, 2013 to June 30, 2016. Rental fee amounted to P200 per month.

Rent income recognized in the consolidated statements of income amounted to P4,733, P8,072 and nil in 2015, 2014 and 2013, respectively (Note 26).

Group as Lessee

- a. The Company leases various warehouse facilities under operating leases. These leases typically run for a period of one year. The Company has the option to renew the lease after the expiration of the lease term.

- b. EPSBPI has various lease agreements with related parties for the lease of parcels of land located in Ligao City, Albay and Cauayan, Isabela for a period ranging from five to ten years and renewable upon mutual agreement of both parties. Rental fees are payable monthly and subject to 5% escalation every year.
- c. In 2011, EPSBPI entered into lease agreements to use various equipment for a period of three years with the option to renew after expiration of the lease term. Rental fees are payable on a monthly basis. In 2014, the lease agreements were extended for another period ranging from nine months to one year.

Non-cancellable lease payables are as follows:

	2015	2014
Within one year	P4,234	P4,032
After one year but not more than five years	7,420	11,654
	P11,654	P15,686

Rent expense recognized in the consolidated statements of income amounted to P145,102, P153,827 and P166,032 in 2015, 2014 and 2013, respectively (Notes 6, 20, 21 and 22).

29. Retirement Plans

The Company and DBI have funded, noncontributory, defined benefit retirement plans (collectively, the Retirement Plans) covering all of their permanent employees. The Retirement Plans of the Group pay out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2015. Valuations are obtained on a periodic basis.

The Retirement Plans are registered with the Bureau of Internal Revenue as tax-qualified plans under Republic Act No. 4917, as amended. The control and administration of the Group's Retirement Plans are vested in the Board of Trustees of each Retirement Plan. The Board of Trustees of the Group's Retirement Plans exercises voting rights over the shares and approve material transactions. The Retirement Plans' accounting and administrative functions are undertaken by the Retirement Funds Office of the Group.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Obligation		Net Defined Benefit Retirement Liability	
	2015	2014	2015	2014	2015	2014
Balance at beginning of year	P544,912	P687,741	(P763,688)	(P844,432)	(P218,776)	(P156,691)
Recognized in profit or loss						
Service costs	-	-	(46,097)	(51,375)	(46,097)	(51,375)
Interest expense	-	-	(36,313)	(37,888)	(36,313)	(37,888)
Interest income	25,584	28,185	-	-	25,584	28,185
	25,584	28,185	(82,410)	(89,263)	(56,826)	(61,078)
Recognized in other comprehensive income						
Remeasurements:						
Actuarial gains (losses) arising from:						
Experience adjustments	-	-	(123,240)	(36,756)	(123,240)	(36,756)
Changes in financial assumptions	-	-	4,073	2,910	4,073	2,910
Changes in demographic assumptions	-	-	-	16,416	-	16,416
Return on plan assets excluding interest	(63,537)	(52,528)	-	-	(63,537)	(52,528)
	(63,537)	(52,528)	(119,167)	(17,430)	(182,704)	(69,958)
Others						
Contributions	97,077	68,951	-	-	97,077	68,951
Benefits paid	109,066	(187,437)	(109,066)	187,437	-	-
	206,143	(118,486)	(109,066)	187,437	97,077	68,951
Balance at end of year	P713,102	P544,912	(P1,074,331)	(P763,688)	(P361,229)	(P218,776)

The Group's annual contribution to the Retirement Plans consists of payments covering the current service cost plus amortization of unfunded past service liability.

Retirement costs recognized in the consolidated statements of income by GSMI amounted to P52,143, P56,697 and P63,010 in 2015, 2014 and 2013, respectively, while those charged by DBI amounted to P4,683, P4,381 and P3,436 in 2015, 2014 and 2013, respectively.

The retirement costs are recognized in the following line items:

	<i>Note</i>	2015	2014	2013
Cost of sales	20	P8,048	P8,173	P17,039
Selling and marketing expenses	21	10,987	12,494	13,462
General and administrative expenses	22	37,791	40,411	35,945
		P56,826	P61,078	P66,446

Retirement liabilities recognized by GSMI amounted to P342,617 and P203,533 as of December 31, 2015 and 2014, respectively, while those recognized by DBI amounted to P18,612 and P15,243 as of December 31, 2015 and 2014, respectively.

The carrying amounts of the Group's retirement plan approximate fair values as of December 31, 2015 and 2014.

The Group's plan assets consist of the following:

	In Percentages	
	2015	2014
Fixed income portfolio	42	38
Marketable securities	28	29
Stock trading portfolio	26	30
Others	4	3
	100	100

Investments in Marketable Securities

The plan assets include 11,443,321 and 9,943,321 common shares of the Company with fair market value per share of P12.28 and P15.88 as of December 31, 2015 and 2014, respectively.

The fair market value per share of the above marketable securities is determined based on quoted market prices in active markets as of the reporting date (Note 4).

The Group's Retirement Plans recognized losses on the investment in marketable securities of SMC and its subsidiaries amounting to P36,180 and P70,796 in 2015 and 2014, respectively.

There was no dividend income recognized in 2015 and 2014.

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plans of the Group to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

The Board of Trustees approved the percentage of asset to be allocated to fixed income instruments and equities. The Retirement Plans have set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Trustees may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Approximately 6.63% and 7.93% of the Retirement Plans investments in pooled funds in stock trading portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2015 and 2014, respectively.

Approximately 10.84% and 10.06% of the Retirement Plans investments in pooled funds in fixed income portfolio include investments in shares of stock of SMC and its subsidiaries as of December 31, 2015 and 2014, respectively.

Others

Others include the Retirement Plans' cash and cash equivalents and receivables which earn interest.

The Retirement Plans Trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Group is not required to pre-fund the future defined benefits payable under the Retirement Plans before they become due. For this reason, the amount and timing of contributions to the Retirement Plans are at the Group's discretion. However, in the event a benefit claim arises and the Retirement Plans are insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Plans. The Group is not expected to contribute to its defined benefit retirement plan in 2016.

The Retirement Plans expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

Investment and Interest Rate Risks. The present value of the defined benefit retirement obligation is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plans. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Group to manage the Retirement Plans efficiently.

Longevity and Salary Risks. The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) to the future salaries of the plan participants. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2015	2014
Discount rate	4.54 - 5.24	4.31 - 4.80
Salary increase rate	7	7

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation is 2.25 years and 2.4 years as of December 31, 2015 and 2014, respectively.

As of December 31, 2015 and 2014, the reasonable possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below, respectively:

	Defined Benefit Retirement Obligation Increase (Decrease)			
	2015		2014	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	(P9,026)	P9,750	(P9,949)	P10,775
Salary increase rate	8,187	(7,760)	9,064	(8,574)

In 2015 and 2014, the Group's transaction relating to the Retirement Plans pertain to the contributions for the period. There are no other transaction or outstanding receivables and payables with the plan assets.

30. Basic and Diluted Loss Per Share

Basic and Diluted Loss Per Share is computed as follows:

	2015			2014			2013		
	Continuing Operations	Discontinued Operation	Total	Continuing Operations	Discontinued Operation	Total	Continuing Operations	Discontinued Operation	Total
Net loss	(P364,069)	(P21,527)	(P385,596)	(P632,508)	(P133,699)	(P766,207)	(P981,035)	(P120,160)	(P1,101,195)
Less: Dividends on preferred shares	49,180	-	49,180	49,180	-	49,180	49,180	-	49,180
Net loss available to common shares (a)	(P413,249)	(P21,527)	(P434,776)	(P681,688)	(P133,699)	(P815,387)	(P1,030,215)	(P120,160)	(P1,150,375)
Weighted average number of common shares outstanding (in thousands) - basic and diluted (b)	286,328	286,328	286,328	287,577	287,577	287,577	290,076	290,076	290,076
Basic and Diluted Loss Per Share (a/b)	(P1.44)	(P0.08)	(P1.52)	(P2.37)	(P0.47)	(P2.84)	(P3.55)	(P0.42)	(P3.97)

31. Share-Based Transactions

ESPP

Under the ESPP, 3,000,000 shares (inclusive of stock dividends declared) of the Company's unissued shares have been reserved for the employees of the Company. All permanent Philippine-based employees of the Company, who have been employed for a continuous period of one year prior to the subscription period, will be allowed to subscribe at 15% discount to the market price equal to the weighted average of the daily closing prices for three months prior to the offer period. A participating employee may acquire at least 100 shares of stock through payroll deductions.

The ESPP requires the subscribed shares and stock dividends accruing thereto to be pledged to the Company until the subscription is fully paid. The right to subscribe under the ESPP cannot be assigned or transferred. A participant may sell his shares after the second year from the exercise date.

Subscriptions receivable amounted to P335 and P4,975 as of December 31, 2015 and 2014 respectively, presented as part of "Trade and other receivables" account in the consolidated statements of financial position (Note 8).

The ESPP also allows subsequent withdrawal and cancellation of participants' subscriptions under certain terms and conditions. The shares pertaining to withdrawn or cancelled subscriptions shall remain issued shares and shall revert to the pool of shares available under the ESPP.

There were no shares offered under the ESPP in 2015 and 2014.

32. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Interest Rate Risk
- Foreign Currency Risk
- Commodity Price Risk
- Liquidity Risk
- Credit Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group include cash and cash equivalents, short-term and long-term loans and derivative instruments. These financial instruments, except derivative instruments, are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as trade and other receivables, noncurrent receivables and deposits and trade and other payables arise directly from and are used to facilitate its daily operations.

The accounting policies in relation to derivatives are set out in Note 3 to the consolidated financial statements.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group. The BOD has established the Risk Management Committee, which is responsible for developing and monitoring the risk management policies. The committee reports regularly to the BOD on its activities.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD constituted the Audit Committee to assist the BOD in fulfilling its oversight responsibility of the Group's corporate governance process relating to the: a) quality and integrity of the financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with legal and regulatory requirements, including the disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the BOD. The Audit Committee shall also prepare the reports required to be included in the annual report of the Group.

The Audit Committee also oversees how management monitors compliance with the risk management policies and procedures of the Group and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to the long-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

In managing interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit or loss.

The management of interest rate risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various standard and non-standard interest rate scenarios.

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant, would have decreased the Group's profit before tax (through the impact on floating rate borrowings) by P4,343, P5,221 and P6,380 in 2015, 2014 and 2013, respectively. A 1% decrease in the interest rate would have had the equal but opposite effect. These changes are considered to be reasonably possible given the observation of prevailing market conditions in those periods. There is no impact on the Group's other comprehensive income.

Interest Rate Risk Table

The terms and maturity profile of the interest-bearing financial instruments, together with its gross amounts, are shown in the following tables:

December 31, 2015	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	Total
Floating Rate						
Philippine peso-denominated Interest rate	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,285 PDST-F+ margin or BSP overnight rate, whichever is higher	P -	P -	P342,857
	P114,286	P114,286	P114,285	P -	P -	P342,857
December 31, 2014	<1 Year	1 - 2 Years	>2 - 3 Years	>3 - 4 Years	>4 - 5 Years	Total
Floating Rate						
Philippine peso-denominated Interest rate	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,286 PDST-F+ margin or BSP overnight rate, whichever is higher	P114,285 PDST-F+ margin or BSP overnight rate, whichever is higher	P -	P457,143
	P114,286	P114,286	P114,286	P114,285	P -	P457,143

Foreign Currency Risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Group. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

Information on the Group's foreign currency-denominated monetary assets and their Philippine peso equivalents is as follows:

	December 31, 2015		December 31, 2014	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	US\$193	P9,102	US\$2,440	P109,137
Trade and other receivables	187	8,814	580	25,954
Foreign currency-denominated monetary assets	US\$380	P17,916	US\$3,020	P135,091

The Group reported net loss (gains) on foreign exchange from continuing and discontinued operations amounting to P2,081, (P2,778) and (P7,980) in 2015, 2014 and 2013, respectively, with the translation of its foreign currency-denominated assets (Notes 6 and 26). These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	US Dollar to Philippine Peso
December 31, 2015	47.060
December 31, 2014	44.720
December 31, 2013	44.395

The management of foreign currency risk is also supplemented by monitoring the sensitivity of the Group's financial instruments to various foreign currency exchange rate scenarios.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets) and the Group's equity:

	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
December 31, 2015				
Cash and cash equivalents	(P193)	(P135)	P193	P135
Trade and other receivables	(187)	(131)	187	131
	(P380)	(P266)	P380	P266

December 31, 2014	P1 Decrease in the US Dollar Exchange Rate		P1 Increase in the US Dollar Exchange Rate	
	Effect on Income before Income Tax	Effect on Equity	Effect on Income before Income Tax	Effect on Equity
Cash and cash equivalents	(P2,440)	(P1,708)	P2,440	P1,708
Trade and other receivables	(580)	(406)	580	406
	(P3,020)	(P2,114)	P3,020	P2,114

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

Commodity Price Risk

Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in commodity prices. The Group, through SMC, enters into various commodity derivatives to manage its price risks on strategic commodities. Commodity hedging allows stability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Group, thus protecting raw material cost and preserving margins. For hedging transactions, if prices go down, hedge positions may show marked-to-market losses; however, any loss in the marked-to-market position is offset by the resulting lower physical raw material cost.

SMC enters into commodity derivative transactions on behalf of the Group to reduce cost by optimizing purchasing synergies within the SMC Group and managing inventory levels of common materials.

Commodity Forwards. The Group enters into forward purchases of various commodities. The prices of the commodity forwards are fixed either through direct agreement with suppliers or by reference to a relevant commodity price index.

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty to meet payment obligations when they fall under normal and stress circumstances.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities.

The Group constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

December 31, 2015	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years
Financial Assets					
Cash and cash equivalents	P445,801	P445,801	P445,801	P -	P -
Trade and other receivables - net	2,802,212	2,802,212	2,802,212	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	430	430	430	-	-
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account)	187,338	187,338	-	186,853	485
Financial Liabilities					
Notes payable	8,406,460	8,458,827	8,458,827	-	-
Trade and other payables (excluding dividends payable and derivative liabilities)	2,230,667	2,230,667	2,230,667	-	-
Derivative liabilities (included under "Trade and other payables" account)	128	128	128	-	-
Long-term debt (including current maturities)	342,857	365,318	126,483	121,813	117,022
<hr/>					
December 31, 2014	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years
Financial Assets					
Cash and cash equivalents	P579,917	P579,917	P579,917	P -	P -
Trade and other receivables - net	3,921,468	3,921,468	3,921,468	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account)	52	52	52	-	-
Noncurrent receivables and deposits (included under "Other noncurrent assets - net" account)	189,981	189,981	-	189,496	485
Financial Liabilities					
Notes payable	10,084,440	10,152,613	10,152,613	-	-
Trade and other payables (excluding dividends payable and derivative liabilities)	2,323,555	2,323,555	2,323,555	-	-
Derivative liabilities (included under "Trade and other payables" account)	360	360	360	-	-
Long-term debt (including current maturities)	457,143	494,165	130,524	125,924	237,717

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group has regular internal control reviews to monitor the granting of credit and management of credit exposures.

Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

Goods are subject to retention of title clauses so that in the event of default, the Group would have a secured claim. Where appropriate, the Group obtains collateral or arranges master netting agreements.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The Group ensures that sales on account are made to customers with appropriate credit history. The Group has detailed credit criteria and several layers of credit approval requirements before engaging a particular customer or counterparty. The review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed on a regular basis. Customers that fail to meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance include a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Financial information on the Group's maximum exposure to credit risk, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	<i>Note</i>	2015	2014
Cash and cash equivalents	7	P445,801	P579,917
Trade and other receivables - net	8	2,802,212	3,921,468
Derivative assets	10	430	52
Noncurrent receivables and deposits	14	187,338	189,981
		P3,435,781	P4,691,418

The credit risk for cash and cash equivalents and derivative assets is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of trade and other receivables and noncurrent receivables and deposits is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of homogenous counterparties. The Group does not execute any credit guarantee in favor of any counterparty.

Capital Management

The Group maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group defines capital as paid-in capital stock, additional paid-in capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock, cumulative translation adjustments and reserve for retirement plan are excluded from capital for purposes of capital management.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Group's business, operation and industry.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the consolidated statements of financial position.

The Group is not subject to externally imposed capital requirements.

33. Financial Assets and Financial Liabilities

The table below presents a comparison by category of carrying amounts and fair values of the Group's financial instruments:

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P445,801	P445,801	P579,917	P579,917
Trade and other receivables - net	2,802,212	2,802,212	3,921,468	3,921,468
Derivative assets (included under "Prepaid expenses and other current assets" account)	430	430	52	52
Noncurrent receivables and deposits - net (included under "Other noncurrent assets - net" account)	187,338	187,338	189,981	189,981
Financial Liabilities				
Notes payable	8,406,460	8,406,460	10,084,440	10,084,440
Trade and other payables (excluding dividends payable and derivative liabilities)	2,230,667	2,230,667	2,323,555	2,323,555
Derivative liabilities (included under "Trade and other payables" account)	128	128	360	360
Long-term debt (including current maturities)	342,857	342,857	457,143	457,143

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables and Noncurrent Receivables and Deposits. The carrying amount of cash and cash equivalents and trade and other receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of noncurrent receivables and deposits, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

Derivatives. The fair values of forward exchange contracts are calculated by reference to current forward exchange rates. Fair values for embedded derivatives are based on valuation models used for similar instruments using both observable and non-observable inputs.

Notes Payable and Trade and Other Payables. The carrying amount of notes payable and trade and other payables approximates fair value due to the relatively short-term maturities of these financial instruments.

Long-term Debt. The fair value of interest-bearing fixed-rate loans is based on the discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of reporting date. Discount rates used for Philippine peso-denominated loans range from 2.4% to 4.6% and 2.5% to 4.3% as of December 31, 2015 and 2014, respectively. The carrying amounts of floating rate loans with quarterly interest rate repricing approximate their fair values.

Derivative Financial Instruments

The Group's derivative financial instruments according to the type of financial risk being managed and the details of embedded derivative financial instruments are discussed below.

Derivative Instruments not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include embedded derivatives found in host contracts, which are not designated as accounting hedges. Changes in fair value of these instruments are accounted for directly in the consolidated statements of income. Details are as follows:

Embedded Currency Forwards

The total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US\$4,658 and US\$828 as of December 31, 2015 and 2014, respectively. These non-financial contracts consist mainly of foreign currency denominated purchase orders and sales agreements. The embedded forwards are not clearly and closely related to their respective host contracts. The net fair value of these embedded currency forwards amounted to P302 and (P308) as of December 31, 2015 and 2014, respectively.

The Group recognized marked-to-market gains (losses) from embedded derivatives amounting to (P702), (P2,459) and P1,007 in 2015, 2014 and 2013, respectively (Note 26).

Fair Value Changes on Derivatives

The net movements in fair value of all derivative instruments are as follows:

	2015	2014
Balance at beginning of year	(P308)	(P259)
Net changes in fair value of non-accounting hedges	(702)	(2,459)
	(1,010)	(2,718)
Less fair value of settled instruments	(1,312)	(2,410)
Balance at end of year	P302	(P308)

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities (Note 3).

The table below analyzes financial instruments carried at fair value, by valuation method:

	<u>December 31, 2015</u>			<u>December 31, 2014</u>		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets	P -	P430	P430	P -	P52	P52
Financial Liabilities						
Derivative liabilities	-	128	128	-	360	360

The Group has no financial instruments valued based on Level 1 and Level 3 as of December 31, 2015 and 2014. During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

34. Other Matters

a. *Commitments*

- The Company has a Toll Manufacturing Agreement with third parties for the production of its alcoholic and nonalcoholic products. Toll manufacturing expense amounting to P82,677, P245,368 and P286,962 in 2015, 2014 and 2013, respectively, were included as part of “Outside services” account under the “Cost of sales” account (Note 20).
- The outstanding purchase commitments of the Company amounted to US\$105,225 (P4,951,885) and US\$19,837 (P887,113) as of December 31, 2015 and 2014, respectively.

b. *Contingencies*

The Group is a party to certain lawsuits or claims (mostly labor related cases) filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements of the Group. No provision was recognized in 2015, 2014 and 2013.

- #### c.
- Certain accounts in prior years have been reclassified for consistency with the current period presentation. These reclassifications have no effect on the reported financial performance for any period.



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Ginebra San Miguel Inc. (the "Company") as at and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated March 16, 2016.

Our audits were made for the purpose of forming an opinion on the separate financial statements of the Company taken as a whole. The supplementary information included in the Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the separate financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the separate financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

NOEL A. BALADIANG

Partner

CPA License No. 106166

SEC Accreditation No. 1473-A, Group A, valid until March 30, 2018

Tax Identification No. 223-804-972

BIR Accreditation No. 08-001987-33-2014

Issued October 15, 2014; valid until October 14, 2017

PTR No. 5320737MD

Issued January 4, 2016 at Makati City

March 16, 2016
Makati City, Metro Manila

Schedule 1

GINEBRA SAN MIGUEL INC.
 3rd and 6th Floor, San Miguel Properties Centre
 St. Francis Street, Ortigas Center, Mandaluyong City

**RECONCILIATION OF RETAINED EARNINGS
 FOR DIVIDEND DECLARATION**

Unappropriated Retained Earnings, January 1, 2015	P1,791,029
Adjustments:	
Adjustments in previous years' reconciliation	(3,479,594)
Unappropriated Retained Earnings (Deficit), as adjusted, January 1, 2015	(1,688,565)
Net loss for the current year based on the face of AFS	(368,207)
Net income during the period closed to Retained Earnings	
Less: Non-actual/unrealized income net of tax	
Equity in net income (loss) of associate/ joint venture	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) Unrealized actuarial gain	-
Fair value adjustment (M2M gains)	-
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Deferred income tax benefit for the year	-
Sub - total	-
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Sub - total	-
Net loss actually incurred during the year	(368,207)
Add (Less):	
Dividends declaration during the period	-
Appropriation of retained earnings during the period	-
Reversal of appropriations	-
Effect of prior period adjustments	-
Treasury shares	-
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION, DECEMBER 31, 2015	(P2,056,772)



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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Ginebra San Miguel Inc.
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center
Mandaluyong City

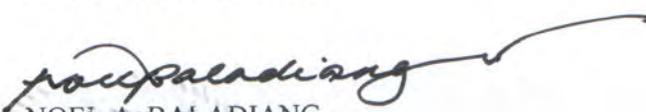
We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ginebra San Miguel Inc. (the "Company") and Subsidiaries (the "Group") as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, and have issued our report thereon dated March 16, 2016.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

- Map of the Conglomerate
- Schedule of Philippine Financial Reporting Standards and Interpretations
- Financial Ratios
- Supplementary Schedules of Annex 68-E

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.


NOEL A. BALADIANG

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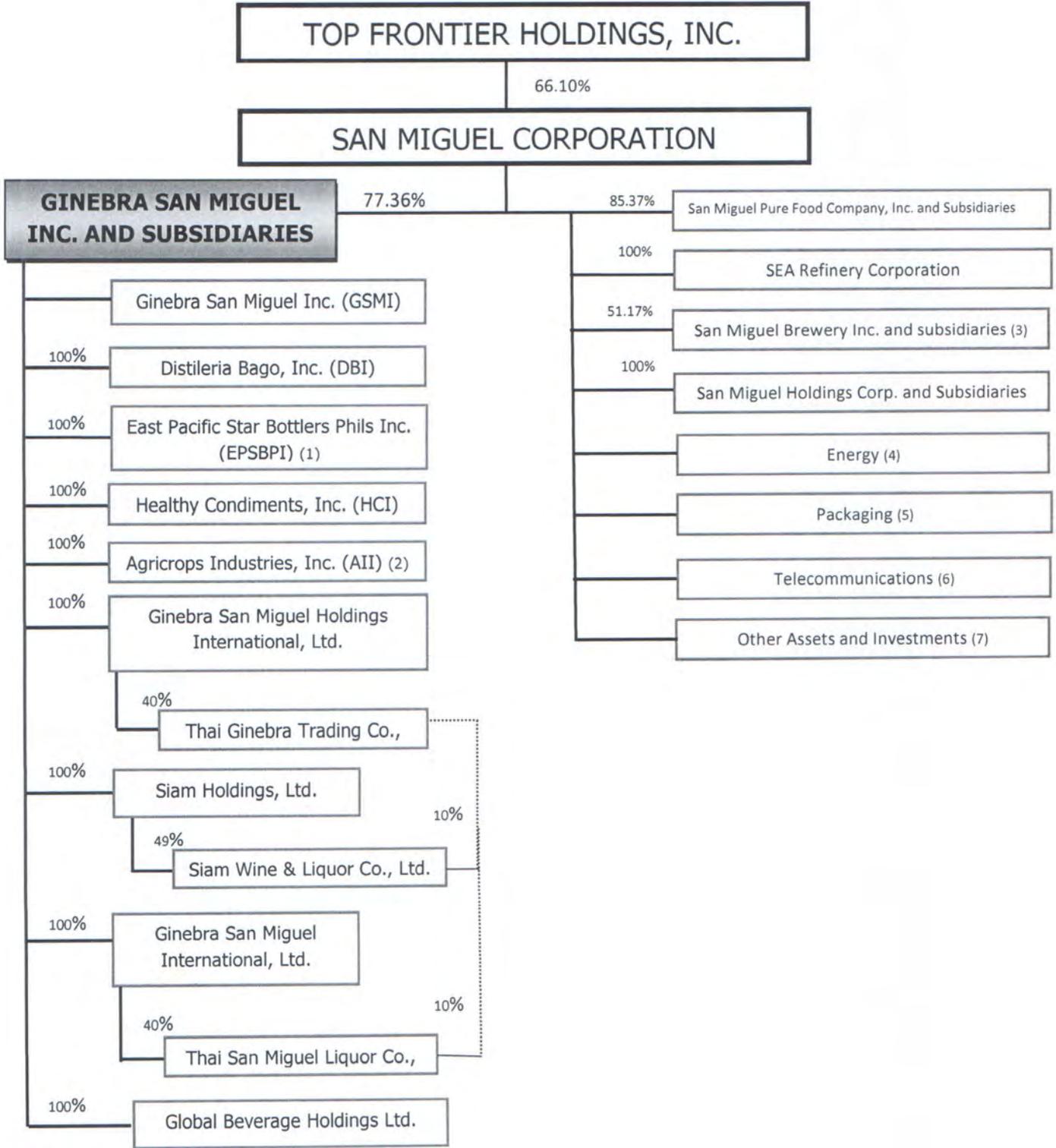
Issued January 4, 2016 at Makati City

March 16, 2016

Makati City, Metro Manila

Schedule 2

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES GROUP STRUCTURE



- (1) On January 27, 2012, GSML acquired 100% of the outstanding capital stock of EPSBPI
- (2) Incorporated in September 2000 and has not yet started commercial operations
- (3) San Miguel Brewery Inc. and Subsidiaries includes San Miguel Brewing International Ltd. and Subsidiaries (100%)
- (4) Energy business includes of SMC Global Power Holdings Corp. and Subsidiaries (100%)
- (5) Packaging business includes San Miguel Yamamura Packaging Corporation and Subsidiaries, SMC Yamamura Fuso Molds Corporation and Can Asia, Inc. (65%), San Miguel Yamamura Packaging International Limited (65%), San Miguel Yamamura Asia Corporation (60%) and Mindanao Corrugated Fibreboard, Inc. (100%)
- (6) Telecommunications business includes Vega Telecom, Inc. and Subsidiaries (100%) and San Miguel Equity Securities Inc. (100%)
- (8) Other Assets and Investments include San Miguel Properties, Inc. and Subsidiaries (99.68%)

Schedule 3

GINEBRA SAN MIGUEL INC. and SUBSIDIARIES
3rd and 6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center, Mandaluyong City
SCHEDULE OF PHILIPPINE FINANCIAL REPORTING STANDARDS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'	✓		
PFRS 3 (Revised)	Business Combinations	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Operations			
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal*			
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures*			
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts*			
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements*			
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments	✓		
PFRS 9	Financial Instruments*			
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39*			
PFRS 9 (2014)	Financial Instruments*			
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*			
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception*			
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Entities: Transition Guidance			
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*			
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception*			
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception	✓		
PFRS 14	Regulatory Deferral Accounts*			
PFRS 16	Leases*			
IFRS 15	Revenue from Contracts with Customers*			
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✓		
	Amendments to PAS 1: Disclosure Initiative*			
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)*			
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*			
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants*			
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone*			
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements*			
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*			
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception*			
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Financial Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"*			
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*			
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements	✓		
PIC Q&A 2007-01- Revised	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 - Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01- Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-01	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✓
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-01	PAS 1.10(f) - Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans	✓		
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares	✓		
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?	✓		
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Common Control in Consolidated Financial Statements			
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law	✓		

*These standards or amendments will become effective subsequent to December 31, 2015. The Group will adopt these new and amended standards on the respective effective dates.

Schedule 4

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES FINANCIAL SOUNDNESS INDICATORS

The following are the major performance measures that Ginebra San Miguel Inc. and Subsidiaries (the Group) uses. Analyses are employed by comparisons and measurements based on the financial data as of December 31, 2015 and 2014 for liquidity, solvency and profitability ratios and for the periods ending December 31, 2015 and 2014 for operating efficiency ratios.

	December 31	
	2015	2014
Liquidity:		
Current Ratio	0.72	0.72
Solvency:		
Debt to Equity Ratio	2.84	2.89
Asset to Equity Ratio	3.84	3.89
Profitability:		
Return on Average Equity	(9%)	(15%)
Interest Rate Coverage Ratio	2.61	1.80
Operating Efficiency:		
Volume Growth	4%	4%
Revenue Growth	11%	9%
Operating Margin	4%	2%

The manner by which the Group calculates the key performance indicators is as follows:

KPI	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Liabilities (Current + Noncurrent)}}{\text{Equity}}$
Asset to Equity Ratio	$\frac{\text{Total Assets (Current + Noncurrent)}}{\text{Equity}}$
Return on Average Equity	$\frac{\text{Net Income}}{\text{Average Equity}}$
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests, Taxes, Depreciation and Amortization}}{\text{Interest Expense and Other Financing Charges}}$
Volume Growth	$\left(\frac{\text{Sum of all Businesses' Volume}}{\text{Prior Period Net Sales}} \right) - 1$
Revenue Growth	$\left(\frac{\text{Current Period Net Sales}}{\text{Prior Period Net Sales}} \right) - 1$
Operating Margin	$\frac{\text{Income from Operating Activities}}{\text{Net Sales}}$

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7**

December 31, 2015

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Supplementary Schedules

Report of Independent Auditors on Supplementary Schedules

A. Financial Assets	ANNEX D-1
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	ANNEX D-2
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Assets	ANNEX D-3
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D. Intangible Assets - Other Assets	ANNEX D - 5
E. Long-term Debt	ANNEX D - 6
F. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)	ANNEX D - 7
G. Guarantees of Securities of Other Issuers	Not applicable
H. Capital Stock	ANNEX D - 8

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule A. Financial Assets
December 31, 2015
(In Thousands)

Name of Issuing Entity / Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotations at Dec. 31, 2015	Income Received and Accrued
Cash and cash equivalents	-	P 445,801	P 445,801	P (3,162)
Trade and other receivables - net	-	2,802,212	2,802,212	(26,682)
Derivative assets	-	430	430	-
Financial assets at FVPL	-	-	-	-
Available for sale financial assets	-	-	-	-
Noncurrent receivables and deposits - net	-	187,338	187,338	-
	-	P 3,435,781	P 3,435,781	P (29,844)

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2015**

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2015)
700863130	ABADILLA, SONNY ACENAS	38,195		6,667			31,528	31,528
709905471	ABANTE, HERSEY LOU VELASC	36,921		15,546			21,375	21,375
701000217	ABELLA, HENRY JOSEPH ELIO	29,629		6,848			22,780	22,780
700991678	ABELLA, JAY LAPUT	51,215		15,833			35,382	35,382
709903344	ABETO, JEFFREY BANDONG	41,667	10,000			10,000	41,667	51,667
701004277	ABONALES, CYREL T.		33,333			33,333		33,333
701004390	ABUAN, RYAN JAY FAUSTINO	4,025		4,025				-
701002803	ABUDA, MA. FLORIDEL ODAL	12,500		12,500			0	0
700001708	ABULENCIA, ALFREDO JR. PA	48,611		48,611				-
709902960	ACOSTA, ARJAY ALEJANDRO	38,195	8,333			8,333	38,195	46,528
701003592	ADRIANO, MARIAN CHRISSEL	39,583		16,667			22,917	22,917
700812110	AGBAY, JENNIFER TARSONA	39,583		39,583				-
709906067	AGBAYANI, DEBBIE SUNSHINE	45,021		19,604			25,417	25,417
701003613	AGUILES, BERNADETTE CAMBA	53,125		26,041			27,083	27,083
700981338	AGUIRRE, RAYMUND GARCIA	38,264		11,042			27,222	27,222
709907353	ALAN, JONH PAUL MESINAS	55,903	10,423			10,423	55,903	66,326
700004154	ALAPOT, ERNESTO JR. BARRO	50,000		27,083			22,917	22,917
700827037	ALAYON, ANTONIO JR. DELA	49,375		50,562			(1,188)	(1,188)
700004189	ALBAY, CHARITO DEL ROSARI	69,965		41,333			28,632	28,632
1004028	ALCANTARA, JAIME B. JR.	22,396		12,500			9,896	9,896
709909663	ALCARAZ, KENNETH JOHN VIL	4,875		4,875				-
709910035	ALCOS, ZANIEL JOSUE		6,000			6,000		6,000
1005539	ALIANZA, MARK ALEXAN	3,646		3,646				-
700981346	ALIBO, JOSE BACARRO	1,389		1,389				-
701004722	ALLAS, GRACE CUADRA		42,776			42,776		42,776
709906216	ALMALEL, RICARDO MENGUITO	39,583		39,583				-
700990124	ALMARIO, CLARENCE CLARIN	48,785		15,998			32,787	32,787
709802006	ALMENANZA, CRISPIN JR. VI	67,882		67,882				-
701000098	ALOJAMIENTO, CYRIL ESTIMA	40,530		22,780			17,750	17,750
701026291	ALOJAMIENTO, JOHNA SALANA	43,268		21,879			21,389	21,389
701011286	ALQUERO, BENIGNO JR. MAHI	40,972		16,667			24,306	24,306
700006939	ALVAREZ, PATRICIO DE CAST	27,778		16,667			11,111	11,111
709905033	ALVAREZ, RICHMOND FERDINA	38,889		7,500			31,389	31,389
709906509	AMANDY, CHRISTOPHER ZUSA	62,493		27,166			35,327	35,327
700007617	AMBROCIO, ARMANDO RIVERA	660		660				-
700854573	AMEDO, ARIEL GARCIA	35,417		16,667			18,750	18,750
1004030	AMOLO, RODERICK	22,396		12,500			9,896	9,896
701003867	AMOS, LEAH BLANCIA	39,511		5,330			34,182	34,182
701003531	AMUAN, JANELLE ROSE DE GU	33,889		33,889				-
709908560	ANACLETO, LOU DIDACHUS CE		28,688			28,688		28,688
701036904	ANAUD, NANCY CASTIVA	43,962		8,370			35,592	35,592
1004076	ANDRES, WIVILYN	2,078		2,078				-
701046136	ANEDES, ARIEL BACULPO	6,561		6,561				-
701003885	ANG, JOANNA PEREZ	2,419	10,911			10,911	2,419	13,330
709902625	ANGCO, HERMAN RAMOS	36,111		36,111				-
709902396	ANGELES, CONNIE LEODONES	4,039	35,545			35,545	4,039	39,583
700812536	ANGELES, SHEILA REYES	39,583		6,667			32,917	32,917
700010006	ANTOLIHAO, JOEL PILAPIL	12,657		12,657			0	0
709905731	ANTONIO, NERICK MAGALLON	33,892	7,241			7,241	33,892	41,133
709902673	ANUNCIACION, KRISTINE P.	32,792		32,792				-
701024922	APARATO, MARVIN OLA	35,417		11,665			23,752	23,752
700992798	APELLIDO, JOSELITO SALES	67,188		39,583			27,604	27,604
709906839	APUHAN, LILIBETH GANE		39,473			39,473		39,473
709905083	AQUINO, RYAN REYNOSO	540	49,460			49,460	540	50,000
700845000	ARCEBUCHÉ, PAOLO CATURA	69,965		39,583			30,382	30,382
700822752	ARCEBUCHÉ, SANDY ARANETA	69,965		7,917			62,049	62,049
709907178	ARCOS, JAY VINCENT L.	-	72,000			72,000		72,000
1004081	ARENO, JUDE	417		417				-
700981320	ARGUELLES, RUTH ANN MARAV	45,957		16,387			29,570	29,570

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701004782	ARNOLD G. MENDOZA	27,600		27,600				-
700981303	ARSENIO, RANDY SANTILLAN	39,075		15,330			23,745	23,745
700870633	ARUGAY, MELINDA A.	35,917		17,917			18,000	18,000
709905874	ARUGAY, PHILIP ANDRES	10,417	36,274			36,274	10,417	46,691
1004031	ASUGAO, MARK JOHN D.	22,396		12,500			9,896	9,896
700899488	ASUNCION, MANUEL LUIS RIV	66,076		25,276			40,800	40,800
700981168	ASUNCION, MARICAR TAPIADO	62,986	58,417			58,417	62,986	121,403
700013234	ATENCIO, GLACIELYN LOPEZ		4,000			4,000		4,000
700013196	ATIENZA, FROILAN DELA CRU	52,083		27,083			25,000	25,000
709917154	ATIENZA, MARIOUS SANCHEZ	4,000	10,750			10,750	4,000	14,750
701033697	AVILA, JON PAUL GOLLAYAN	103,508		57,275			46,233	46,233
709910325	AYCOCHO, JESUS JR. ARINGO	23,892		23,892				-
709902695	AZOTILLO, FREDERICK PEREZ	34,722		333			34,389	34,389
707200218	AZURIN, ANTONIO ROQUE B. JR.	21,354		21,354				-
709907594	BAAL, MARK NOEL S.	43,056		16,667			26,389	26,389
707139098	BABALO, DOMINADOR GUILLER	40,278	21,701			21,701	40,278	61,979
700992860	BADILLA, MICHAEL GERMESE	5,556		5,556				-
700014842	BAJAR JR., FELIX CANTUBA	31,771	16,639			16,639	31,771	48,410
700015075	BALANGUE, MICHAEL ANTHONY	51,706		27,817			23,889	23,889
709905450	BALATBAT, JOEL REGALA	42,500		42,500				-
701047957	BALBIDO, NYRRA MAE ODRON	39,583		16,667			22,917	22,917
701004570	BALLON, MARIE VANESSA BED	44,444		18,767			25,678	25,678
709907015	BANAYAT, LYSANDER MANASAN	49,555		49,555				-
701025317	BANCOLO, JUDY ANN D.	71,181		71,181				-
709906526	BANJAO, DWIGHT IAN FABELL	0	43,055			43,055	0	43,056
701004893	BANZON, ELLAINE JAZMEENE CARMEL S.		20,000			20,000		20,000
700980293	BARBIN, JOCELYN NADAL	58,507	84,802			84,802	58,507	143,309
700980854	BARCOMA, JOSEFINA ABAPO	56,903		30,639			26,264	26,264
1004653	BARNUEVO, MARK RAINIER	22,396		18,764			3,632	3,632
709917153	BARON, REYNALDO TALABIS	79,167		79,167				-
700856690	BARTE, ERWIN CAMILET	48,611		27,083			21,528	21,528
701002970	BARTOLINI, EUNICE SANIDAD	55,685		27,560			28,125	28,125
709905544	BARTOLOME, BRONZE JANSSEN	9,375		9,375				-
709908722	BARTOLOME, JAIRUS IDOL FE	47,917		47,917				-
1004084	BASILIO, RHONALD	10,417		10,417				-
700719811	BATI, FRANCISCO BISMARCK	38,195	6,667			6,667	38,195	44,861
701003257	BAUTISTA, ERVIN NIEVES	36,806		13,128			23,678	23,678
700816132	BAUTISTA, MARIA FLORES SI	39,583	1,667			1,667	39,583	41,250
700991449	BAUTISTA, ROMEL MOLLENO	81,195		50,917			30,278	30,278
700022055	BAWIIN, JOSELITO NARVAJA	70,799		32,925			37,874	37,874
701006816	BAWIIN, SHAWN MICHAEL PAJE		2,400			2,400		2,400
709910043	BECHAYDA, JENNIFER INOCEN	5,038	27,341			27,341	5,038	32,379
701006202	BECO, MAE SARAH GONO		1,365			1,365		1,365
701013831	BELICENA, GILLIAN GIGANAN	38,195	11,840			11,840	38,195	50,035
1004032	BELLUDO, EDCHEL	22,396		12,500			9,896	9,896
1005228	BENASA, CARMEN D.	22,396		12,500			9,896	9,896
700867411	BENDICIO, JOEL TAMAYO	10,417	34,722			34,722	10,417	45,139
709907188	BENITEZ, RUEL JAVA	40,972		40,972				-
701004230	BENJAMIN, ROLEEN ANTHONY	55,412		26,939			28,472	28,472
701003062	BERDUQUE, ANTONIO LIPRADO	31,223		3,306			27,917	27,917
701003143	BERDUQUE, FLORENTINA EVAN	37,749		7,054			30,695	30,695
1004683	BERMEJO, RAMON	22,917		12,678			10,239	10,239
700811939	BERMOY, WILLIAM TABARES	46,180		46,180				-
709905703	BERNABE, CHARLIE, JR. SAN	47,917		18,056			29,861	29,861
701045296	BERNARDO, DON PAGAOA	31,506	233			233	31,506	31,739
709906543	BEROU, DEXTER JAY FELISIL	54,722		23,611			31,111	31,111
709901671	BESA, DONNELL ELLASO	43,056		16,667			26,389	26,389
1004086	BIAGTAN, GLENN	10,417		10,417				-
1004097	BIAGTAN, JENIFER	10,417		10,417				-

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701027158	BIANO, CARMELITA SANCHEZ	53,891		29,018			24,873	24,873
709906303	BISNAR, MARC DELONN FERIA	39,583	7,471			7,471	39,583	47,054
700184098	BOBIER, RECHIE SIENES	36,111		36,111				-
1004033	BOLANTE, MICHAEL JOSEPH	22,396		12,500			9,896	9,896
700992879	BONCALON, MA. ROELA VALEN	-	77,500			77,500		77,500
1004543	BORBE, MARLOUN	22,396		12,500			9,896	9,896
701004107	BORJA, JUANITO CUI	42,361		32,208			10,153	10,153
1004103	BOROC, RONALDO	22,396		12,500			9,896	9,896
701003917	BOSE, VICTOR ENRIQUEZ	34,277		18,304			15,972	15,972
700027251	BOSTRE, EDWIN ZALVIDEA	39,879		8,098			31,781	31,781
700802832	BRIMON, JASON FRANK G.	65,104		29,167			35,937	35,937
709906525	BRIONES, CARLA OLDAN	11,111		11,111				-
1004458	BRONSAL, PEDRO	22,396		12,500			9,896	9,896
701004263	BUENAFLOR, ALEXANDER CHAN	56,458		33,542			22,917	22,917
709906189	BUENAVIDEZ, BLAHDIMIR RES	31,771		31,771				-
700824402	BULACJA, JORGETTE KRISTINE S.		89,625			89,625		89,625
700826855	BULARAN, ANN MARIE CHARMA	39,583		10,000			29,583	29,583
700824127	BURGOS, OLIVER VILLANUEVA	106,076		78,472			27,604	27,604
700991740	CABABAN, DIONILO DUYAG	24,375		17,500			6,875	6,875
700642290	CABALLERO, JOSEFINA S.		23,537			23,537		23,537
709910421	CABANGON, MARLON DELA PEN	775		775				-
700029955	CABATBAT, PETER GALIVO	50,507		9,257			41,250	41,250
709909966	CABATO, KENNETH JOHN PASC		35,000			35,000		35,000
700990841	CABRAL, MARVIN GUZMAN	48,438		31,232			17,205	17,205
709906688	CABUHAT, KARLO D.	37,332		37,332				-
709907539	CACHO, JHUN CARLO SANTOS	47,966		20,188			27,778	27,778
700991929	CADAMPOG, RICHI SENO	51,389		22,917			28,473	28,473
709906298	CADORNIGARA, MARK GILBERT	47,179		6,623			40,556	40,556
700867594	CADOS, VICTOR ARITAO		32,087			32,087		32,087
709916665	CAGUITE, CEDRICK SANTOS	3,229	26,030			26,030	3,229	29,259
701046128	CAGULADA, SANDY RALF RUAY	47,222		5,208			42,014	42,014
701004972	CAHILOG, ANTONIO MINARDO	17,030	38,081			38,081	17,030	55,111
700112941	CALAUNAN, DIGNA MANAOIS	6,250		6,250				-
709906456	CALDINO, REMY ANN BUENCUE	480	25,722			25,722	480	26,202
700856444	CALDO, JOSEPHINE AMBOY	136,761		136,761				-
709906205	CALICOY, DAISY LOU CANTIL	39,583	3,333			3,333	39,583	42,917
709917155	CALILAN, CHRISTIANNE MERC	37,000		24,000			13,000	13,000
700032778	CALIZO, FREDDIE ARJONA	10,417		10,417				-
700867284	CAMACHO, CHARLES CULANAG	53,472		27,083			26,389	26,389
700033669	CAMELLO, PAUL VINCENT AQU	9,375	1,190			1,190	9,375	10,565
701003862	CANDA, MICHAEL SALAZAR	50,000		27,083			22,917	22,917
709907234	CANIZARES, FRETCHIE A		46,667			46,667		46,667
700899569	CANLAS, PAUL LOU DELA CRU	49,889		21,040			28,848	28,848
709910034	CAPIO, CHRISTIAN GRECO NO	4,875		4,875				-
701004412	CARACAS, NARICHU MARFA	12,393		12,393				-
700990779	CARANATAN, PRISCO MARQUEZ	63,889		15,000			48,889	48,889
701004298	CARDONES, PACITA CALISO	40,973	6,528			6,528	40,973	47,500
709906967	CARIASO, ERROLD CORTEZ	9,375	36,144			36,144	9,375	45,519
700036927	CARIÑO, SILVERIO SIBAYAN	38,195		11,000			27,195	27,195
700992208	CASAS, GERRY DENNIS PALER	83,944	12,333			12,333	83,944	96,278
700032409	CASCO, JOSELITO O.	-	16,000			16,000		16,000
701004532	CASIA, JOSEPH OLOFERNES		61,482			61,482		61,482
701003936	CASIBUA, APOLONIO, JR DOM		38,889			38,889		38,889
709906618	CASILA, PATRICK Y.	43,056		15,836			27,219	27,219
700992534	CASTILLO, SALVADOR TUIZA	61,869		18,837			43,032	43,032
701003938	CASTRO, ARGIE VANI SALAMA	44,097		36,709			7,388	7,388
701003650	CASTRO, CHRISTINE NELLIE		39,685			39,685		39,685
709906361	CASTRO, NORMAN GIRON	39,583	5,000			5,000	39,583	44,583
701004278	CASUYON, ARCHIE A.		51,856			51,856		51,856

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709903383	CAYNILA, LENIE KALALO	53,407		26,304			27,103	27,103
700806226	CAYNILA, MACARIO JR. REND	40,973		17,361			23,611	23,611
700857904	CELEDONIO, ARMANDO CALUB	57,625		17,208			40,417	40,417
701002883	CELESTE, GREG KELVIN BORA	72,049		11,250			60,799	60,799
700991422	CENIZA, JUN REMUS ADAPTAR	40,278	0			0	40,278	40,278
700042366	CENTENO, JACINTO V. JR.	35,231		35,231				-
709909716	CENTENO, MARIA SOPHIA QUI	41,946	74,236			74,236	41,946	116,182
700867420	CERVAS, MELVIN BALTAZAR	48,611		27,083			21,528	21,528
701005502	CHAN, JOEL JEREZA	25,369	14,503			14,503	25,369	39,872
700043567	CHICA, DAVID VILLAR	60,132		29,583			30,549	30,549
700043591	CHICA, EDUARDO TRINIDAD	48,611		27,083			21,528	21,528
700043613	CHING, RAMIL OBLEPIAS	70,660		33,917			36,743	36,743
701006142	CHUA, CHARLITO LUBIANO	39,583		16,667			22,917	22,917
701004326	CHUA, ROSARY ANN MARGRETH	10,417		10,417				-
701004444	CJUAN, JAYSON LAXA	3,125	41,319			41,319	3,125	44,444
709904290	CLARIDAD, CHARLIE PALPARA	13,755	22,147			22,147	13,755	35,903
701006339	CLARIDAD, GLENN PUNTAL	23,750	5,555			5,555	23,750	29,305
701003724	CLARIN, PETER PAUL B.	53,750		20,416			33,334	33,334
700854611	CLARON, MARIANNE GLADYS M	76,215		76,215				-
709905957	CLAVE, CARLO CARPIO	61,702		61,702				-
700827797	CLAVILLAS, JILL DE LOS SA	98,516		54,473			44,043	44,043
700809233	CO, DAMIRSON AMOYAN	43,056		16,667			26,389	26,389
709906046	COMPO, ROLLY T.	93,572		45,517			48,055	48,055
700858331	CONSTANTINO, DANNY PIANSA	3,056		1,259			1,796	1,796
701004822	CORBETA, RAMILO MEDROZO	46,486		39,443			7,043	7,043
700991910	CORDOVA, JOSE CANETE	57,730		20,030			37,700	37,700
709909959	CORNEL, JENNINA MARIE MAR		4,000			4,000		4,000
701006525	CORONEL, JONATHAN BROCE	38,195		16,667			21,528	21,528
700991325	CORRAL, MICHAEL FLORES	11,333		8,000			3,334	3,334
709902144	CORTEZ, JONALYN MARIE MAG	63,021		64,356			(1,335)	(1,335)
701040626	CORTEZ, MARIA JOLIN CERER	106,304		72,450			33,854	33,854
700047848	CRESCINI, JUDERICK MARTIN	127,833		119,500			8,333	8,333
700826618	CRUZ, JOANNE MARIE MAULIT	57,292		36,458			20,834	20,834
701004024	CRUZ, KATHERINE C.		13,000			13,000		13,000
700481947	CRUZ, LOURDES CORAZON MOR	39,508	1,048			1,048	39,508	40,556
701004114	CRUZ, PATRICIA JOY DEL MU	50,526		15,565			34,961	34,961
701036246	CRUZAT, JONARD LAGUTIN	31,771		22,917			8,854	8,854
700844829	CUEVA, LOURDES LEGASPI	-	52,222			52,222		52,222
701006606	CUEVAS, NEIL TAN	40,278		16,667			23,611	23,611
709908258	CULDORA, ADRIAN LIMIN	40,611		21,167			19,445	19,445
709908601	CURATIVO, GABRIEL A.		8,725			8,725		8,725
709910484	CUYA, ANGELA JANE DIAZ	4,875		4,875				-
700055433	DADOS, EMELITO NICOLAS	58,785		1,264			57,521	57,521
701003996	DAGUISONAN, DECENT CORONE	33,991		13,827			20,164	20,164
701010441	DALISAY, ALEXIS MORALES	37,050		9,714			27,336	27,336
709906912	DALUGDOG JR., RENERIO REB	22,917		10,000			12,917	12,917
701004681	DANCEL, VINCENT MARIO LAY		15,847			15,847		15,847
701010751	DANGARAN, JOHN GARDOSE	21,903	3,430			3,430	21,903	25,333
701004405	DANGIN, ARMAND MONDING	43,056		16,667			26,389	26,389
701002802	DAWA, MEPILUZ MADELO	39,583		16,667			22,917	22,917
709909821	DE BELEN, EUPHEMIAJOY BAT	49,306		6,922			42,384	42,384
700990019	DE CASTRO, HAZEL PALO	69,965		34,582			35,383	35,383
700991368	DE FELIPE, HARVEY AZUCENA	48,002		11,876			36,126	36,126
701003471	DE GUIA, MA. IVY CRUZ	44,444		15,442			29,003	29,003
709909717	DE GUZMAN, AIRA JOY CAYABYAB		50,833			50,833		50,833
700057649	DE GUZMAN, ERNESTO JR. TA	49,306		27,083			22,222	22,222
701003777	DE GUZMAN, GILBERT SAN DI	9,375	29,648			29,648	9,375	39,022
701022156	DE GUZMAN, LYON HAIRON M.	38,889		38,889				-
700811688	DE GUZMAN, MELVILLE CAPAT	27,265	9,289			9,289	27,265	36,554

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700057509	DE GUZMAN, RAUL MEJIA	48,611		26,283			22,328	22,328
709907417	DE GUZMAN, SHERWIN S.	72,049		11,875			60,174	60,174
700857424	DE LA CRUZ, MANUEL VERDE	37,181		4,949			32,231	32,231
709906345	DE LA SERNA, SOTERO II M	42,500		5,000			37,500	37,500
709909525	DE LARA, ALDOUS MALABANAN	-	6,667			6,667		6,667
700835390	DE LEON, ARIANNE PEARL VI	-	47,917			47,917		47,917
700992631	DE LEON, IAN OMBI-ON	49,444		24,000			25,444	25,444
709906589	DE MESA, ROBIN S.	49,306		27,083			22,222	22,222
700860735	DE QUIROS, RONALD RIMA	52,417		15,195			37,222	37,222
700835374	DE VERA, AARON RAMOS	38,889		15,807			23,082	23,082
700990868	DE VERA, REGGIE PARAS	49,306		8,110			41,196	41,196
700867608	DECENA, STEVE BARROZO	48,611		27,083			21,528	21,528
709902930	DECLARO, CARLA PATRICIA Y	1,700		1,140			560	560
700840874	DELA CRUZ, AARON JAMES MO	59,028		59,028				-
709904326	DELA CRUZ, FILZEN NAVARRA	45,834	66,357			66,357	45,834	112,191
709902527	DELA CRUZ, JAY SISON	10,417		10,417				-
700845892	DELA CRUZ, JOSE RICHARD M	65,729		65,729				-
701010603	DELA CRUZ, REYCO MICHAEL	47,882		2,452			45,430	45,430
700057754	DELA CRUZ, RICARDO GUANCI	67,928		31,989			35,939	35,939
700186732	DELA TORRE, EDWIN ABAD	36,806		16,667			20,139	20,139
709905763	DELGADO, DERRICK M.	10,833	9,243			9,243	10,833	20,077
700991651	DELOS REYES, ANGELITO MAC	40,972		29,166			11,806	11,806
709902450	DICEN, MARY JOY LAGUISMA	17,708	37,014			37,014	17,708	54,722
700988987	DIMACULANGAN, DENNIS PALM	16,359		16,359				-
709910249	DIMAYUGA, PATRICIA HYACIN		42,354			42,354		42,354
700991708	DINOPOL, PROVO 2ND BILOCU	53,802		14,497			39,306	39,306
701010972	DIONELA, RONALD PARCON	39,861		16,667			23,194	23,194
700086004	DIONESIO, DIOMAR NALAS	40,278		16,667			23,611	23,611
709907575	DIOQUINO, AIZA N.		47,917			47,917		47,917
700990116	DIZON, DARWIN SALAC	57,507		17,507			40,000	40,000
700822949	DOLENDO, RAYMOND ABIS	73,729		25,222			48,507	48,507
709906306	DOMABOC, BALVIC MADEJA	43,056	12,083			12,083	43,056	55,139
700061581	DOMANTAY, OSCAR PATA	50,695		27,083			23,611	23,611
700870820	DOMINGO, MARGARITA EBARVI	51,389		25,695			25,695	25,695
709902467	DUBLOIS, SHINETTE ERMITAN	53,629		16,747			36,882	36,882
709905160	DUBLOIS, VINCENT REJAS	71,070		71,070				-
700813370	DUNAY, ARISTHEDES BURLAZA	50,795		14,267			36,528	36,528
709907309	DUNLAO, SABAS, JR ESPANOL	19,556		556			19,000	19,000
709902497	DURAN, MARK LESTER C.	6,250	41,666			41,666	6,250	47,917
709902529	DURAN, MARVIN WEBER	49,500		29,700			19,800	19,800
701033344	EGUIA, VICTOR MANDO	50,695		27,083			23,611	23,611
701023292	ELEPAÑO, CHRISTIAN BILANO	96,743		41,208			55,535	55,535
700291838	ELISES, NELSON SARANGHILO	4,938		4,938				-
700063681	ELLA, ELMER JUMAWAN	47,223		10,972			36,250	36,250
27286	ELLA, JOSEFINA B.	22,396		12,500			9,896	9,896
709909748	ELLASUS, LLOYD JOHN MAGAO	3,125		3,125				-
700291986	ELLEAZAR, EXEQUIEL JR AQU	72,049		26,250			45,799	45,799
709907457	EMBUIDO, MARK ANTHONY H.	38,889	12,445			12,445	38,889	51,333
700064246	EMPEYNADO, BENJAMIN JR. A	39,722		27,333			12,389	12,389
701004699	EMPIG, WILLIAM APAOAN	1,924	52,067			52,067	1,924	53,991
709902232	EMPLEO, EMELYN TAMPUS	58,632		58,632				-
709907189	ENDERES, RANDY G.	101,643		77,337			24,306	24,306
709905356	ENGLISA, FLORENCE FEROL	39,583		14,916			24,667	24,667
709903333	ENRIQUEZ, ANDREW JOSEPH M	47,569		47,569				-
701009648	ERFE, JENNY LOU JANE	50,290		13,454			36,836	36,836
709905762	ERVAS, MICHAEL VINCENT DO	42,292		42,292				-
709901899	ESCOSURA, NOEL BELONIO	40,278		40,278				-
1004089	ESLAVA, ELOISA	10,417		10,417				-
701003214	ESMERIS, CARYL JOY BALSIC	12,393		12,393				-

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1005059	ESPEJO, ERIC JASON	22,396		12,500			9,896	9,896
700991287	ESPELETA, TRISTAN DEQUILL	28,194	20,563			20,563	28,194	48,757
709903294	ESPINOSA JR., EDUARDO SIA	40,278		16,667			23,611	23,611
700827770	ESPINOSA, ARIES ZAMORA	-	104,028			104,028		104,028
700865672	ESPINOSA, RONALD URBIS	56,945		27,083			29,861	29,861
709906982	ESTABLECIDA, DENNIS BRYAN	21,354	25,000			25,000	21,354	46,354
701012118	ESTACION, BETH VILLANUEVA	3,055		3,055				-
700802662	ESTOQUE, MARIVIC TOLENTINO	7,639	130,021			130,021	7,639	137,660
709906134	ESTORES, FEBE BRAVO	12,393	17,353			17,353	12,393	29,746
701012126	ESTREMOS, DOMINADOR JR. V	42,555		13,056			29,500	29,500
709900689	EVANGELISTA, REYNOLD LUPE	40,278		6,667			33,611	33,611
709906392	FACIOLAN, DARI MIAG-AO	28,183		11,867			16,317	16,317
709906749	FAJARDO, GIRLYN RIL	9,896		8,656			1,240	1,240
701003438	FAMADOR, PIA MARNEE SUAN	36,806		16,667			20,139	20,139
709905405	FERNANDEZ, MANILYN TOLENT	45,833		7,449			38,385	38,385
700845191	FERNANDO, JEROME THADDEUS	1,806	102,749			102,749	1,806	104,555
701012932	FLORENO, ALLAN DEMAPINDAN	15,833	333			333	15,833	16,167
700991295	FLORES, JORGE MAGALLON	39,583		6,667			32,917	32,917
701048678	FLORES, MARIA BLESILDA RU	40,972		15,278			25,695	25,695
701012568	FOLIO, ASTERIO SALBORO	40,838		19,128			21,710	21,710
709755238	FRANCISCO, FERDINAND BRIA	-	12,870			12,870		12,870
709906295	FRANCISCO, JOHAN RONWALD	41,667		41,667				-
709906994	FRIO, JOSEPH ANDREW RIOS	34,722		8,490			26,232	26,232
701045148	FUENTES, YOM LLENOS	-	46,667			46,667		46,667
701013548	GABORO, LEMUEL GEOLLEGUE	39,583		11,667			27,917	27,917
701013165	GABUCAN, RIZALINO LASALA	36,806		13,007			23,799	23,799
701040430	GALANG, EDIMEL GONZALES	46,180		46,180				-
701013203	GALEON, EDWIN ALAAN	22,917		16,667			6,250	6,250
700859680	GARAYGAY, JOJE LIM	15,833	23,333			23,333	15,833	39,167
701046535	GARCIA, JULIUS MANIEBO	29,687	37,569			37,569	29,687	67,257
701024884	GARCIA, REYNAN LOUIE BATO	31,771		31,771				-
700989118	GARCIA, WILFREDO CENENSE	49,306		15,083			34,222	34,222
701013289	GARGARITA, MARIA VICTORIA	36,806		8,333			28,472	28,472
709908774	GARINGANAO, EMMANUEL ESQU		1,529			1,529		1,529
709905801	GARLIT, MARY ANN REGENCIA	13,889		13,889				-
701045709	GASPAN, EDBERWEN REGINO	57,639		38,889			18,750	18,750
700991244	GATBONTON, MONICA F.	3,375	46,486			46,486	3,375	49,861
700856592	GATBONTON, NATHANIEL MUNA	15,375		15,375				-
700992763	GAYATIN, ERIC ALINSUG	40,278	0			0	40,278	40,278
709903024	GAYATIN, RICHEL FLORES	11,747	29,226			29,226	11,747	40,972
700079197	GERONIMO, ANGELRIC SIOCO	78,322		22,290			56,032	56,032
700869309	GERONIMO, LORNA SANTOS	7,639		7,639				-
701013521	GETONES, RICHARD J.	50,000		50,000				-
700845620	GIOVANNI P. ALBERCA	26,755	22,771			22,771	26,755	49,526
701006153	GLADYS ANN D.J. ENRIQUEZ	51,240	61,510			61,510	51,240	112,750
700080012	GO, MICHAEL ALLAN REYES	55,521		39,583			15,938	15,938
1004036	GONZALES, EDISON	22,396		12,500			9,896	9,896
700055301	GONZALES, MELANIE DACAYO	45,139		14,199			30,940	30,940
701003338	GONZALUDO, JOSEFINA ASUMB	44,520		20,595			23,925	23,925
701014153	GUACENA, RUSSEL DIAZ	15,774		15,774				-
709907736	GUANZON, MARIAN VINSON	53,611		21,667			31,945	31,945
709906202	GUECO, ARLENE MEJIA	26,337		26,337				-
700845876	GUECO, RONNEL TORNO	39,583		16,667			22,917	22,917
700990515	GUERRA, JINKEE ALMARIO	61,837		26,783			35,054	35,054
701004909	GUEVARRA, AMORLITO FORTES	49,306		16,667			32,639	32,639
709906457	GUEVARRA, JENNIFER FEBEE	42,361	8,472			8,472	42,361	50,833
709900813	GUIEB, ED SALOMON	45,139		16,667			28,472	28,472
709908663	GUIMBA, MAURIZ SON VAZQUE		50,000			50,000		50,000
701014307	GUIMBAL, EMMANUEL MANUEL	4,861	33,333			33,333	4,861	38,195

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701021745	GUIMBAL, MA. TERESA OQUIN	37,500		16,667			20,834	20,834
709905227	GUNTINIAS, IRENEO AQUIRRE	46,180		46,180				-
709905226	HALILI, ARTURO JR CARLOS	36,806	11,638			11,638	36,806	48,443
700861960	HERNANDEZ, LORENZO G.	62,544		19,731			42,813	42,813
701024876	HERNANDEZ, RICO LAUREL	67,882		39,583			28,299	28,299
709906460	HINA, JOSE BERTONEL	56,771		29,167			27,604	27,604
701014692	HUCALLA, FILOMENO MIGALLE	8,000		8,000			-	-
701014889	HUGO, ALZON MOLINES	14,250		6,000			8,250	8,250
701015184	IBALOBOR, KENNETH LLORCA	25,729		10,833			14,896	14,896
700812293	IBANEZ, MARILEN MARIN	43,056	10,000			10,000	43,056	53,056
700089699	IDOS, VLADIMIR SIMON	47,917		27,083			20,834	20,834
709907290	ILAGAN, SIMPLICIO JR. TAG	21,354		7,292			14,062	14,062
701036130	IMANIL, DEBIE JOY R.	20,139	41,528			41,528	20,139	61,667
700991783	IMATONG, GABRIELA GABRIEL	48,264		19,375			28,889	28,889
701015303	INFANTE, GREGORIO DONGUIN	2,500	41,250			41,250	2,500	43,750
700002019	INOCENCIO, RYAN BINGCANG	40,181		5,042			35,139	35,139
709904974	INTAL, ABNER TALAVERA	40,278		16,667			23,611	23,611
701004314	ISLAO, CARMELLA ESTABILLO	3,476	15,148			15,148	3,476	18,624
700092134	JACINTO, JOSE ROMULO DE SILVA	20,313	26,389			26,389	20,313	46,702
700899607	JACINTO, MARISOL ECHALAR	4,300		2,020			2,280	2,280
700807532	JACOB, ANNA KATRINA DE LA	42,111		1,736			40,375	40,375
700992623	JACOB, HENJIE REYES	48,264		12,708			35,556	35,556
701015915	JAMBONGANAN, MITOS APUHIN	38,195	0			0	38,195	38,195
709905521	JANAYON, KATHERINE MACALI	9,375		9,375				-
709904197	JAPITANA, ARIZ IANROY SAL	2,778	52,639			52,639	2,778	55,417
701016113	JARANILLA, SALVADOR ESCON	43,056		16,667			26,389	26,389
700854859	JARDELEZA, SHERWIN PARROC	36,972		16,667			20,306	20,306
701007642	JARDINEL, JOYCE ANDREA P.		1,400			1,400		1,400
701016326	JARE, CESAR JARDINICO	39,583		16,667			22,917	22,917
709903198	JASARENO, MARC KAROL SIRI	38,195		38,195				-
709908411	JASMIN, ABIGAIL ASUNCION	47,222		24,523			22,699	22,699
709910250	JIMENEZ, CHARMINE MANGIO	2,969		2,969				-
700094188	JIMENEZ, GEORGE AGUTEP	37,500		3,333			34,167	34,167
700033235	JOEL R. CALUYA	10,006		7,626			2,380	2,380
700829048	JOMALESA, MARY CLAIRE MOR	1,519	21,398			21,398	1,519	22,917
700094633	JONSON, JEORGE WEBB	9,375	40,625			40,625	9,375	50,000
709906610	JOSE ANTON C. CLAVISILLAS JR.	36,806		36,806				-
709902481	JUAN, ROBERT ABELLO	260,043		228,286			31,757	31,757
701006742	JUANILLAS, JONATHAN L.		105,385			105,385		105,385
700814032	JUANILLO, MICAH PASCUA	6,250	40,278			40,278	6,250	46,528
701031074	JUBAN, KRIZLE JANE BALALL	-	98,949			98,949		98,949
1004091	JULIAN, DHITER	10,417		10,417				-
700989460	JUNIO, MANNY PATAYAN	53,472		26,063			27,409	27,409
700857173	JUNIO, VIVIAN DAUS	49,750		19,195			30,556	30,556
700825271	JUSTINIANO, DIANNA LYN SA	40,278		8,333			31,945	31,945
709906098	KAPAWAN, ANTHONY STEPHEN	36,806	0			0	36,806	36,806
701005164	KATRINA FAYE M. RABAGO	6,999	14,301			14,301	6,999	21,300
701026020	KEMPIS, JOAN VIDAL	76,566		76,566				-
701004901	KEVIN MARIE D. CARANDANG	25,000	10,000			10,000	25,000	35,000
709909320	LABAJO, DHEBIE JANE ORACI	36,806	36,546			36,546	36,806	73,352
709904182	LABAYUGA, DEXTER HEREDIA	45,313		45,313				-
701002992	LABRADOR, REENA TOLOSA	52,278		28,667			23,611	23,611
700858498	LACABA, LEO LANZAROTE	39,583	48,333			48,333	39,583	87,916
701031309	LACSON, CARMELA CARANDANG	46,875		46,875				-
701004823	LACSON, ELGIN C.	11,600		11,600				-
709908210	LADERAS, FERDINAND JR. PA	3,645		2,998			648	648
700096733	LAFORTEZA, BERNARDO ARENA	48,785		12,812			35,972	35,972
700096792	LAGARDE, WILFREDO RADO	50,771		35,584			15,187	15,187
701017055	LAMATA, ENDY BELONIO	39,583		16,667			22,917	22,917

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701017179	LANTACA, RUFINO	8,804		8,804				-
701017454	LANZAR, ALEX, SR CAMASO	-	1,255			1,255		1,255
700856517	LAOANG, RENATO JOSE JR. S	48,750		4,139			44,611	44,611
700991317	LAPATAN, JONAS TOLECO	28,173		11,460			16,713	16,713
701049615	LAPUZ, VICTOR MARTIN DAQU	44,618		26,562			18,056	18,056
701036742	LARDIZABAL, ROWENA PENDRE	51,247		51,247				-
701017276	LARGO, CARL EBERO	40,278		13,333			26,945	26,945
709906568	LARODA, CHESTER ZIEGFRED	43,750		16,667			27,083	27,083
700099325	LASIN, TEODORICO T.	(3,613)	22,107			22,107	(3,613)	18,494
709910033	LAUDE, MARISSA COMIA	2,979		2,979				-
1004092	LAUIGAN, EDWIN	10,417		10,417				-
709908827	LAURE, RODEL SEVILLEN	44,444		4,028			40,417	40,417
700861200	LAURON, FLORDELIZA TANGID	36,769	32,435			32,435	36,769	69,204
700868493	LAURON, ROLAND CAGAS	41,028	17,083			17,083	41,028	58,111
700991384	LAVINA, SHERYL ALMEDA	59,799		59,799				-
709905538	LAZARTE, VICTOR JASON B.		3,025			3,025		3,025
709906400	LEE, PETER PAUL S.		36,806			36,806		36,806
700101672	LEONILLO, LEWISITO D.		99,824			99,824		99,824
701006152	LESLIE ANN S.D. ARABELO	16,650	19,960			19,960	16,650	36,610
700867012	LIBOON, ELENITA FERRER	25,695		16,667			9,028	9,028
701017551	LICANEL, DAR BRAVO	14,584	30,891			30,891	14,584	45,474
709906437	LIMAC, LOU CARL MALLARI	51,540		51,540				-
701020293	LIPRADO, ERNESTO, JR. CLA	16,667	23,750			23,750	16,667	40,417
700867586	LIRAC, MICHAEL RIVERA	48,611		27,083			21,528	21,528
709903607	LISONDRA, JEPHUNNEH M.		42,222			42,222		42,222
700833460	LLANOS, ARDEN PEÑALOSA	33,986		21,764			12,222	12,222
709906381	LLANTO, MARK JONFER TAGSI	49,270		49,270				-
700103594	LORIN, ZALDINDO RAMIRO	62,326		15,833			46,493	46,493
700991635	LOBINGCO, ALLAN ABELLA	11,528	77,430			77,430	11,528	88,958
700846953	LOOD, JENETH COLINA	62,634		33,841			28,793	28,793
700439592	LORENZO C. MANABAT	38,507		38,507				-
700421324	LORENZO, ARIEL SANTIAGO	49,653	35,625			35,625	49,653	85,278
1004265	LOSITAÑO, IVAN L.	22,396		22,396				-
709909526	LOZANO, KRIS DENISSE MAUL		35,000			35,000		35,000
709906673	LOZANO, ROGEL MANAPSAL	9,896	20,437			20,437	9,896	30,333
709903205	LU, REGGIE SUN	73,515		73,515				-
700990965	LUAGUE, GERARD CAÑARES	27,043		27,043				-
707800266	MABANGLO, ROMEO ARAGOZA	13,897		13,897				-
700832790	MACABAGDAL, CARLA BIANCA	71,722		71,722				-
701035681	MACADANGDANG, SHIRLEY C.	47,188		16,654			30,533	30,533
701019139	MACASERO, DENNIS VILLANUE	43,056		16,667			26,389	26,389
709910352	MACTAL, ARTHUR ANGELO GON	313		313				-
700804223	MADAMBA, GERARDO F.	7,043	7,457			7,457	7,043	14,500
700841048	MADRASO, MARY ANN ADALIN	4,861	63,889			63,889	4,861	68,750
700046167	MAGANES, REGINO MADAYAG	49,479		19,869			29,610	29,610
700990051	MAGNO, ALFREDO JOSON		35,262			35,262		35,262
701004279	MAHINAY, FRANCISCO		38,195			38,195		38,195
701036254	MALABO, JEFFREY MORENO	73,438		39,583			33,854	33,854
709905242	MALABO, SUZENNE MORENO	89,095		45,518			43,576	43,576
709908831	MALABRIGO, RODNEY BADILLO	68,229		68,229				-
700112992	MALABUYOC, RODOLFO CAMPAS	50,695		27,083			23,611	23,611
701019635	MALASARTE, ALMARIO BARZ	12,500		12,500				-
701041223	MALATE, CHRISTIAN TAGAL	6,945	34,166			34,166	6,945	41,111
700113026	MALIGALIG, FERNANDO JR LA	59,989		22,697			37,292	37,292
708903017	MALIWAT, NOEL CASUPANAN	45,139		45,139				-
700815322	MALLARI, RICARDO JR. SEVI	45,833		16,667			29,167	29,167
709917370	MALUBAY, KAY DIN KATHERINE D.R.		2,277			2,277		2,277
701002023	MAMARIL, EUFRACIO JR EUSE	825	1,295			1,295	825	2,120
700099457	MANALO, DINAH LAURON	39,583		1,667			37,917	37,917

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700111694	MANALO, RAMIRO SADSAD	44,954	4,752			4,752	44,954	49,706
700112011	MANANGAN, PEDRO CALIZO	51,389		36,323			15,066	15,066
701004548	MANCELITA, RACHEL RUTH HO	40,899		29,082			11,816	11,816
709905914	MANGALINO, JAY-R MUSNGI	44,028		20,833			23,195	23,195
701010417	MANGAO, ARQUILLA DEBALUCO	51,050		22,307			28,743	28,743
1004094	MANGAOANG, SANTIAGO	7,193		7,193				-
700867276	MANGAPOT, LITO YANES	52,095		26,483			25,611	25,611
701048643	MANINGDING, LEO PARAYNO	29,750	6,139			6,139	29,750	35,889
709908640	MANIQUIS, JOHN ARCHIVAL M	46,000		29,500			16,500	16,500
700445452	MANLUNAS, NENITA F.	56,931		56,931			(0)	(0)
700115932	MANUEL, FERNANDO GERONIMO	48,611		15,417			33,195	33,195
701041568	MANUEL, IAN KRISTOFFER B.	72,500		36,806			35,694	35,694
700981117	MANUEL, JESUS GABRILLO	47,222	11,417			11,417	47,222	58,639
700828670	MANUIT, ROGELIO JR. CASTR	37,500		37,500				-
708402002	MAQUIDATO, ANSELMO JINTAL	31,771	27,569			27,569	31,771	59,340
701048651	MARA, REYNALDO ESPEJO	40,278		16,667			23,611	23,611
701004492	MARASIGAN, JASER ISIDRO A		76,304			76,304		76,304
709910464	MARC ALVIN C. VILLAREAL	30,193		30,193				-
700988952	MARCAIDA, REZA MENDOZA	10,960		10,960				-
709917158	MARCOS, RICHARD ARILLAS	15,500		15,500				-
701011545	MARIANNE T. CABANA	5,800		5,800				-
700001012	MARQUEZ, BERNARD D.		88,329			88,329		88,329
9608001	MARTIN, ANALIZA	1,557		1,557				-
700119024	MARZONA, ANGELA BARANDON	26,597		22,083			4,514	4,514
700810193	MATEO, REYNALYN ABALUS	43,056	34,420			34,420	43,056	77,475
701020803	MAYOL, LITO REPAJA	39,833		28,500			11,333	11,333
701038540	MEDIODIA, ROBERTO, JR. FL	40,136		11,873			28,263	28,263
700123951	MEJICO, ALFREDO MALAPOTE	17,014		11,667			5,347	5,347
701005043	MENDEZ, JEZREL NARCISO		54,583			54,583		54,583
700992950	MENESES, ROMEL NICASIO	10,417		10,417				-
701019457	MENEZ, RENANTE ALITAO	51,736		31,181			20,556	20,556
709905859	MERCADO, MARK ANTHONY SUM	41,667		18,056			23,611	23,611
701004697	METRA, JEZEBEL PELONE	-	40,418			40,418		40,418
709902762	MIGUEL, MATEO JR. FLORES	9,375		4,375			5,000	5,000
701019325	MIRADOR, REY BAGATNAN	34,083	1,625			1,625	34,083	35,708
700835412	MOISES, GEMMA MAY LOPEZ	23,611		21,511			2,100	2,100
700020133	MOMBAY, MA ALMA BAUTISTA	49,084		40,750			8,333	8,333
709905272	MONGADO, CHERRY ATABELO	132,484		106,192			26,292	26,292
1004039	MONREAL, JAY HOWARD	22,396		12,500			9,896	9,896
700856371	MONTANO, REGGIE M.	40,972	23,102			23,102	40,972	64,074
709903821	MONTENEGRO, JOSELITO OPUR	54,861		29,166			25,695	25,695
709905927	MONTERO, CRISTINA GRACILL	48,300		27,467			20,834	20,834
700815756	MONTES, MARK HAROLD MARFE	51,444	3,000			3,000	51,444	54,444
709905409	MORALDE, JOEM IAN HERNAND	46,528		12,639			33,889	33,889
709905032	MORENO, JHONATHAN MICHAEL	44,097		44,097				-
700848450	MORERA, MARIROSE GUTIERRE	44,792		16,041			28,750	28,750
701016679	MOULIC, VLADIMIR CEREZO	52,778		25,723			27,055	27,055
709906608	MUNAR, CORALYN TABUNO	10,417		10,417				-
709906317	MUNOZ, ALLAN GREGORIO	54,340		54,340				-
701042874	MURILLO, JULIET DE LOS SA	-	30,381			30,381		30,381
700859672	MURILLO, RITCHIE JISON	-	2,235			2,235		2,235
701036335	MUYCO, JOBEN SARDDA	49,306	37			37	49,306	49,343
709910001	NAGUIT, EDMIN CANUDA	5,238		5,238				-
700858790	NAPIZA, BRIAN MONTALES	53,472		27,083			26,389	26,389
700991279	NARAZO, WINDY GALVE	-	26,100			26,100		26,100
701004843	NATHANIEL A. CULAMIS	10,000		12,056			(2,056)	(2,056)
709907865	NAVARRO JR., EDUARDO DE S	2,969		2,969				-
700858471	NAVARRO, JR, RAMON BIACO	40,278		16,072			24,206	24,206
709902610	NAVATO, WILFRED ARIES RAC	56,250		29,166			27,084	27,084

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700132381	NICOLAS, ARNEL MORILLA	72,049		45,139			26,910	26,910
700132373	NICOLAS, RODYVER TUBIG	69,965		22,892			47,074	47,074
700818569	NINI, MYAN JEMIMA ANDOY	46,840	8,299			8,299	46,840	55,139
709906732	NIVERCA, DONNA DELA PIEDR	47,569		19,791			27,778	27,778
709905119	NOCETE, EUFRACIO, JR GRAN	-	66,319			66,319		66,319
700985139	NOLASCO, LUCILA PEREZ	85,402		32,067			53,336	53,336
701003291	NOVEMIA S. BICO	8,334		8,334				-
700199109	OGOY, ELENA VISPERAS	52,431		12,465			39,966	39,966
700824135	ONELLA, RICARDO DALISAY	72,049		24,584			47,465	47,465
709905962	OQUIANA, RIZA BICO	25,722		2,856			22,867	22,867
701003853	ORDONIO, MA. LOURDES VING	34,028		15,000			19,028	19,028
701041690	ORTEZA, JESUS TEJADA	22,500	17,847			17,847	22,500	40,347
700824151	PABALAN, ROLDAN BASCO	41,854		41,854				-
1004096	PACABA, MARLON	10,417		10,417				-
700991660	PAEZ, ARTURO JR. TULING	40,773	9,410			9,410	40,773	50,183
700848018	PAGDANGANAN, IRIS GRACE C	22,695		22,275			420	420
700137871	PAGSOLINGAN, BERNARDO ARA	39,708		27,821			11,888	11,888
701003586	PAHAMTANG, IVY CRISEL PER	40,024		16,667			23,358	23,358
700868469	PALAGANAS, EDWIN ERFE	47,222		26,323			20,899	20,899
700137987	PALAGANAS, ROLANDO CATUNG	40,972		16,667			24,306	24,306
701006436	PALANGYOS, JONAS CLEMENT	6,000		6,000				-
709909575	PALENCIA, ROBERTSON LOREN	4,875		4,875				-
709903576	PANGAN, BILLICENT DANTES	36,806		36,806				-
701002857	PANGANIBAN, MANOLO JR DE	-	875			875		875
700844845	PANGILINAN, RACHELLE HERR	45,833		45,833				-
709906158	PAPEL, RONALD ALLAN CALVO	9,375		9,375				-
700828335	PARAYNO, MARIELLE ATO	41,667		13,889			27,778	27,778
700141011	PARCO, EMMANUEL LINGCORAN	40,972	7,083			7,083	40,972	48,056
700991392	PASCUA, MARIE ANTOINETTE	-	51,389			51,389		51,389
700141801	PASCUAL, JOSE REGINALD		27,043			27,043		27,043
701040545	PASCUAL, REYMOR ANGELES	49,597	541,016			541,016	49,597	590,614
700142298	PASUMBAL, JOEL	25,000		25,000				-
709905403	PAYUMO, MARK DANIEL GOMEZ	47,222	3,495			3,495	47,222	50,718
700143642	PEREDA, ARLENE JAVIER	45,601		14,905			30,696	30,696
709907604	PEREZ, RANNIE SAJOLAN	39,583		3,447			36,136	36,136
701044753	PERONO, JERMELYN DADAL	39,583		16,667			22,917	22,917
700144606	PESIGAN, ROBERTO OBLEFIAS	88,715		45,833			42,882	42,882
700845914	PINEDA, JAY MALABANAN	47,917		3,333			44,583	44,583
701033948	PINGUL, FRANCIS QUIAMBAO	51,042		51,042				-
700992720	PLEGARIA, EMILY CERENO	92,576		52,542			40,035	40,035
709904921	QUILET, MARLON PANGAN	39,583		39,583				-
709904122	QUIMADA, WILLIAM SEGISMAR	12,500		12,500			0	0
700024597	QUINTO, BESIREE BERNABE	10,417		10,417				-
709901754	QUINTO, REYNALDO JR. C	48,611	20,167			20,167	48,611	68,778
700148393	QUINTO, ROMULO GUIBONE	51,389		27,083			24,306	24,306
700988944	RACHEL R. LIBIT	14,820		14,820				-
700125021	RAPADA, RIO DIZON	47,222		13,750			33,472	33,472
701004177	RAPIRAP, IAN TAGOCON	51,750	5,472			5,472	51,750	57,222
709901398	RAVAL, CHARLEMAGNE DELA C	11,320		11,320				-
701003940	RAYOS, JAYSON BALMES	59,549		29,167			30,382	30,382
701004007	RECOMENDABLE, MIRIAM MALG	67,188		35,482			31,706	31,706
709907843	REGIDOR, REYNALDO N.	54,373		54,373				-
701037587	RELLEVE, IMEE MATAN	53,473		53,473				-
709905336	RELOZOR, FREDIE V	-	68,977			68,977		68,977
700857203	REMPILLO, ROEL DESTACAMEN	5,468		3,968			1,500	1,500
1004043	REPOLLOSA, AVE	22,396		12,500			9,896	9,896
700899224	RESARE, JOSELINO FLORES	60,937		30,555			30,382	30,382
700969591	RESPICIO, RAYMOND RAMELB	43,056		18,056			25,000	25,000
709910044	RESURRECCION, JOANN SAAVE	5,038		7,588			(2,550)	(2,550)

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700859710	REUNIR, LEO CHUA	34,653		5,208			29,445	29,445
701005188	REY GABRIEL N. BAGUIO	15,728	34,272			34,272	15,728	50,000
701003267	REYES, ELLAINE DELA CRUZ	72,049		37,695			34,354	34,354
709907103	REYES, ROSENDO PASCUAL	4,875		4,875				-
709906065	RIFOL, FROILAN RIVERA	-	51,562			51,562		51,562
709903905	RIVAMONTE, RHEA FESTIN	36,806		5,000			31,806	31,806
709902776	RIVAS, BILLY JOEL TERZOL	45,139		45,139				-
709905880	ROCELA, RICHARD STA. SING	62,326		29,167			33,160	33,160
701025066	RODRIGUEZ, DOMINGO ARAGON	31,328		14,928			16,400	16,400
700155136	ROMAN, RICO DELA CRUZ	6,815	18,185			18,185	6,815	25,000
700004138	ROSALES, ROWENA AGUSTIN	6,250		2,250			4,000	4,000
709908666	ROSAROSO, JENNY ROSE REGI		5,000			5,000		5,000
709908306	RUDY M. SUMANTING	7,000	32,222			32,222	7,000	39,222
709907490	RUERO, RALPH RUEL P.	69,965		29,167			40,799	40,799
709904105	RUFO, RUSSEL MENDOZA	14,445	18,889			18,889	14,445	33,333
700856363	SABAY, RONALD LOPEZ		193			193		193
701047299	SACRO, SERA BUSQUE	1,458	45,208			45,208	1,458	46,667
700002065	SAJUL, MICHAEL PORLEY	62,326		62,326				-
709905534	SALAMAT, RICARDO SANTOS	49,306		49,306				-
709903864	SALASALAN, JOSEFINO JR. N	1,250		1,250				-
701042963	SALERA, FELCHIE SANTOS	-	43,264			43,264		43,264
700163201	SALINAS, ROLANDO BARONGAN	47,917		15,389			32,528	32,528
709906302	SALVANI, HENIO REMO	41,936		16,233			25,703	25,703
709906567	SALVO, VICENTE T	17,965		17,965				-
700163635	SAMSON, HENRY OMILIO	40,278	2,321			2,321	40,278	42,599
709902584	SAN DIEGO, ANDREW LAPIDARIO	39,584		12,222			27,361	27,361
700802840	SAN JUAN, RAYMUNDO TUASON		35,694			35,694		35,694
709906383	SANCHEZ, ARNOLD JR. GARCI	-	44,444			44,444		44,444
701012541	SANCHEZ, LEO II FERNANDEZ	50,000		50,000				-
701045342	SANCHEZ, REYNALDO UNTAL	34,722		11,096			23,626	23,626
709900468	SANIEGO, ENRIQUE PLATON	70,702		35,735			34,967	34,967
700993077	SANTAYO, EDEN CARLO MUESC	10,472	17,667			17,667	10,472	28,139
700972177	SANTIAGO, GILBERT SEBASTI	38,889		16,667			22,222	22,222
701040502	SANTIAGO, MARVIN JACINTO	33,861		2,074			31,788	31,788
701043056	SANTIAGO, MELINDA PENULIA	51,389		11,875			39,514	39,514
700990397	SANTOS, CHRISTINE SAN JUA	53,496		11,410			42,086	42,086
701043110	SANTOS, ESTELLE VICTORIA	14,584		13,164			1,420	1,420
709907851	SANTOS, IRENE MARIE LOMBO		75,642			75,642		75,642
701034987	SANTOS, JOHN MICHAEL AMOR	70,189		34,633			35,556	35,556
700168254	SANTOS, JUEL FERNANDEZ	4,167	22,633			22,633	4,167	26,800
700973912	SANTOS, KERWIN PASCUAL	41,945		41,945				-
700150991	SANTOS, MARIA LILIOSA RAP	49,057		25,571			23,486	23,486
708226954	SANTOS, RAMON DIMACULANGA	19,369		19,368			0	0
700979201	SANTOS, SIDFREY CASTRO	7,500	80,664			80,664	7,500	88,164
709906199	SANTOS, TONI ROY REMIAS	56,250		33,333			22,917	22,917
1004044	SARIOLA, KAREN MAY B.	22,396		12,500			9,896	9,896
709906137	SARMIENTO, GEORGIO GAZMIN	9,722		6,667			3,055	3,055
709908000	SARMIENTO, REYNARD CORPUZ	36,111		16,667			19,445	19,445
709906292	SASANA, MARY KATHLIEN VEL	38,272		16,360			21,911	21,911
700171603	SASIL, JESUS JR. MOYA	84,549		35,833			48,716	48,716
709905392	SAULO, WILSON CABRERA	50,690		50,690				-
700870765	SAVELLANO, CRISANTA GONZA	67,361		33,333			34,028	34,028
701027026	SEGOVIA, HERBERT ERWIN UB	38,195		15,606			22,588	22,588
700856584	SEMBRANA, JOJI SABADO	50,695		27,083			23,611	23,611
700172413	SENA, CATALINO PANGANIBAN	43,798		23,787			20,011	20,011
701027727	SENADRE, RUPERT TORTOGO	17,500	17,987			17,987	17,500	35,486
700991805	SERAPION, OLIVIA ORPILLA	54,222		19,667			34,556	34,556
701022083	SERING, RODNEY ALLEN CALA	49,583		26,667			22,917	22,917
701027824	SEVA, MANUELITO CALSADO	22,222		8,333			13,889	13,889

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700103041	SICAT, BRYAN G	9,375		9,375				-
709907579	SIGNO, ARNEL MARK B.	47,222	5,931			5,931	47,222	53,153
709908608	SINGSON, RAYMUND DEXTER E	42,361		16,667			25,695	25,695
701049291	SIOSAN, CHONA BELLEZA	36,938		3,080			33,857	33,857
700819620	SISCON, GIGINA DUPHNE AMO	46,528	23,659			23,659	46,528	70,187
709402024	SO, RONALD GUBAT	60,839		17,573			43,265	43,265
701003872	SOBREPENA, JAPHET HERVIAS	39,583		16,667			22,917	22,917
700859729	SOL, RODANTE MALLORCA	21,562		167			21,396	21,396
709910509	SOLIVIO, ELAINE MARIE ORO		22,664			22,664		22,664
700640409	SORIANO, JESUS CASTRO	11,675		11,195			480	480
700970395	SOTIANGCO, NOEL DAVID	37,064	4,412			4,412	37,064	41,477
700867080	STA. ROSA, ROSALINDA REYE	-	51,926			51,926		51,926
701028022	SUMADIA, ROLDAN NICOR	40,278		16,667			23,611	23,611
700178381	SUPNET, DAVID VISPERAS	49,306		13,243			36,062	36,062
709905136	TAGANGUIN, ARLENE QUIJANO	39,583		39,583				-
709905348	TAGANGUIN, JOAN B	41,311		41,311				-
9804242	TALOSIG, VICTOR	10,417		10,417				-
701043560	TAMAYO, ROSE CRISA GALURA	47,222		26,403			20,819	20,819
700845388	TAMSI, ROSEMARY JAE DOLFO	24,306		18,417			5,889	5,889
709907473	TAN, JAMES ROBERT ALBERCA	4,688		4,500			188	188
700180661	TANCINCO, LYNDON GALVEZ	39,583		39,583				-
709903780	TANGCAWAN, LOVEH ECONAR	33,323		13,879			19,444	19,444
709909791	TAPI-ON, KRISREB VITAR		26,667			26,667		26,667
700848204	TATEL, JOSEPHINE ROJAS	111,889		72,634			39,255	39,255
709905938	TATLONGHARI, CHRISTIAN HO	73,258		73,258				-
700817953	TEJADA, VIOLETA QUI	24,304		7,016			17,288	17,288
709903057	TENDERO, ROEL RAMIRO	15,750		15,750				-
709905205	TENEPERE, JENIFFER TORRES	10,417		10,417				-
701045245	TENORIO, DIANA OLIVA	55,035	104			104	55,035	55,139
701004701	TEVES, MELDRED MORALES	49,306		16,667			32,639	32,639
701033700	TIBON, MARICAR SIMAN	63,186		32,804			30,382	30,382
709905543	TIGARONITA, ERWYN CORDERO	22,083		22,083				-
709903016	TING, MICHAEL YAP	59,549		59,549				-
700816493	TIU, HARLEY AGATON	54,861		2,333			52,528	52,528
700812412	TOBIAS, EDWIN RAPHAEL N.		70,372			70,372		70,372
700185779	TOLENTINO, LARMAN MENDOZA	67,882		23,473			44,410	44,410
700186635	TORIO, MARCELINO MORENO	25,695		16,667			9,028	9,028
700824178	TORRES, ERIC MACALALAD	49,306	417			417	49,306	49,722
709909290	TORRES, JOHN GUANTIA	38,195		16,667			21,528	21,528
700187364	TORRES, JOSE OMAR MARGALL	44,097		44,097				-
709908610	TORRES, KENNETH ALBERT AL	25,631		25,631				-
709909132	TORRES, MA. CRISELDA TABE	3,125		3,125				-
709902904	TORRES, MARK ANTHONY CANE	31,139		19,833			11,306	11,306
709909952	TORRES, ROWELL DE LEON	2,969		2,188			781	781
700991775	TOVILLA, MARIE GRACE TABI	1,650		1,650				-
709917157	TRILLANA, LEOPOLDO VILLAD		23,000			23,000		23,000
709905267	TRINIDAD, KATHLEEN ANES	24,859		24,859				-
700189383	TRINOS, EUGENE G.	61,980		34,028			27,952	27,952
700189421	TRUGO, ARCHIE ARCEO	40,278		16,667			23,611	23,611
701003863	TUAZON, HAROLD JOHN DAVID	46,528		27,083			19,445	19,445
700005541	TUAZON, JENNY ANNE SANCHE	44,129		9,129			35,000	35,000
709906328	TUBAON, CHARLES JR BERNAD	44,028		44,028				-
701003820	TUBO, JIM NAVAJA	6,000		6,000				-
700189774	TUMANG, AUGUSTO VARGAS	62,535		3,534			59,001	59,001
701031066	TUPAS, JOELITO SABO	33,333		13,333			20,000	20,000
701003911	UMALI, TERESA R.	45,139		16,667			28,472	28,472
709902764	USI, EMMANUEL GOPEZ	57,639		27,083			30,556	30,556
700865915	UY, ANGELINE F.			1		(1)		(1)
700190586	UY, JOEL OCTOBRE	35,111		33,591			1,520	1,520

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2015

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Noncurrent	Balance at the end of period (2015)
709909576	VALDEVIA, LEX VILLANUEVA		34,722			34,722		34,722
700190691	VALENCIA, RAMONCITO L.	6,004		6,004				-
700991260	VALLAR, RONNIE BAGONA	945	9,330			9,330	945	10,275
709907298	VARGAS, AMY ROSE ESPARES	45,139		16,667			28,472	28,472
709905992	VARGAS, EDUARDO LLAMAR	51,389		51,389				-
700085440	VARGAS, ERNESTO JR. CARIN	45,915		17,398			28,517	28,517
709905323	VARGAS, MARITES GUIRA	44,079		15,332			28,747	28,747
701044397	VEGA JR., VALENTINO C.	43,750	15,000			15,000	43,750	58,750
700866121	VEGA, BILLIE JEANE VALINO	102,718		95,773			6,945	6,945
700991791	VEGA, VERA MAY SANTOS	39,917		20,472			19,445	19,445
709917156	VICERA, RAFAEL FRANCISCO	18,000		18,000				-
701032534	VIDAURE, LEOCYL RAFOLS	34,236		14,792			19,444	19,444
709906177	VIERNES, GABRIEL ANTON C.	4,861		4,861			-	-
700194832	VILLAMOR, ELIZABETH HERUE	12,500		12,500				-
701004181	VILLAMOR, PEARLIE BUAL	46,875		15,243			31,632	31,632
700845949	VILLANUEVA, ROSARY GISELL	9,722	115,513			115,513	9,722	125,236
701032712	VILLARIN, EFREN ARELLANO	59,305		26,667			32,639	32,639
709904720	VILLARUZ, DON DENVER ABEL	10,917		10,000			917	917
701003898	VILLENA, RHOMEL B.	43,056		16,667			26,389	26,389
700811963	VIRAY, ROMMEL HERNANDEZ	28,472		28,472				-
700198544	VISPERAS, ROGELIO VELORIA	10,417	38,331			38,331	10,417	48,748
700831573	VITANGCUL, VICTOR C.		34,028			34,028		34,028
700831753	VITANGCUL, VICTOR CANLAS	10,938		10,938				-
700643998	VIVAS, MARGIE SUMIDO	36,111		36,111				-
709900664	VIVAS, MARLON AMPARO	52,361		13,333			39,028	39,028
709906486	VOCAL, BREEZENIE FAITH BU	68,923		68,923				-
709907730	YALUNG, JOSEPH PAUL D.	42,361		42,361				-
709906629	YATAR, GERARD S.	60,800		56,780			4,020	4,020
709906488	YLAGAN, ANTOINE LOUISE DI	55,208		26,041			29,167	29,167
709906452	YNION, SANDYMAR BAJAMUNDI	4,306	25,485			25,485	4,306	29,790
709904958	YPON, VANESSA QUILLOBE	245,604		154,128			91,476	91,476
701011499	YU, SARA-ANGELICA TOMALE	38,195		38,195				-
709904069	ZAÑO, REGINALD ALTO	35,417		35,417				-
701034057	ZARAGOSA, JADCES COLANGO		1,255			1,255		1,255
201197	ZOLETA, DENNIS	31,563		21,667			9,896	9,896

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Assets December 31, 2015
(In Thousands)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	TOTAL	AMOUNTS		ENDING BALANCE
						CURRENT	NONCURRENT	
Distileria Bago, Inc.	P 124,337	P 296,190	P (365,847)	-	P 54,680	P 54,680	P	54,680
East Pacific Star Bottlers Philis Inc.	654,295	81,107	(21,566)	-	713,836	713,836		713,836
Agricrops Industries, Inc.	10,987	124	-	-	11,111	11,111		11,111
Healthy Condiments, Inc.	2,710	124	-	-	2,834	2,834		2,834
Global Beverage Holdings Ltd.	146,956	-	-	-	146,956	146,956		146,956
Stam Holdings Ltd.	91,512	-	-	-	91,512	91,512		91,512
	P 1,030,797	P 377,545	P (387,413)	P -	P 1,020,929	P 1,020,929	P -	P 1,020,929

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule C. Amounts Payable to Related Parties which are Eliminated
during the Consolidation of Financial Liabilities
December 31, 2015
(In Thousands)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Distileria Bago, Inc.	P (166,363)	P (810,115)	P 902,606	P -	P (73,872)	P (73,872)	P -	P (73,872)
East Pacific Star Bottlers Phils Inc.	(22,684)	(266,886)	273,806	-	(15,764)	(15,764)	-	(15,764)
	<u>P (189,047)</u>	<u>P (1,077,001)</u>	<u>P 1,176,412</u>	<u>P -</u>	<u>P (89,636)</u>	<u>P (89,636)</u>	<u>P -</u>	<u>P (89,636)</u>

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule D.
 Intangible assets - other assets
 December 31, 2015
(In Thousands)

Goodwill and Other Intangible Assets

Description	Beginning Balance	Additions/ Acquisition of Subsidiaries	Disposal / Reclassified to other Accounts	Charged to Costs and Expenses	Currency Translation Adjustment	Ending Balance
Goodwill	P 226,863	P -	P -	P (100,000)	P -	P 126,863
Trademarks and Other Intangibles						
Cost:						
Computer software	P 47,106	P 47,953	P -	P -	P -	P 95,059
	P 47,106	P 47,953	P -	P -	P -	P 95,059
Accumulated Amortization and Impairment Losses:						
Computer software	P 43,316	P -	P -	P 7,293	P -	P 50,609
	P 43,316	P -	P -	P 7,293	P -	P 50,609
Net Book Value:	P 3,790	P 47,953	P -	P (7,293)	P -	P 44,450

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule E. Long-term Debt
 December 31, 2015
(In Thousands)

Title of Issue	Agent / Lender	Outstanding Balance	Current Portion of Debt	Transaction Cost Current	Amount Shown as Current	Long-term Noncurrent Portion Debt	Non Current Transaction Cost	Amount Shown as Long-term	Current and Long-term Debt	Interest Rate	Number of Periodic Installments	Interest Payments	Final Maturity
Floating	Development Bank of the Philippines	342,857	114,286	-	114,286	228,571	-	228,571	342,857	PDST-F plus margin or BSP overnight rate, whichever is higher	Amortized	Quarterly	Sep-18
		P 342,857	P 114,286	P -	P 114,286	P 228,571	P -	P 228,571	P 342,857				

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule F. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)
 December 31, 2015
 (In Thousands)

Name of Related Parties	Beginning Balance	Ending Balance
Bank of Commerce	₱ 3,047,665	₱ 887,200
San Miguel Yamamura Packaging Corporation	136,790	80,314
Petron Corporation	133,026	14,111
SMC Shipping and Lighterage Corporation	123,774	173,894
San Miguel Yamamura Asia Corporation	113,857	190,463
San Miguel Corporation	95,998	40,031
SMITS, Inc. and a subsidiary	29,596	11,156
SMC Global Power Holdings Corp. and subsidiaries	14,795	12,545
Archen Technologies	587	397
San Miguel Brewery, Inc.	154	2,854
San Miguel Pure Foods Company, Inc.	131	3,126
Others	549	161
	₱ 3,696,922	₱ 1,416,252

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

Schedule H. Capital Stock
As of December 31, 2015

Title of Issue	Number of shares Authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Preferred shares	100,000,000	32,786,885	-	32,786,885	-	-
Common shares	460,000,000	286,327,841	11,448,335	216,972,000	8,081,267	49,826,239
	560,000,000	319,114,726	11,448,335	249,758,885	8,081,267	49,826,239

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLES
AS OF DECEMBER 31, 2015
Audited

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	Current	< 30 days past due	30 - 60 days past due	60 - 90 days past due	Over 90 days past due
a). Trade Receivables P	2,108,877	916,828	653,806	152,970	15,376	369,897
Less: Allowance for Doubtful Accounts	198,685	-	-	-	-	198,685
NET TRADE RECEIVABLES	1,910,192	916,828	653,806	152,970	15,376	171,212
b). Non-Trade Receivables	1,017,696	47,234	8,670	21,247	4,265	936,280
Less: Allowance for Doubtful Accounts	125,676	-	-	-	-	125,676
NET NON-TRADE RECEIVABLES	892,020	47,234	8,670	21,247	4,265	810,604
NET RECEIVABLES P	2,802,212	964,062	662,476	174,217	19,641	981,816

**GINEBRA SAN MIGUEL INC.
2015 Reports on SEC Form 17-C**

DATE REPORTED	SUBJECT
March 25, 2015	<p style="text-align: center;"><u>Item 9. Other Items:</u></p> <p>The Board approved the schedule, venue and agenda of the 2015 Annual Stockholders' Meeting, as follows:</p> <p style="margin-left: 40px;">a. Schedule</p> <p style="margin-left: 80px;">Date and time of the 2015 Annual Stockholders' Meeting: May 28, 2015 at 2:00 P.M. Record date of the stockholders entitled to vote at the said meeting: April 20, 2015 Closing of stock transfer books: April 21, 2015 to April 27, 2015 Deadline for the submission of proxies: May 14, 2015 Validation of proxies: May 21, 2015</p> <p style="margin-left: 40px;">b. Venue</p> <p style="margin-left: 80px;">Executive Dining Room, 2nd Floor, San Miguel Corporation (SMC) - Head Office Complex, No. 40 San Miguel Avenue, Mandaluyong City</p> <p style="margin-left: 40px;">c. Agenda</p> <ol style="list-style-type: none"> Certification of Notice and Quorum Approval of the Minutes of the Regular Stockholders' Meeting held on May 8, 2014 Presentation of the Annual Report Ratification of Acts and Proceedings of the Board of Directors and Corporate Officers Election of Directors Appointment of External Auditor Other Matters Adjournment
April 1, 2015	<p style="text-align: center;"><u>Item 2. Acquisition and Disposition of Assets</u></p> <p>Please be informed that further to the disclosure of Ginebra San Miguel Inc. (the "Company") in SEC Form 17-C dated December 5, 2014, the Company executed today, April 1, 2015, a Deed of Sale in favor of San Miguel Brewery Inc., for the sale of the property, plant and equipment used by the Company in its non-alcoholic beverage business (PPE) for the price of P226.91 million (exclusive of Value Added Tax). The PPE consist of machinery and equipment, vehicles, coolers, chillers and other equipment as of December 31, 2014.</p>
April 23, 2015	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>Please be advised that the Company paid Fifty Five Thousand Pesos (Php55,000.00) to the Philippine Stock Exchange, Inc. on April 17, 2015 as basic fine and daily fine for delayed submission of the Company's 2014 Annual Report (SEC Form 17-A).</p>

<p>April 30, 2015</p>	<p style="text-align: center;"><u>Item 2. Acquisition and Disposition of Assets</u></p> <p>Further to the disclosure of Ginebra San Miguel Inc. (the "Company") in its SEC Form 17-C dated December 5, 2014, please be informed that the Company executed today, April 30, 2015, a Deed of Sale in favor of San Miguel Brewery Inc. (SMB), for the sale of finished goods inventories and other inventories comprising of containers (bottles, shells/crates and pallets) on hand, packaging materials, goods in process and raw materials used by the Company in its non-alcoholic beverage business for the purchase price of Php 214.97 million, exclusive of Value Added Tax (VAT).</p> <p>With the foregoing, total purchase price paid for the non-alcoholic beverage assets of the Company is Php 397.89 million, exclusive of VAT, net of adjustments to the price of the property, plant and equipment that SMB purchased from the Company on April 1, 2015, after subsequent validation and confirmation by the parties.</p>						
<p>May 19, 2015</p>	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>Please be informed that the Company has caused the publication of its Notice of Regular Meeting of Stockholders (the "Notice") in two (2) newspapers of general circulation. The Notice includes information relative to the posting of the Company's Interim Unaudited Financial Statements with Management Discussion & Analysis for the 1st Quarter of 2015 or the Company's SEC FORM 17-Q for the 1st Quarter of 2015 (the "Report") at its website at least five (5) days before the scheduled date of the meeting, as well as providing a hard copy of the same when requested by a stockholder. The publication of information regarding the Report is in compliance with the SEC Advisory dated 06 May 2015 relayed to us by the Philippine Stock Exchange, Inc. through the PSE Edge on 07 May 2015.</p> <p>Please see attached copies of the Notice published on 14 May 2015 at The Philippine Star and Manila Bulletin.</p>						
<p>May 28, 2015</p>	<p style="text-align: center;"><u>Item 4. Resignation, Removal or Election of Registrant's Directors or Officers</u></p> <p>1. At the RSM, the following directors were elected:</p> <p style="padding-left: 40px;">Eduardo M. Cojuangco, Jr. Ramon S. Ang Bernard D. Marquez Francisco S. Alejo III Leo S. Alvez Gabriel S. Claudio Mario K. Surio Minita V. Chico-Nazario - Independent Director Francisco H. Villaruz, Jr. – Independent Director</p> <p>The foregoing directors with the exception of Mr. Marquez currently have 5,000 shares each in the Company. Mr. Marquez has 30,000 shares.</p> <p>2. At the Organizational Meeting of the Board, the following officers were elected.</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 40px;">Eduardo M. Cojuangco, Jr.</td> <td style="padding-left: 20px;">: Chairman and Chief Executive Officer</td> </tr> <tr> <td style="padding-left: 40px;">Ramon S. Ang</td> <td style="padding-left: 20px;">: Vice Chairman</td> </tr> <tr> <td style="padding-left: 40px;">Bernard D. Marquez</td> <td style="padding-left: 20px;">: President</td> </tr> </table>	Eduardo M. Cojuangco, Jr.	: Chairman and Chief Executive Officer	Ramon S. Ang	: Vice Chairman	Bernard D. Marquez	: President
Eduardo M. Cojuangco, Jr.	: Chairman and Chief Executive Officer						
Ramon S. Ang	: Vice Chairman						
Bernard D. Marquez	: President						

	<p>Virgilio S. Jacinto : Corporate Secretary and Compliance Officer Cynthia M. Baroy : Treasurer Conchita P. Jamora : Assistant Corporate Secretary Orlando A. Santiago : Assistant Corporate Secretary</p> <p>Of the aforementioned officers, Ms. Baroy and Atty. Jamora have 30,000 shares each in the Company. On the other hand, Attys. Jacinto and Santiago do not own shares in the Company.</p> <p>In the same meeting, the following were elected as chairpersons and members of the following Board Committees:</p> <p><u>Executive Committee</u></p> <ol style="list-style-type: none"> 1. Eduardo M. Cojuangco, Jr. – Chairman 2. Ramon S. Ang 3. Bernard D. Marquez 4. Francisco S. Alejo III <p style="padding-left: 40px;">Ferdinand K. Constantino – Non-Director Member</p> <p><u>Audit Committee</u></p> <ol style="list-style-type: none"> 1. Minita V. Chico-Nazario – Chairperson 2. Leo S. Alvez 3. Francisco S. Alejo III 4. Francisco H. Villaruz, Jr. <p style="padding-left: 40px;">Ferdinand K. Constantino – Non-Director Member</p> <p><u>Executive Compensation Committee</u></p> <ol style="list-style-type: none"> 1. Ramon S. Ang – Chairman 2. Bernard D. Marquez 3. Leo S. Alvez 4. Minita V. Chico-Nazario <p style="padding-left: 40px;">Ferdinand K. Constantino – Non-Director Member</p> <p><u>Nomination and Hearing Committee</u></p> <ol style="list-style-type: none"> 1. Leo S. Alvez – Chairman 2. Bernard D. Marquez 3. Gabriel S. Claudio 4. Francisco H. Villaruz, Jr. 5. Mario K. Surio <p style="padding-left: 40px;">Casiano B. Cabalan, Jr. – Ex Officio Member</p>
<p>October 26, 2015</p>	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>We advise that, in compliance with SEC Memorandum Circular (MC) No. 20, Series of 2013, the following members of the Board of Directors and Officers/Managers of Ginebra San Miguel Inc. (the “Company”) have attended a corporate governance seminar that was conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on October 20, 2015:</p>

	<p style="text-align: center;">Name of Directors</p> <ol style="list-style-type: none"> 1. Mr. Bernard D. Marquez 2. Mr. Gabriel S. Claudio 3. Mr. Mario K. Surio 4. Justice Minita V. Chico-Nazario 5. Justice Francisco H. Villaruz, Jr. <p style="text-align: center;">Name of Officers/Managers</p> <ol style="list-style-type: none"> 1. Cynthia M. Baroy 2. Nelson S. Elises 3. Rosalina A. Lioanag 4. Emmanuel B. Macalalag 5. Allan P. Mercado 6. Roxanne Angela B. Millan 7. Isadora P. Papica 8. Ronilo Armando S. Sarmiento 9. Alfredo P. Aquino, Jr. 10. Conchita P. Jamora 11. Maila N. Pagsanhan 12. Dan David Vicente D. Antonio <p>For your information and reference, attached are copies of the certificates of attendance of the said directors and officers/managers.</p> <p>The foregoing information are reflected in GSMI SEC Form ACGR for the year 2014 – Updated as of October 26, 2015 that can be found in www.ginebrasanmiguel.com, the Company’s official website.</p>
November 13, 2015	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>We advise that, in compliance with SEC Memorandum Circular (MC) No. 20, Series of 2013, the following members of the Board of Directors and Officers of Ginebra San Miguel Inc. (the “Company”) have attended a Corporate Governance seminar that was conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on November 11, 2015:</p> <ol style="list-style-type: none"> 1. Mr. Ramon S. Ang - Vice Chairman 2. Mr. Leo S. Alves - Director 3. Atty. Virgilio S. Jacinto - Corporate Secretary and Compliance Officer <p>For your information and reference, attached are copies of the certificates of attendance of the said directors and officer.</p> <p>The foregoing information are reflected in GSMI SEC Form ACGR for the year 2014 – Updated as of November 13, 2015 that can be found in www.ginebrasanmiguel.com, the Company’s official website.</p>
December 8, 2015	<p style="text-align: center;"><u>Item 9. Other Events</u></p> <p>We advise that, in compliance with SEC Memorandum Circular (MC) No. 20, Series of 2013, the following director and officers of Ginebra San Miguel Inc. (the “Company”) have attended a corporate governance seminar that was</p>

conducted by Risk, Opportunities, Assessment and Management (ROAM), Inc. on December 4, 2015:

Name of Director

1. Mr. Eduardo M. Cojuangco, Jr.

Name of Officers

1. Atty. Orlando A. Santiago
2. Mr. Clemente O. Alburo

For your information and reference, attached are copies of the certificates of attendance of the said director and officers.

The foregoing information will be reflected in GSMI SEC Form ACGR for the year 2014 that will be found in www.ginebrasanmiguel.com, the Company's official website.



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SECURITIES AND EXCHANGE COMMISSION

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

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Company Information

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Company Name GINEBRA SAN MIGUEL, INC.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 101112016001363
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Period Covered January 08, 2016
No. of Days Late 0
Department CED/CFD/CRMD/MRD/NTD
Remarks ACGR

COVER SHEET

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(Company's Full Name)

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

Conchita P. Jamora Contact Person

(+63 2) 841-5100 Company Telephone Number
--

Consolidated Changes to the Annual Corporate Governance Report for the year 2015

1 2 Month	3 1 Day	SEC FORM - ACGR FORM TYPE	Month	Day
			Annual Meeting	

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I. D.

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STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: **2012**¹
2. Exact Name of Registrant as Specified in its Charter: **GINEBRA SAN MIGUEL INC.**
3. **3rd & 6th Floors, San Miguel Properties Centre,** **1550**
St. Francis Street, Ortigas Center, Mandaluyong City
Address of Principal Office Postal Code
4. SEC Identification Number: **142312**
5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: **000-083-856-000**
7. **(632) 841-5100**
Issuer's Telephone number, including area code
8. **N/A**
Former name or former address, if changed from the last report

¹ Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company. Also updated to reflect information relative to the 2015 Regular Stockholders' Meeting of the Company and Organizational Meeting of the Board, both held on May 28, 2015 as disclosed in SEC Form 17-C filed with the SEC on the same date. Also updated other relevant information as of December 31, 2014. Also updated to reflect information relative to the election of Director Minita V. Chico-Nazario as Independent Director of San Miguel Pure Foods Company, Inc. on May 8, 2015. Also updated to reflect information relative to the Corporate Governance Seminar attended by the Directors and Officers of the Company in 2015. Also includes updates relative to the attendance of Directors in 2015 Board Meetings, per advisement letter filed with SEC on January 5, 2016.

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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(a) Composition of the Board²

Complete the table with information on the Board of Directors

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
<i>Eduardo M. Cojuangco, Jr.</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>October 21, 1998</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>16</i>
<i>Ramon S. Ang</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>April 4, 2000</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>15</i>
<i>Bernard D. Marquez</i>	<i>ED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>May 12, 2011</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>4</i>
<i>Leo S. Alvez</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>April 24, 2002</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>13</i>
<i>Gabriel S. Claudio</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>November 10, 2010</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>4</i>
<i>Francisco S. Alejo III</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>May 28, 2015</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>N/A</i>
<i>Mario K. Surio</i>	<i>NED</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>May 28, 2015</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>N/A</i>
<i>Minita V. Chico-Nazario</i>	<i>ID</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>March 9, 2012</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>3</i>
<i>Francisco H. Villaruz, Jr.</i>	<i>ID</i>	<i>N/A</i>	<i>Ramon S. Ang</i>	<i>November 6, 2014</i>	<i>May 28, 2015</i>	<i>Annual Meeting</i>	<i>Less than a year</i>

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors (the "Board") of the Company has adopted a Manual of Corporate Governance and amended the same on March 30, 2013 (the "CG Manual"). The CG Manual aims to institutionalize the principles of good corporate governance in the entire organization. The Company's Board, Management, Officers, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization as soon as possible. On May 8, 2014, the Board again amended the CG Manual to align the provisions thereof with the SEC Memorandum Circulars Nos. 5 and 20, Series of 2013, and SEC

² Information under this item only refers to the incumbent members of the Board of Directors who were elected during the Regular Stockholders' Meeting held on May 28, 2015. Updated per SEC Form 17-C filed with the SEC on May 28, 2015.

Memorandum Circular No. 1, Series of 2014, which affect the duties of the Compliance Officer, Corporate Secretary and Directors, as well as the requirement relating to directors' attendance in Board meetings. Thereafter, on July 17, 2014, the Board further amended the CG Manual to incorporate the revisions made by the SEC to the Revised Code of Corporate Governance embodied in SEC Memorandum Circular No. 9, Series of 2014,

The Company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Thus, among others, provisions on the following matters affecting shareholders were provided in the Section 5 (Shareholders' Benefit) of the CG Manual: voting rights, pre-emptive rights, power of inspection, right to information, right to dividends and appraisal rights.

On respecting the rights of minority shareholders, Section 5 of the CG Manual expressly provides, among others the following provisions: that the Board is committed to respect the rights of the shareholders and minority interests; that a director shall not be removed without cause if it will deny minority shareholders representation in the Board; that minority shareholders shall be granted the right to propose the holding of the meeting and the right to propose items in the agenda of the meeting; and that they shall have access to any and all information relating to matters for which the Management is accountable for.

On disclosure duties, Section 4 of the CG Manual lays down the reportorial or disclosure System of the Company's corporate governance policies which essentially provides that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed.

On Board responsibilities, the Company's CG Manual espouses the belief that compliance with the principles of good corporate governance shall start with the Board of Directors. Thus, the said manual is replete with provisions relative to the duties and responsibilities of the Board. In sum, the Board's general responsibility is as follows: It shall be the Board's responsibility to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board is responsible for formulating the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

(c) How often does the Board review and approve the vision and mission?

The Board, as the need arises and upon the recommendation of Management, reviews and approves the vision and mission of the Company. The Board, during its meeting held on November 9, 2012 reviewed and approved the new vision and mission of the Company.

(d) Directorship in Other Companies³

(i) Directorship in the Company's Group⁴

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group (Ginebra San Miguel Group):

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Ramon S. Ang	Top Frontier Investment Holdings, Inc. San Miguel Corporation	ED, CEO & President ED, Vice Chairman, President & COO

³ Updated to reflect information as of May 28, 2015, the date of the Regular Stockholders' Meeting of the Company.

⁴ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	<i>Distileria Bago, Inc. Thai San Miguel Liquor Company Limited Ginebra San Miguel International Limited</i>	<i>NED, Chairman NED NED, Chairman</i>
<i>Bernard D. Marquez</i>	<i>Distileria Bago, Inc. East Pacific Star Bottlers Phils Inc. Agricrops Industries, Inc. Healthy Condiments, Inc. Thai San Miguel Liquor Company Limited Thai Ginebra Trading Siam Wine and Liquor Limited Ginebra San Miguel International Limited GSM International Holdings Limited Siam Holdings Limited Global Beverage Holdings Limited</i>	<i>ED, President ED, President ED, President ED, President NED NED NED NED NED NED NED</i>
<i>Leo S. Alvez</i>	<i>San Miguel Corporation</i>	<i>NED</i>
<i>Minita V. Chico-Nazario</i>	<i>Top Frontier Investment Holdings Inc.</i>	<i>ID</i>

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
<i>Eduardo M. Cojuangco, Jr.</i>	<i>San Miguel Pure Foods Company, Inc., Petron Corporation⁵</i>	<i>NED, Chairman NED, Chairman</i>
<i>Ramon S. Ang</i>	<i>Petron Corporation⁶ San Miguel Pure Foods Company, Inc. Liberty Telecoms Holding, Inc. San Miguel Brewery Hong Kong Limited Petron Malaysia Refining & Marketing Berhad</i>	<i>ED, President & CEO NED NED, Chairman NED, Chairman and President NED, Chairman NED, Chairman ED, Chairman</i>
<i>Francisco S. Alejo III</i>	<i>San Miguel Pure Foods Company, Inc.</i>	<i>ED, President</i>

⁵ Mr. Eduardo M. Cojuangco, Jr. is now the Chairman of the Board of Directors of Petron Corporation, having been elected as such on February 10, 2015. Updated per advisement letter filed with SEC on February 11, 2015.

⁶ Mr. Ramon S. Ang resigned as Chairman of the Board of Directors of Petron Corporation ("Petron"). He is now the President of Petron, having been elected as such on February 10, 2015. Updated per advisement letter filed with SEC on February 11, 2015.

<i>Minita V. Chico-Nazario</i>	<i>San Miguel Pure Foods Company, Inc.</i> ⁷	<i>ID</i>
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(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
<i>Eduardo M. Cojuangco, Jr.</i>	<i>San Miguel Corporation</i>	<i>Chairman and Chief Executive Officer</i>
<i>Ramon S. Ang</i>	<i>San Miguel Corporation</i> <i>Top Frontier Investment Holdings, Inc.</i>	<i>Vice-Chairman, President and Chief Operating Officer</i> <i>ED, CEO & President</i>
<i>Leo S. Alvez</i>	<i>San Miguel Corporation</i>	<i>Director</i>

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company provides in its CG Manual, a "Policy on Multiple Board Seats", which provides that a "A director shall exercise due discretion in accepting and holding directorships other than in the Corporation, provided that, in holding such other directorships, such director shall ensure that his capacity to diligently and efficiently perform his duties and responsibilities as a director of the Corporation is not compromised."

The Company has also adopted the requirements of SEC Memorandum Circular No. 9 series of 2011, dated December 5, 2011, on "Term Limits of Independent Directors" relative to the limitation on the number of covered companies that a person may be elected as Independent Director of business conglomerates.

(e) Shareholding in the Company⁸

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
<i>Eduardo M. Cojuangco, Jr.</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Ramon S. Ang</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Bernard D. Marquez</i>	<i>30,,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Leo S. Alvez</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Gabriel L. Claudio</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Francisco S. Alejo III</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Mario K. Surio</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Minita V. Chico Nazario</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>
<i>Francisco H. Villaruz, Jr.</i>	<i>5,000</i>	<i>N/A</i>	<i>0.00%</i>

⁷ Minita V. Chico-Nazario was elected as Independent Director of San Miguel Pure Foods Company, Inc. on May 8, 2015. Updated per advisement letter filed with SEC on May 13, 2015.

⁸ Information under this item only refers to the incumbent members of the Board of Directors who were elected during the Regular Stockholders' Meeting held on May 28, 2015. Updated per SEC Form 17-C filed with the SEC on May 28, 2015.

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes

No

The duties and responsibilities of the Chairman and CEO are properly laid down in the Company's By-laws and CG Manual, which help in the maintenance of proper checks and balances to ensure that the Board obtains the benefit of independent views and perspectives.

Identify the Chair and CEO:

Chairman of the Board/CEO	<i>Eduardo M. Cojuangco, Jr.</i>
President	<i>Bernard D. Marquez</i>

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	<i>The Company's By-laws prescribed that the Chairman of the Board shall be the Chief Executive Officer of the Company. He is the Head of the Board and presides at meetings of the directors and stockholders. He shall exercise such other powers and performs such other functions and duties as the Board may assign.</i>	<i>Responsible for the general supervision, administration and management of business of the Company (As provided in the Company by-laws and CG Manual Exercise such other powers and performs such other functions and duties as the Board may assign.</i>
Accountabilities	<i>Accountable to all shareholders of the Company.</i>	<i>Accountable to all shareholders of the Company.</i>
Deliverables	<i>The Chairman shall have the following duties and functions: Ensure that the meetings of the Board are held in accordance with the by-laws of the Company; Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary; Maintain qualitative and timely lines of communication and information between the Board and the Management; and Conduct regular board meetings and annual stockholders' meetings.</i>	<i>Among others, the Chief Executive Officer certifies the preparation and fair representation of the consolidated financial statements of the Company, as well as compliance with the requirements of SEC Form 17-A.</i>

- 3) Explain how the board of directors' plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board through the Executive Compensation Committee review, among others, the promotion and career advancement directives of the Company. (Sec 2.2.2.2.1 CG Manual).

The Company also has a Management Development Program (MDP) which is a holistic and purposive program aimed at ensuring the timely availability of the required number of employees at the middle level and up, with the necessary education, experience and personal characteristics, to fulfill short- and long-term needs of the organization.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. The Company's CG Manual, requires, among others, that all its directors be at least college graduates or have sufficient experience in managing the business to substitute for such formal education.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. The Company's CG Manual, requires, among others, that all its directors be at least college graduates or have sufficient experience in managing the business to substitute for such formal education.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	<i>The Company's By-Laws prescribe that the President, who shall be a director, shall be the Chief Operating Officer of the Company and shall have general supervision and direction of the day to day business affairs of the Company. He is the official representative of the Company to the Board. He presents the Company's performance to the Board and serves as the link between Management and the Board.</i>	<i>The Board's duty is to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board is responsible for formulating the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</i>	<i>Independent directors perform the same roles, duties and responsibilities as Non-Executive Directors. Their role is to exercise independent judgment in carrying out their responsibilities as a director. An Independent Director also chairs the Audit Committee of the Board.</i>

		<p><i>The Board shall ensure a high standard of best practice for the Company and its stakeholders, as reflected in its numerous duties and responsibilities, including but not limited to the following:</i></p> <ul style="list-style-type: none"> • <i>Implement a process of selection to ensure a mix of competent directors and officers who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;</i> • <i>Appoint competent, professional, honest and highly-motivated Management officers and adopt an effective succession planning program for Management;</i> • <i>Provide sound strategic policies and guidelines on major capital expenditures and other programs to sustain the Company's long-term</i> 	
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		<p><i>viability and strength, and periodically evaluate and monitor the implementation of such policies and strategies;</i></p> <ul style="list-style-type: none"> • <i>Formulate a clear policy on accurately, timely and effectively communicating or relating with the Company's stakeholders and agencies regulating the Company;</i> • <i>Adopt a system of internal checks and balances, and to review regularly the effectiveness thereof;</i> • <i>Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, Officers and directors, including their</i> 	
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		<p><i>spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;</i></p> <p><i>The Board shall also have the following oversight responsibilities, to name a few, for ensuring the presence of adequate and effective internal control mechanisms:</i></p> <ul style="list-style-type: none"> <i>• Establish organizational and operational controls commensurate with, among others, the nature and complexity of the business of the Company and its culture, volume, size and complexity of transactions; degree of risks involved, degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance;</i> <i>• Ensure that an independent audit mechanism is in place to</i> 	
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		<p>monitor the adequacy and effectiveness of the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p>	
Accountabilities	<p>The Executive Director is accountable to all the shareholders of the Company as he is in charge of the day to day operations of the Company.</p>	<p>The Board is accountable to the shareholders and stakeholders and should thus, ensure that they are provided with an adequate assessment of the Company's business condition, position and prospects through the filing of reports required by law and regulators. The Board should also ensure that they are informed of important developments in the Company.</p>	<p>In addition to the accountabilities of Non-Executive Directors, Independent Directors are also expected to ensure that their independence is maintained.</p> <p>They are likewise, expected to as much as possible attend the meetings of the Board and Board Committee meetings to promote transparency.</p>
Deliverables	<p>Improved shareholder value</p>	<p>Improved shareholder value</p>	<p>Improved shareholder value</p>

Provide the company's definition of "independence" and describe the company's compliance to the definition.

As provided in the Company's CG Manual, an "Independent Director" is a person who, apart from his fees and shareholdings, has no business or relationship with the Corporation, which could, or could reasonably be perceived to, materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a director. An Independent Director shall submit to the Corporate Secretary a certification confirming that he possesses all the qualifications and none of the disqualifications of an Independent Director at the time of his election and/or re-election as an Independent Director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company has adopted the requirements of SEC Memorandum Circular No. 9 series of 2011, dated December 5, 2012 on "Term Limits of Independent Directors".

The independent directors of the Company are nominated and elected in accordance with the Company's By-laws, CG Manual and the SEC Memorandum Circular No. 9. Accordingly, an independent director may serve as such for five consecutive years only starting January 2012, after which, a "cooling off" period of two years shall be observed before he/she may be considered for re-election as independent director of the Company for another five consecutive years.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
<i>Carmelo L. Santiago</i>	<i>Independent Director</i>	<i>March 7, 2012</i>	<i>Resignation (To focus on his other business endeavors)</i>
<i>Carlos Palanca III</i>	<i>Independent Director</i>	<i>March 31, 2012</i>	<i>Resignation (To focus on his other business endeavors)</i>
<i>Angelina S. Gutierrez</i>	<i>Independent Director</i>	<i>October 8, 2014</i>	<i>Resignation (in the light of her appointment as a member of the Judicial and Bar Council.</i>

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	<p><i>Nomination and Election</i></p> <p><i>Nomination:</i></p> <p><i>As prescribed in the Company's By-laws, nomination for the election of directors may be made by the Board as well as by any shareholder entitled to vote for the election of directors if such shareholder complies with the following:</i></p>	<p><i>As provided in the Company's By-laws and CG Manual, the following are the criteria:</i></p> <p><i>Qualifications:</i></p> <ul style="list-style-type: none"> <i>He shall hold at least five thousand (5,000) shares of stock of the Company;</i>

	<ul style="list-style-type: none"> • <i>Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on or before January 20 or at such earlier or later date that the Board may fix. (As amended on March 25, 1999).</i> • <i>Each nomination shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interest and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.</i> <p><i>The Board, by a majority vote unless a greater majority is required under this By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is qualified for election as Director under this By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded. (As amended on 28 September 1994).</i></p> <p><i>As prescribed in the Company's CG Manual, the nominees are then pre-screened and shortlisted by the Nomination and Hearing Committee in accordance with the qualifications and disqualifications as provided in the Company's CG Manual.</i></p>	<ul style="list-style-type: none"> • <i>He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</i> • <i>He shall be at least twenty one (21) years old;</i> • <i>He shall have proven to possess integrity and probity; and</i> • <i>He shall be assiduous;</i> • <i>He should not be engaged in any business which competes with or is antagonistic to that of the Company.</i>
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	<p><i>Election:</i></p> <p><i>As prescribed in the Company's By-laws the members of the Board shall be elected at the regular meeting of stockholders.</i></p>	
<p>(ii) Non-Executive Directors</p>	<p><i>Nomination and Election</i></p> <p><i>Nomination:</i></p> <p><i>As prescribed in the Company's By-laws, nomination for the election of directors may be made by the Board, as well as by any shareholder entitled to vote for the election of directors if such shareholder complies with the following:</i></p> <ul style="list-style-type: none"> • <i>Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on or before January 20 or at such earlier or later date that the Board may fix. (As amended on March 25, 1999).</i> • <i>Each nomination shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interest and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.</i> • <i>The Board, by a majority vote unless a greater majority is required under this By-Laws, may, in its discretion, determine and declare that a nomination was not made in</i> 	<p><i>As provided in the Company's By-laws and CG Manual, the following are the criteria:</i></p> <p><i>Qualifications:</i></p> <ul style="list-style-type: none"> • <i>He shall hold at least five thousand (5,000) shares of stock of the Company;</i> • <i>He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</i> • <i>He shall be at least twenty one (21) years old;</i> • <i>He shall have proven to possess integrity and probity; and</i> • <i>He shall be assiduous;</i> • <i>He should not be engaged in any business which competes with or is antagonistic to that of the Company.</i>

	<p><i>accordance with the foregoing procedures, and/or that a nominee is qualified for election as Director under this By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded. (As amended on 28 September 1994).</i></p> <p><i>As prescribed in the Company's CG Manual, the nominees are then pre-screened and shortlisted by the Nomination and Hearing Committee in accordance with the qualifications and disqualifications as provided in the Company's CG Manual.</i></p> <p><i>Election:</i></p> <p><i>As prescribed in the Company's By-laws the members of the Board shall be elected at the regular meeting of stockholders.</i></p>	
<p>(iii) Independent Directors</p>	<p><i>Nomination and Election</i></p> <p><i>Nomination:</i></p> <p><i>As prescribed in the Company's By-laws, nomination for the election of directors may be made by the Board, as well as by any shareholder entitled to vote for the election of directors if such shareholder complies with the following:</i></p> <ul style="list-style-type: none"> <i>• Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on or before January 20 or at such earlier or later date that the Board may fix. (As amended on March 25, 1999).</i> <i>• Each nomination shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal</i> 	<p><i>As provided in the Company's By-laws and CG Manual, the following are the criteria:</i></p> <p><i>Qualifications:</i></p> <ul style="list-style-type: none"> <i>• He shall hold at least five thousand (5,000) shares of stock of the Company;</i> <i>• He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;</i> <i>• He shall be at least twenty one (21) years old;</i> <i>• He shall have proven</i>

	<p>occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interest and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.</p> <ul style="list-style-type: none"> • The Board, by a majority vote unless a greater majority is required under this By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is qualified for election as Director under this By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded. (As amended on 28 September 1994). <p>As prescribed in the Company's CG Manual, the nominees are then pre-screened and shortlisted by the Nomination and Hearing Committee in accordance with the qualifications and disqualifications as provided in the Company's CG Manual.</p> <p>Election:</p> <p>As prescribed in the Company's By-laws the members of the Board shall be elected at the regular meeting of stockholders.</p> <p>In addition, as provided in the Company By-laws, during the regular meeting of stockholders, the Chairman of the meeting informs all stockholders in attendance of the mandatory requirement of electing independent directors.</p>	<p>to possess integrity and probity; and</p> <ul style="list-style-type: none"> • He shall be assiduous; • He should not be engaged in any business which competes with or is antagonistic to that of the Company. <p>In addition, an Independent Director should, apart from his fees and shareholdings, have no business or relationship with the Company, which could, or could reasonably be perceived to, materially interfere with the exercise of his independent judgment in carrying out his responsibilities as a director.</p>
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b. Re-appointment		
(i) Executive Directors	<i>The procedure for the Selection/Appointment of Executive Directors as discussed above is also adopted in case of re-appointment.</i>	<i>The criteria for the Selection/Appointment of Executive Directors as discussed above are the same criteria used for re-appointment.</i>
(ii) Non-Executive Directors	<i>The procedure for the Selection/Appointment of Non-Executive Directors as discussed above is also adopted in case of re-appointment.</i>	<i>The criteria for the Selection/Appointment of Non-Executive Directors as discussed above are the same criteria used for re-appointment.</i>
(iii) Independent Directors	<i>The procedure for the Selection/Appointment of Independent Directors a discussed above is also adopted in case of re-appointment.</i>	<i>The criteria for the Selection/Appointment of Independent Directors as discussed above are the same criteria used for re-appointment. However, in re-appointment, the provisions on term limits of directors as provided in SEC Memorandum Circular No. 9, series of 2011, is taken into account.</i>
c. Permanent Disqualification		
(i) Executive Directors	<i>The Executive Director will be considered resigned from office and will no longer be considered for nomination and election as director in the succeeding annual stockholders' meeting of the Company.</i>	<p>Any of the following shall be a ground for permanent disqualification of a director of the Company:</p> <ul style="list-style-type: none"> • Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor

		<p>broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <ul style="list-style-type: none"> Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in both (a) and (b) of this paragraph, or willfully violating the laws that govern securities and banking activities. <p><i>The disqualification shall also apply if such person is</i></p>
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		<p>currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained from engaging in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <ul style="list-style-type: none"> • Any person convicted by final judgment or order of a competent judicial or administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts or transgressions; • Any person who has been adjudged by final judgment or order of the SEC or a competent court or other administrative body to have willfully violated, or willfully aided,
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		<p><i>abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP;</i></p> <ul style="list-style-type: none"> • <i>Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;</i> • <i>Any person judicially declared to be insolvent; and</i> • <i>Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.</i> <p><i>The foregoing grounds for disqualification apply to all directors – Executive, Non-Executive and Independent Directors.</i></p>
(ii) Non-Executive Directors	<i>The Non-Executive Director will be considered resigned from office and will no longer be considered for nomination</i>	<i>Same grounds for permanent disqualifications of Executive Directors are applicable in the</i>

	<i>and election as director in the succeeding annual stockholders' meeting of the Company.</i>	<i>case of Non-Executive Directors.</i>
(iii) Independent Directors	<i>The Independent Director will be considered resigned from office and will no longer be considered for nomination and election as director in the succeeding annual stockholders' meeting of the Company.</i>	<i>Same grounds for permanent disqualifications of Executive Directors are applicable in the case of Independent Directors.</i>
d. Temporary Disqualification		
(i) Executive Directors	<i>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an Officer, employee or consultant of the Corporation, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Company.</i>	<p><i>Any of the following shall be a ground for the temporary disqualification of a director:</i></p> <ul style="list-style-type: none"> <i>• Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</i> <i>• Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</i> <i>• Dismissal or termination for cause as director of any corporation</i>

		<p>covered by SEC Memorandum Circular No. 6, series of 2009. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</p> <ul style="list-style-type: none"> • If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; • If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet become final; and • If any person earlier elected as Independent Director of the Corporation becomes an officer, employee or consultant of the Company.
(ii) Non-Executive Directors	<p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an officer, employee or consultant of the Company, in which case such</p>	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <ul style="list-style-type: none"> • Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation

	<p><i>disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Company.</i></p>	<p><i>Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</i></p> <ul style="list-style-type: none"> • <i>Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;</i> • <i>Dismissal or termination for cause as director of any corporation covered by SEC Memorandum Circular No. 6, series of 2009. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</i> • <i>If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall</i>
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		<p><i>be lifted if the limit is later complied with;</i></p> <ul style="list-style-type: none"> • <i>If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet become final; and</i> • <i>If any person earlier elected as Independent Director of the Company becomes an officer, employee or consultant of the Company.</i>
<p>(iii) Independent Directors</p>	<p><i>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent, except in the case of temporary disqualification where the Independent Director becomes an Officer, employee or consultant of the Corporation, in which case such disqualified Independent Director shall become eligible for election as Independent Director after the lapse of two (2) years from the termination of his officership, employment or consultancy with the Company.</i></p>	<p><i>Any of the following shall be a ground for the temporary disqualification of a director:</i></p> <ul style="list-style-type: none"> • <i>Refusal to fully disclose the extent of his business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;</i> • <i>Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident.</i>

		<p><i>This disqualification applies for purposes of the succeeding election;</i></p> <ul style="list-style-type: none"> • <i>Dismissal or termination for cause as director of any corporation covered by SEC Memorandum Circular No. 6, series of 2009. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;</i> • <i>If the beneficial equity ownership of an Independent Director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</i> • <i>If any of the judgments or orders cited in the grounds for the permanent disqualification of directors has not yet become final; and</i> • <i>If any person earlier elected as Independent Director of the Company becomes an Officer, employee or consultant of the Company.</i>
e. Removal		
(i) Executive Directors	<i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the</i>	<i>The grounds for the permanent disqualification of Executive Directors should be</i>

	<p><i>Board the removal of the Executive Director if there is a ground to permanently disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include removal, for further review and approval of the Board.</i></p>	<p><i>present.</i></p> <p><i>Violation of the provisions of the CG Manual may also be a ground for removal.</i></p>
(ii) Non-Executive Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the removal of a Non-Executive Director if there is a ground to permanently disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include removal, for further review and approval of the Board.</i></p>	<p><i>The grounds for the permanent disqualification of Non-Executive Directors should be present.</i></p> <p><i>Violation of the provisions of the CG Manual may also be a ground for removal.</i></p>
(iii) Independent Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the removal of an Independent Director if there is a ground to permanently disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include removal, for further review and approval of the Board.</i></p>	<p><i>The grounds for the permanent disqualification of Independent Directors should be present.</i></p> <p><i>Violation of the provisions of the CG Manual may also be a ground for removal.</i></p>
f. Re-instatement		
(i) Executive Directors	<p><i>The procedure for the Selection/Appointment as discussed above is also adopted in case of re-instatement.</i></p>	<p><i>The criteria for the Selection/Appointment of Executive Directors as discussed above are the same</i></p>

		<i>criteria used for re-instatement.</i>
(ii) Non-Executive Directors	<i>The procedure for the Selection/Appointment as discussed above is also adopted in case of re-instatement.</i>	<i>The criteria for the Selection/Appointment of Non-Executive Directors as discussed above are the same criteria used for re-instatement.</i>
(iii) Independent Directors	<i>The procedure for the selection and election discussed above is also adopted in case of re-instatement.</i>	<i>The criteria for the election of Independent Directors as discussed above are the same criteria used for re-instatement. However, in re-appointment, the provision on term limits of directors as provided in SEC Memorandum Circular No. 9, series of 2011, is taken into account.</i>
g. Suspension		
(i) Executive Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the suspension of the Executive Director, if there is a ground to temporarily disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include suspension, for further review and approval of the Board.</i></p>	<p><i>The grounds for the temporary disqualification of Executive Directors should be present.</i></p> <p><i>Violation of the provisions of the Company's CG Manual may also be a ground for suspension of a director.</i></p>
(ii) Non-Executive Directors	<p><i>The Nomination and Hearing Committee by the nature of its function may consider and recommend to the Board the suspension of the Non-Executive Director, if there is a ground to temporarily disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include suspension, for further review and approval of the Board.</i></p>	<p><i>The grounds for the temporary disqualification of Non-Executive Directors should be present.</i></p> <p><i>Violation of the provisions of the Company's CG Manual may also be a ground for suspension of a director.</i></p>
(iii) Independent	<i>The Nomination and Hearing</i>	<i>The grounds for the</i>

Directors	<p><i>Committee by the nature of its function may consider and recommend to the Board the suspension of an Independent Director, if there is a ground to temporarily disqualify the said director.</i></p> <p><i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation, which may include suspension, for further review and approval of the Board.</i></p>	<p><i>temporary disqualification of Independent Directors should be present.</i></p> <p><i>Violation of the provisions of the Company's CG Manual may also be a ground for suspension of a director.</i></p>
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Voting Result of the last Annual General Meeting⁹

Name of Director	Votes Received
1. <i>Eduardo M. Cojuangco, Jr.</i>	<i>Each director received a vote of about 84.21 %</i>
2. <i>Ramon S. Ang</i>	
3. <i>Leo S. Alvez</i>	
4. <i>Gabriel S. Claudio</i>	
5. <i>Bernard D. Marquez</i>	
6. <i>Francisco S. Alejo III</i>	
7. <i>Mario K. Surio</i>	
8. <i>Minita V. Chico-Nazario</i>	
9. <i>Francisco H. Villaruz, Jr.</i>	

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

The Company requires that all its new directors must have attended a Corporate Governance Seminar during his/her incumbency. New directors are also encouraged to attend other seminars which may be helpful to them in the performance of their duties and responsibilities as directors of the Company.

- (b) State any in-house training and external courses attended by Directors and Senior Management¹⁰ for the past three (3) years:

For the past three (3) years, the Company required its Directors and Senior Management to attend Corporate Governance Seminars. On November 6, 2014, the Company organized a seminar which was conducted by Risk Opportunities Assessment and Management, Inc. (ROAM). Other companies within the San Miguel Group also conducted seminars in 2014, which were attended by some of the directors of the Company. For 2015, the Company organized a Corporate Governance Seminar that was conducted by Risks, Opportunities, Assessments and Management (ROAM) on October 20, 2015. Other companies within the San Miguel Group also organized

⁹ Updated to reflect the results of the 2015 Regular Stockholders' Meeting held on May 28, 2015. The percentage is in relation to the total outstanding shares.

¹⁰ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Updated to reflect information as of November 13, 2015 per SEC Form 17-C filed with the SEC on even date relative to the attendance by Directors Ang and Alvez in the Seminar on Corporate Governance conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. on November 11, 2015.

their own seminars.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year¹¹.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
<i>Eduardo M. Cojuangco, Jr.</i>	<i>September 19, 2014</i>	<i>Corporate Governance Training Seminar</i>	<i>SGV & Co.</i>
<i>Ramon S. Ang</i>	<i>July 11-12, 2012</i>	<i>Mandatory Accreditation Programme for Directors of Public Listed Companies</i>	<i>BursatraSdn. Bhd. in KL, Malaysia</i>
	<i>September 11, 2012</i>	<i>Directors Training: Role of Company Director and Regulatory Framework and Board Practices</i>	<i>The Hong Kong Institute of Directors</i>
	<i>December 4, 2015</i>	<i>Seminar on Corporate Governance</i>	<i>Risks, Opportunities, Assessments and Management (ROAM)</i>
	<i>October 21, 2013</i>	<i>Overview of Risk Management</i>	<i>The Hong Kong Institute of Directors</i>
	<i>November 6, 2014</i>	<i>Conflicts of Interests and Board Evaluation Seminar</i>	<i>Risks, Opportunities, Assessments and Management (ROAM)</i>
	<i>November 11, 2015</i>	<i>Seminar on Corporate Governance</i>	<i>ROAM</i>
<i>Bernard D. Marquez</i>	<i>November 6, 2014</i>	<i>Seminar on Corporate Governance</i>	<i>ROAM</i>
	<i>October 20, 2015</i>	<i>Corporate Governance Seminar</i>	<i>ROAM</i>
<i>Ferdinand K. Constantino¹²</i>	<i>October 21, 2013</i>	<i>Conflicts of Interests and Board Evaluation Seminar</i>	<i>The Hong Kong Institute of Directors</i>
	<i>September 19,</i>	<i>Corporate Governance</i>	<i>SGV & Co.</i>

¹¹ Updated per letter filed with SEC on October 1, 2015 relative to Director Alejo's attendance in the Seminar on Corporate Governance conducted by Risks, Opportunities, Assessment and Management, Inc. (ROAM) on September 24, 2015.

Further updated per letter filed with SEC on October 26, 2015 relative to the attendance of the Company's Directors and Officers in the Seminar on Corporate Governance conducted by ROAM on October 20, 2015.

Further updated as of November 13, 2015 per SEC Form 17-C filed with the SEC on even date relative to the attendance by Directors Ang and Alvez in the Seminar on Corporate Governance conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. on November 11, 2015.

Further updated as of December 8, 2015 per SEC Form 17-C filed with the SEC on even date relative to the attendance, among others, by Mr. Cojuangco in the Seminar on Corporate Governance conducted by ROAM on December 4, 2015.

¹² Mr. Constantino ceased to be a director of the Company effective May 28, 2015.

	2014 November 6, 2014	Training Seminar Seminar on Corporate Governance	ROAM
Leo S. Alvez	September 19, 2014 November 11, 2015	Corporate Governance Training Seminar Seminar on Corporate Governance	SGV & Co. ROAM
Joseph N. Pineda ¹³	December 9, 2010 September 19, 2014	Corporate Governance Seminar Corporate Governance Training Seminar	UP-IJA SGV & Co.
Gabriel S. Claudio	November 6, 2014 October 20, 2015	Seminar on Corporate Governance Corporate Governance Seminar	ROAM ROAM
Minita V. Chico-Nazario	December 7, 2012 November 6, 2014 October 20, 2015	Corporate Governance Seminar Seminar on Corporate Governance Corporate Governance Seminar	UP-IJA ROAM ROAM
Franciso H. Villaruz, Jr.	November 6, 2014 October 20, 2015	Seminar on Corporate Governance Corporate Governance Seminar	ROAM ROAM
Francisco S. Alejo III ¹⁴	September 24, 2015	Seminar on Corporate Governance	ROAM
Mario K. Surio	October 20, 2015	Corporate Governance Seminar	ROAM

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

The Company is part of the business conglomerate of San Miguel Corporation ("SMC") and as such, except for those peculiar to the Company, the various policies of SMC cover/apply to all the companies belonging to the said conglomerate (the "San Miguel Group") including the Company. The policies, unless otherwise provided, apply to directors, senior management and employees.

Business Conduct & Ethics	Directors	Senior Management	Employees
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¹³ Mr. Pineda ceased to be director of the Company effective May 28, 2015.

¹⁴ Updated per letter filed with SEC on October 1, 2015 relative to Director Alejo's attendance in the Seminar on Corporate Governance conducted by ROAM on September 24, 2015.

<p>(a) Conflict of Interest</p>	<p><i>The Company's By-laws prohibits the nomination and election of a director who is engaged in any business which competes with or is antagonistic to that of the Company.</i></p> <p><i>Moreover, one of the corporate values of the Company is "Integrity". The Board is dedicated to high ethical and moral standards. Uncompromising honesty, fairness, and professionalism are exercised in the Company's dealings with its employees, customers, business partners, the public and other stakeholders.</i></p> <p><i>The Company's CG Manual mandates that a director to conduct fair business transactions with the Company and ensure that personal interest does not conflict with the interests of the Company.</i></p>	<p><i>The Company's policy on Conflict of Interest embodies the principle that officers and employees have a duty to act in the best interest of the Company. As such, in the event that any personal interest of an officer or employee may conflict with the interest of the Company, proper disclosure through the accomplishment of the Full Business Interest Disclosure Form should be made and a review by higher Management shall resolve the conflict.</i></p> <p><i>Moreover, one of the corporate values of the Company is "Integrity". Management is dedicated to high ethical and moral standards. Uncompromising honesty, fairness, and professionalism are exercised in the Company's dealings with its employees, customers, business partners, the public and other stakeholders.</i></p>	<p><i>The Company's policy on Conflict of Interest embodies the principle that officers and employees have a duty to act in the best interest of the Company. As such, in the event that any personal interest of an officer or employee may conflict with the interest of the Company, proper disclosure through the accomplishment of the Full Business Interest Disclosure Form should be made and a review by higher Management shall resolve the conflict.</i></p> <p><i>Moreover, one of the corporate values of the Company is "Integrity". Employees are dedicated to high ethical and moral standards. Uncompromising honesty, fairness, and professionalism is exercised in the performance of their duties and responsibilities as well as in their dealings with the Company, co-employees, customers, business partners, the public and other stakeholders.</i></p>
<p>(b) Conduct of Business and Fair Dealings</p>	<p><i>Among others, the Company has a Policy on Securities Dealing. This policy mandates that the directors, officers and employees of the Company and its subsidiaries ("GSMI Group") to exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the Securities Regulation Code ("SRC"). It sets out the</i></p>	<p><i>Among others, the Company has a Policy on Securities Dealing. This policy mandates that the directors, officers and employees of the Company and its subsidiaries ("GSMI Group") to exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with</i></p>	<p><i>Among others, the Company has a Policy on Securities Dealing. This policy mandates that the directors, officers and employees of the Company and its subsidiaries ("GSMI Group") to exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with</i></p>

	<p>conditions and rules under which the directors, officers and employees of the GSMI Group ("Relevant Persons") shall deal in securities of the Company.</p> <p>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</p> <p>The Company's CG Manual also mandates the Board to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The said manual also emphasizes that a director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability and fairness and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p>	<p>this policy and the requirements under the Securities Regulation Code ("SRC"). It sets out the conditions and rules under which the directors, officers and employees of the GSMI Group ("Relevant Persons") shall deal in securities of the Company.</p> <p>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</p>	<p>this policy and the requirements under the Securities Regulation Code ("SRC"). It sets out the conditions and rules under which the directors, officers and employees of the GSMI Group ("Relevant Persons") shall deal in securities of the Company.</p> <p>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</p>
(c) Receipt of gifts from third parties	<p>The Company's policy on this matter is reflected in its corporate value of "Integrity".</p> <p>The Company's CG Manual also mandates the Board to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The said manual also emphasizes that a director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability and fairness and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.</p>	<p>The Company has a Policy on Solicitation and Acceptance of Gifts. The Company is committed to succeed in a manner that upholds the highest standards of honesty, integrity and fairness. Consistent with this commitment, the Company expects each employee to observe reasonable standards of conducts. It requires employees to conduct business affairs with fairness, avoid granting undue personal favors, exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company and refuse gifts that might connote bribery in any way.</p> <p>The Company's policy on</p>	<p>The Company has a Policy on Solicitation and Acceptance of Gifts. The Company is committed to succeed in a manner that upholds the highest standards of honesty, integrity and fairness. Consistent with this commitment, the Company expects each employee to observe reasonable standards of conducts. It requires employees to conduct business affairs with fairness, avoid granting undue personal favors, exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company and refuse gifts that might connote bribery in any way.</p> <p>The Company's policy on</p>

		<i>this matter is also reflected in its corporate value of "Integrity".</i>	<i>this matter is also reflected in its corporate value of "Integrity".</i>
(d) Compliance with Laws & Regulations	<p><i>The Company has always espoused compliance with prevailing laws and regulations. This is manifested not only in the adoption and implementation of numerous policies all intended to ensure compliance with laws and regulations. One such policy is the Securities Dealing Policy adopted to make sure that the Relevant Persons exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the SRC.</i></p> <p><i>Moreover, the Company's CG Manual specifies that it shall be the duty of the Board to ensure that the Corporation complies with all relevant laws, regulations and best business practice.</i></p>	<p><i>The Company has always espoused compliance with prevailing laws and regulations. This is manifested not only in the adoption and implementation of numerous policies all intended to ensure compliance with laws and regulations. One such policy is the Securities Dealing Policy adopted to make sure that the Relevant Persons exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the SRC.</i></p>	<p><i>The Company has always espoused compliance with prevailing laws and regulations. This is manifested not only in the adoption and implementation of numerous policies all intended to ensure compliance with laws and regulations. One such policy is the Securities Dealing Policy adopted to make sure that the Relevant Persons exercise extreme caution when dealing in the Company's securities and ensure that such dealings comply with this policy and the requirements under the SRC.</i></p>
(e) Respect for Trade Secrets/Use of Non-public Information	<p><i>The Company's CG Manual also requires the directors to observe confidentiality of all non-public information which they may acquire or learn by reason of position as directors.</i></p> <p><i>The Company's policy on this matter is also reflected in its corporate value of "Integrity".</i></p>	<p><i>The Company has among others, Intellectual Property Procedure and Guidelines (with the objective of developing, managing, maintaining and protecting its Intellectual Property to maximize value and drive growth, innovation and cooperative relationships with other companies, consistent with its tradition of quality and integrity) as well as Information Security Policies and Guidelines (such as Electronic Communications Security Policy & Guidelines) all intended to ensure respect for Trade Secrets and protection of non-public information.</i></p> <p><i>The Company's policy on this matter is also</i></p>	<p><i>The Company has among others, Intellectual Property Procedure and Guidelines (with the objective of developing, managing, maintaining and protecting its Intellectual Property to maximize value and drive growth, innovation and cooperative relationships with other companies, consistent with its tradition of quality and integrity) as well as Information Security Policies and Guidelines (such as Electronic Communications Security Policy & Guidelines) all intended to ensure respect for Trade Secrets and protection of non-public information.</i></p> <p><i>The Company's policy on this matter is also</i></p>

		<i>reflected in its corporate value of "Integrity".</i>	<i>reflected in its corporate value of "Integrity".</i>
(f) Use of Company Funds, Assets and Information	<i>The Company's CG Manual mandates the Board to conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. The said Manual also emphasizes that a director's office is one of trust and confidence. A director shall act in a manner characterized by transparency, accountability and fairness and in the best interest of the Company. He should exercise leadership, prudence and integrity in directing the Company towards sustained progress.</i>	<i>The Company has various policies reflective of its corporate principles relative to the proper use of Company funds, assets and information. Among others, it has a policy on Cash Management, Cash Disbursements and Trade Management.</i> <i>The Company Rules and Regulations for employees also sanction the improper, irregular or unlawful use of Company funds, assets and information.</i>	<i>The Company has various policies reflective of its corporate principles relative to the proper use of Company funds, assets and information. Among others, it has a policy on Cash Management, Cash Disbursements and Trade Management.</i> <i>The Company Rules and Regulations for employees also sanction the improper, irregular or unlawful use of Company funds, assets and information.</i>
(g) Employment & Labor Laws & Policies	<i>One of the duties and responsibilities of the Board is to ensure that the Company complies with all relevant laws, regulations and best business practices. Thus, directors are also expected to comply with all relevant laws and regulations.</i>	<i>The Company recognizes the importance of its people as shown in its corporate value of "Respect for our People". This value is summed up in the statement below:</i> <i>"We are committed to maintain a work environment that encourages trust, openness and mutual respect, regardless of rank or title. We promote a healthy work and life balance and provide opportunities for professional and personal growth. Our people are our strength."</i>	<i>The Company recognizes the importance of its people as shown in its corporate value of "Respect for our People". This value is summed up in the statement below:</i> <i>"We are committed to maintain a work environment that encourages trust, openness and mutual respect, regardless of rank or title. We promote a healthy work and life balance and provide opportunities for professional and personal growth. Our people are our strength."</i>
(h) Disciplinary action	<i>The Company's Compliance Officer monitors compliance with the provisions and requirements of the Company's CG Manual and determine violations of the same. He may recommend penalty for the said violation for further review and approval of the Board.</i>	<i>The Company espouses the principle of progressive discipline in its Company Rules and Regulations on employee discipline and believes that the purpose of disciplinary action is to correct rather than to punish the individual. Should an employee violate policies, rules and regulations of the</i>	<i>The Company espouses the principle of progressive discipline in its Company Rules and Regulations on employee discipline and believes that the purpose of disciplinary action is to correct rather than to punish the individual. Should an employee violate policies, rules and regulations of the</i>

		<p><i>Company, disciplinary actions are imposed as much as possible, in progressive increasing weight after he has been given the right to be heard. Depending on the history, circumstances and gravity of the situation, superiors take corrective action in the form of verbal discussion, written warning, suspension and dismissal. Only in extraordinary cases does the Company impose demotion, as this is counterproductive. Likewise, it does not regard the restitution of damages to or loss of Company property as a disciplinary action.</i></p> <p><i>Progressive disciplinary action, however, does not apply to grave offenses for which the employee may be dismissed immediately. As further action, the Company may institute the necessary civil and /or criminal case against the employee.</i></p>	<p><i>Company, disciplinary actions are imposed as much as possible, in progressive increasing weight after he has been given the right to be heard. Depending on the history, circumstances and gravity of the situation, superiors take corrective action in the form of verbal discussion, written warning, suspension and dismissal. Only in extraordinary cases does the Company impose demotion, as this is counterproductive. Likewise, it does not regard the restitution of damages to or loss of Company property as a disciplinary action.</i></p> <p><i>Progressive disciplinary action, however, does not apply to grave offenses for which the employee may be dismissed immediately. As further action, the Company may institute the necessary civil and /or criminal case against the employee.</i></p>
(i) Whistle Blower	<p><i>The Company adopts the SMC Group-wide Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said complaints are ultimately referred to the Audit Committee, which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for</i></p>	<p><i>The Company adopts the SMC Group-wide Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said complaints are ultimately referred to the Audit</i></p>	<p><i>The Company adopts the SMC Group-wide Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said complaints are ultimately referred to the Audit</i></p>

	<p>seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.</p> <p>All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.</p> <p>The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a person designated by the Audit Committee if the Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment</p>	<p>Committee, which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.</p> <p>All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.</p> <p>The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a</p>	<p>Committee, which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.</p> <p>All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.</p> <p>The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a person designated by the Audit Committee if the</p>
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	<p><i>dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.</i></p> <p><i>Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the SMC Group's conventional reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.</i></p> <p><i>Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.</i></p>	<p><i>person designated by the Audit Committee if the Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.</i></p> <p><i>Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the SMC Group's</i></p>	<p><i>Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.</i></p> <p><i>Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the SMC Group's conventional reporting channels. In this connection,</i></p>
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		<p><i>conventional reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.</i></p> <p><i>Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.</i></p>	<p><i>employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.</i></p> <p><i>Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.</i></p>
(j) Conflict Resolution	<p><i>The Company encourages the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Company and its shareholders or third parties, including regulatory agencies.</i></p>	<p><i>The Company encourages the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Company and its shareholders or third parties, including regulatory agencies.</i></p>	<p><i>The Company encourages the use of alternative modes of dispute resolution that can amicably settle conflicts or differences between the Company and its shareholders or third parties, including regulatory agencies.</i></p>

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company's adherence to its Code of Ethics or Conduct can be seen in the various policies it has adopted and implemented. The relevant policy may provide the manner of monitoring compliance therewith, as well as the penalty for violation therefor.

With respect to the employee's code of conduct, all employees are provided with a copy of the Company Rules and Regulations (the "Rules") which lay down the acts constituting an offense and for which appropriate disciplinary action should be meted out. The purpose of this disciplinary action is to correct rather than to punish the individual. Should an employee violate policies, rules and regulations of the company, disciplinary actions are imposed, as much as possible in progressively increasing weight, after the employee is given opportunity to be heard. Depending on the history, circumstances and gravity of the situation, superiors can take corrective action in the form of verbal discussion, written warning, suspension and dismissal. Only in extraordinary cases does the Company impose demotion. As to

restitution of damages to or loss of company property, the same is not regarded as a disciplinary action. The Rules also provide that violation of Company policies, rules and regulations not otherwise covered therein will be subject to disciplinary action dependent on the gravity or consequence of such violation. The Rules are likewise cascaded to employees by the Human Resources Office as part of the Orientation Program for new employees.

On compliance with the CG Manual, which is to ensure adherence to corporate governance principles and best practices, the Board of Directors has appointed a Compliance Officer who is responsible for monitoring compliance with the provisions and requirements of the said manual and other relevant rules and regulations.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company’s policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<i>To ensure the integrity and transparency of related party transactions between the Company and its parent company, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company’s notes to its audited consolidated financial statements.</i>
(2) Joint Ventures	<i>To ensure the integrity and transparency of related party transactions between the Company and its joint ventures, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company’s notes to its audited consolidated financial statements.</i>
(3) Subsidiaries	<i>To ensure the integrity and transparency of related party transactions between and among the Company and its subsidiaries, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company’s notes to its audited consolidated</i>

	<i>financial statements.</i>
(4) Entities Under Common Control	<i>To ensure the integrity and transparency of related party transactions between and among the Company and entities under common control with it, such transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(5) Substantial Stockholders	<i>The Company has no substantial stockholders other than its parent company, SMC. At any rate, all related party transactions of the Company are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(6) Officers including spouse/children/siblings/parents	<i>All related party transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(7) Directors including spouse/children/siblings/parents	<i>All related party transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial statements.</i>
(8) Interlocking director relationship of Board of Directors	<i>All related party transactions are made in the ordinary course of business, on an arms-length basis and at market rates. An assessment is undertaken at each fiscal year by examining the financial position of the related party and the market in which the related party operates. Moreover, consistent with the CG Manual that all material information, i.e., anything that could potentially affect share price, shall be publicly disclosed, related party transactions are fully disclosed in the Company's notes to its audited consolidated financial</i>

	statements.
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(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	NONE
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	<p><i>The Company's By-laws prohibits the nomination and election of a director who is engaged in any business which competes with or is antagonistic to that of the Company.</i></p> <p><i>Directors are mandated to fully disclose the extent of their business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations.</i></p> <p><i>Officers are required to accomplish Full Business Interest Disclosure Form.</i></p>
Group	<p><i>The Company's By-laws prohibits the nomination and election of a director who is engaged in any business which competes with or is antagonistic to that of the Company.</i></p> <p><i>Directors are mandated to fully disclose the extent of their business interest or comply with disclosure requirements as required under the Securities Regulation Code and its Implementing Rules and Regulations.</i></p> <p><i>Officers are required to accomplish Full Business Interest Disclosure Form.</i></p>

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,¹⁵ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
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¹⁵ Family relationship up to the fourth civil degree either by consanguinity or affinity.

NONE

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
<i>San Miguel Corporation</i>	<i>Licensor-Licensee</i>	<i>The Company has a Trademark Licensing Agreement with its parent company relative to the marks used in some of the Company's products.</i>

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
<i>NONE</i>		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	<i>The Company has always encouraged the use of alternative modes of dispute resolution that can amicably settle conflicts or differences. Thus, in such a situation best efforts were exerted to settle the conflicts or differences in a peaceful manner through open communication/discussion, without resorting to court action or similar action</i>
Corporation & Third Parties	<p><i>The Company has always encouraged the use of alternative modes of dispute resolution that can amicably settle conflicts or differences. Thus, it actively participates in the mandatory conciliation and mediation proceedings prescribed by judicial, quasi-judicial and administrative bodies.</i></p> <p><i>With respect to disputes involving Management and the Company's employees who are covered by Collective Bargaining Agreements, the said</i></p>

	<i>agreement provides for a "Grievance Machinery". Likewise, it is provided therein that "the parties agree on the principle that all disputes between Labor and Management may be settled through friendly negotiations. The same Agreement provides for Arbitration to the effect that if the Grievance Machinery fails, the dispute may be settled by a voluntary arbitrator mutually chosen by the parties.</i>
Corporation & Regulatory Authorities	<i>The Company has always encouraged the use of alternative modes of dispute resolution that can amicably settle conflicts or differences. Thus, the Company accordingly and promptly responds to the communications, request for clarification, comments, requirements of regulatory authorities and ultimately comply with the decision or instruction of the regulatory agency in the absence of a clear conflict with existing laws.</i>

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

They are scheduled at the beginning of the year.

- 2) Attendance of Directors¹⁶

Board	Name	Date of Election	No. of Meetings Held during the year (2015)	No. of Meetings Attended	%
<i>Chairman</i>	<i>Eduardo M. Cojuangco, Jr.</i>	<i>October 21, 1988</i>	5	5	100
<i>Member</i>	<i>Ramon S. Ang</i>	<i>April 4, 2000</i>	5	5	100
<i>Member</i>	<i>Bernard D. Marquez</i>	<i>May 12, 2011</i>	5	5	100
<i>Member</i>	<i>Leo S. Alvez</i>	<i>April 24, 2012</i>	5	5	100
<i>Member</i>	<i>Gabriel S. Claudio</i>	<i>November 11, 2010</i>	5	5	100
<i>Member</i>	<i>Francisco S. Alejo III</i>	<i>May 28, 2015</i>	3	3	100
<i>Member</i>	<i>Mario K. Surio</i>	<i>May 28, 2015</i>	3	3	100

¹⁶ This refers to attendance of Directors in 2015 Board Meetings. Updated per advisement letter filed with SEC on January 5, 2016. The directors that were elected during the 2015 Regular (Annual) Stockholders Meeting held on May 28, 2015 are Directors Cojuangco, Ang, Marquez, Alvez, Claudio, Chico-Nazario, Villaruz, Alejo III and Surio.

<i>Independent</i>	<i>Minita V. Chico-Nazario</i>	<i>March 9, 2012</i>	5	4	80
<i>Independent</i>	<i>Francisco H. Villaruz, Jr.¹⁷</i>	<i>November 6, 2014</i>	5	5	100
<i>Member</i>	<i>Ferdinand K. Constantino¹⁸</i>	<i>May 10, 2012</i>	2	2	100
<i>Member</i>	<i>Joseph N. Pineda¹⁹</i>	<i>May 9, 2013</i>	2	2	100

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No. The Company complies with Section 8 of its Amended By-Laws which requires that a majority of the number of directors as fixed in the Articles of Incorporation (which is 9 directors) shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of directors present at a meeting of which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the board.

- 5) Access to Information

- (a) How many days in advance are board papers²⁰ for board of directors' meetings provided to the board?

The CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary?

Yes. As mandated in the CG Manual the members of the Board shall be given independent access to Management and the Corporate Secretary.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?

The Company's By-laws and CG Manual provide for the role of the Company Secretary and enumerates the powers, duties and responsibilities of the Company Secretary. The Company By-Laws provides, among others that the Corporate Secretary shall maintain and be the custodian of the corporate books and records. He shall also be the recorder of the formal actions and transactions of the Company. The CG Manual provides among others that the Corporate Secretary coordinate with the Chairman in preparing the agenda of the meeting. It is also his responsibility to ensure that the Board has the necessary information to enable it to arrive at intelligent decisions on matters requiring approval and in making business judgments in good faith, which necessarily includes updating the Board on

¹⁷ Director Villaruz, Jr. replaced Justice Angelina S. Gutierrez (ret.) who resigned effective October 8, 2014 was formerly a member of the Audit Committee. She attended all Audit Committee meetings during her term. Updated per advisement letter filed with SEC on January 6, 2015.

¹⁸ Mr. Constantino ceased to be a director on May 28, 2015.

¹⁹ Mr. Pineda ceased to be a director on May 28, 2015.

²⁰ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

relevant laws.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes

No

Committee	Details of the procedures
Executive	<p><i>Section 2.2.1.8. of the Company's CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p>
Audit	<p><i>Section 2.2.1.8. of the Company's CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p> <p><i>The Audit Committee Charter also provides that a notice of each meeting confirming the date, time, venue, and agenda shall be given to each member of the Committee at least two (2) working days prior to the date of the meeting. The notice will include the agenda to be discussed during the meeting. Notices, minutes, agenda and supporting papers will be made available to any Director upon request to the Corporate Secretary.</i></p>
Nomination	<p><i>Section 2.2.1.8. of the Company's CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which</i></p>

	<p><i>expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p>
Remuneration	<p><i>Section 2.2.1.8. of the Company's CG Manual requires Management to provide the Board with complete, adequate and timely information about the matters to be taken during their meetings.</i></p> <p><i>Upon reasonable request, the directors, individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p> <p><i>The members of the Board shall be given independent access to Management and the Corporate Secretary.</i></p>
Others (specify)	<i>None</i>

6.) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
	<p><i>As provided in the CG Manual, upon reasonable request, the directors individually or as a group, may seek independent professional advice in the discharge of their duties at the expense of the Company, which expense must be reasonable.</i></p>

7.) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Manual on Corporate Governance	<p><i>The Board amended the provisions affecting the duties of the Compliance Officer, Corporate Secretary and Directors, as well as the requirement relating to directors' attendance in Board meetings. The Board also further amended the CG Manual to incorporate the revisions made by the SEC to the Revised Code of Corporate Governance embodied in SEC Memorandum Circular No. 9, Series of 2014.</i></p>	<p><i>To align the provisions of the CG Manual with the SEC Memorandum Circulars Nos. 5 and 20, Series of 2013, and SEC Memorandum Circular No. 1, Series of 2014, and SEC Memorandum Circular No. 9, Series of 2014.</i></p>

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	<i>Based on salary review and market competitiveness policy and as guided by the Executive Compensation Committee</i>	<i>Based on salary review and market competitiveness policy and as guided by the Executive Compensation Committee</i>
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus	<i>Based on the Company's performance, salary review and market competitiveness policy and as guided by the Executive Compensation Committee</i>	<i>Based on the Company's performance, salary review and market competitiveness policy and as guided by the Executive Compensation Committee</i>
(5) Stock Options and other financial instruments	<i>Based on the Company's performance and as may be warranted by circumstances.</i>	<i>Based on the Company's performance and as may be warranted by circumstances.</i>
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	<i>Except for the President, Directors only receive a per diem of Ten Thousand Pesos (Php10,000.00) per attendance in Board and Board Committee meeting. The President's compensation package is based on salary review and market competitiveness policy and as guided by the Executive Compensation Committee.</i>		
Non-Executive Directors			

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
<i>Per Diem</i>	<i>There has been no change in the last three years which would require stockholders' approval.</i>

3) Aggregate Remuneration²¹

Complete the following table on the aggregate remuneration accrued during the most recent year²²:

Except for the President, Directors only receive a per diem of Ten Thousand Pesos (Php10,000.00) per attendance in Board and Board Committee meetings.

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors ²³

²¹ Updated as of December 31, 2014.

²² Refers to 2014.

²³ Includes the per diem received of Director Angelina Gutierrez who resigned effective October 8, 2014 and Director Francisco H. Villaruz, Jr. who was appointed on November 6, 2014.

(a) Fixed Remuneration	<i>None</i>	<i>None</i>	<i>None</i>
(b) Variable Remuneration	<i>None</i>	<i>None</i>	<i>None</i>
(c) Per diem Allowance ²⁴	<i>The President of the Company, who is an Executive Director, does not receive any per diem. He receives remuneration as employee of the Company.</i>	<i>Php520,000.00</i>	<i>Php210,000.00</i>
(d) Bonuses	<i>None</i>	<i>None</i>	<i>None</i>
(e) Stock Options and/or other financial instruments	<i>None</i>	<i>None</i>	<i>None</i>
(f) Others (Specify)	<i>None</i>	<i>None</i>	<i>None</i>
Total	<i>None</i>	<i>Php520,000.00</i>	<i>Php230,000.00</i>

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	<i>The President of the Company, who is an Executive Director, receives remuneration as employee of the Company.</i>	<i>NONE</i>	<i>NONE</i>
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)			
Total	NOT APPLICABLE		

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Only members of the Board who are employees of the Company are entitled to participate in the Employee Stock Purchase Plan (the "ESPP"), wherein qualified employees may acquire a minimum of 500 shares to a maximum of 15,000 shares per offering.

²⁴ Updated for the year ended December 31, 2014.

The subscription price of the shares under the ESPP which is equal to the weighted average market closing prices of the last quarter immediately preceding the application/subscription period, less a discount of fifteen percent (15%), shall be paid without interest through salary deduction over a period of five (5) years from Exercise Date. "Exercise Date" is the last working day of the month during which the notice addressed to the ESPP Committee from an employee of his decision to subscribe to shares under the ESPP is received by the Committee.

The shares covered by the ESPP are no longer available for subscription as the offering period provided under the ESPP expired on January 21, 2013. Of the 2014 members of the Board, only Mr. Bernard D. Marquez is an employee of the Company.²⁵

Director's Name	ESPP SHARES	Total % from Capital Stock
Bernard D. Marquez	30,000	0.00%

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
NONE		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration ²⁶
Chief Finance Officer	Php 36,645,509.62
Marketing Manager	
Business Procurement Manager	
Manufacturing and Engineering Services Manager	
Planning and Management Services Manager	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities²⁷

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

²⁵ Updated for the year ended December 31, 2014.

²⁶ Updated for the year ended December 31, 2014.

²⁷ Updated as of December 31, 2014.

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	1	3	0	No Charter	Exercise all the powers of the Board in the management of the business and affairs of the Company when the Board is not in session.	Responsible for the management of the business and affairs of the Company between sessions of the Board of Directors.	To act, by a majority vote of all its members, on such specific matters within the competence of the Board, as may be delegated to it in the By-laws or on a majority vote of the Board, subject to the limitations provided by Section 35 of the Corporation Code of the Philippines.
Audit	0	2	2	Has adopted a Charter	Assist the Board in the performance of its oversight responsibility for financial reports and financial reporting process, internal control system, audit process and in monitoring and facilitating compliance with both the internal financial management handbook and pertinent accounting standards, legal and regulatory requirements. Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity,	The Audit Committee, among others, have the following responsibilities: Evaluate and determine any non-audit work performed by External Auditors; Establish and identify the reporting line of the Internal Auditor; Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security; Review all interim and annual financial	To conduct investigations and make recommendations relating to any communication or reports referred to it under the Whistle Blowing Policy Procedures of the Company, or relating to any findings of major investigations on internal control or financial reporting matters as delegated by the Board or on the Committee's own initiative, and management's response thereto.

					operational, legal and other risks of the Company, and crisis management.	statements before submission to the Board; Ensure that the accounting and auditing processes, practices and methods of the Company comply with Philippine and internationally-accepted standards; Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation through a step-by-step procedures and policies handbook that will be used by the entire organization; and Supervise Management in Management's formulation of rules and procedures on financial reporting and internal controls in accordance with relevant guidelines.	
Nomination	1	3	1	Has adopted a Charter	The Nomination and Hearing Committee functions as the body that pre-screens and shortlists	To ensure that all individuals nominated to become a director of the Company have all the	It has the power to set guidelines on the number of directorships which a member of the Board may hold pursuant to

					<i>candidates nominated to become a member of the Board of Directors.</i>	<i>qualifications and none of the disqualifications set forth in the Company's By-laws and CG Manual.</i>	<i>the policy on multiple board seats under the Company's CG Manual.</i>
<i>Remuneration</i>	<i>1</i>	<i>2</i>	<i>1</i>	<i>Has adopted a Charter</i>	<i>The Executive Compensation Committee assists and advises the Board on remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment.</i>	<i>Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors; Provide oversight over remuneration of Senior Management and other key personnel ensuring that compensation is consistent with the Company's culture, strategy and control environment; Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Company successfully; and in the absence of such Personnel Handbook, cause the</i>	<i>Has the power to Review (if any) of the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.</i>

						<i>development of such, covering the same parameters of governance set out in the CG Manual.</i>	
<i>Others (specify)</i>							

2) Committee Members²⁸

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held In 2015	No. of Meetings Attended in 2015	%	Length of Service in the Committee
Chairman	<i>Eduardo M. Cojuangco, Jr.</i>	<i>October 21, 1998</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>17 years</i>
Member (NED)	<i>Ramon S. Ang</i>	<i>April 4, 2000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>15 years</i>
Member (NED)	<i>Bernard D. Marquez</i>	<i>May 12, 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4 years</i>
Member (NED)	<i>Ferdinand K. Constantino²⁹</i>	<i>May 10, 2012</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3 years</i>
Member (NED)	<i>Francisco S. Alejo³⁰</i>	<i>May 28, 2015</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2015	No. of Meetings Attended in 2015	%	Length of Service in the Committee
Chairman	<i>Minita V. Chico-Nazario</i>	<i>March 9, 2012</i>	<i>4</i>	<i>4</i>	<i>100</i>	<i>3 years</i>
Member (NED)	<i>Leo S. Alvez</i>	<i>April 24, 2002</i>	<i>4</i>	<i>4</i>	<i>100</i>	<i>13 years</i>
Member (NED)	<i>Ferdinand K. Constantino³¹</i>	<i>May 10, 2012</i>	<i>4</i>	<i>4</i>	<i>100</i>	<i>3 years</i>
Member (ID)	<i>Francisco H. Villaruz, Jr.³²</i>	<i>November 6,</i>	<i>4</i>	<i>4</i>	<i>100</i>	<i>1 year</i>

²⁸ Refers to information as of December 31, 2015. Updated per advisement letter filed with SEC on January 5, 2016.

²⁹ Mr. Constantino's term of office as Director ceased on May 28, 2015, the date of the Regular Stockholders' Meeting of the Company. As disclosed in SEC Form 17-C filed with the SEC on May 28, 2015, Mr. Constantino is still a part of the committee as a non-director member.

³⁰ Updated per SEC Form 17-C filed with the SEC on May 28, 2015.

³¹ Mr. Constantino's term of office as Director ceased on May 28, 2015, the date of the Regular Stockholders' Meeting of the Company. As disclosed in SEC Form 17-C filed with the SEC on May 28, 2015, Mr. Constantino is still a part of the committee as a non-director member.

³² Director Villaruz, Jr. replaced Justice Angelina S. Gutierrez (ret.) who resigned effective October 8, 2014 was formerly a member of the Audit Committee. She attended all Audit Committee meetings during her term. Updated per advisement letter filed with SEC on January 6, 2015.

		2014				
Member (NED)	<i>Francisco S. Alejo</i> ³³	<i>May 28, 2015</i>	2	2	100	<i>Less than a year</i>

Disclose the profile or qualifications of the Audit Committee members.³⁴

Minita V. Chico-Nazario, Filipino, 75, is an Independent Director of the Company since March 9, 2012, Chairperson of the Company's Audit Committee and Member of the Company's Executive Compensation Committee. She is also an Independent Director of San Miguel Properties, Inc. and Top Frontier Investment Holdings, Inc. She is currently a Director of Banco San Juan (Rural Bank) and Legal Consultant of Union Bank of the Philippines. She is also the incumbent Dean of the College of Law of the University of Perpetual Help in Las Piñas City. She has previously held the following positions: Legal Consultant of Philippine Amusement and Gaming Corporation (January 2010-June 2010) and Metro Manila Development Authority (March 2010-June 2010); and Chairman of the Board of Directors (June 2010-August 2010) and Director (September 2010-September 2011) of PNO Exploration Corporation. She has served the judiciary in various capacities for forty-seven years, as Presiding Justice of the Sandiganbayan (February 2003-February 2004) and Associate Justice of the Supreme Court (February 10, 2004-December 5, 2009). She obtained her law degree from the University of the Philippines and is a member of the New York State Bar.

Francisco H. Villaruz, Jr., Filipino, 71, is an Independent Director of the Company since November 6, 2014 and a Member of the Audit Committee and Nomination and Hearing Committee. He was recently elected as Independent Director of South Luzon Tollway Corporation (March 16, 2015). He has served the judiciary as Associate Justice in Sandiganbayan (October 8, 2001 – October 9, 2011) and as Presiding Justice (October 10, 2011 – June 8, 2013). He was previously appointed as Director of the Securities and Exchange Commission. He obtained his law degree at the University of the Philippines and was a consistent member and officer of the Order of The Purple Feather (UP Law Honor Society). He has attended various trainings, seminars and conferences in the Philippines and abroad.

Leo S. Alvez, Filipino, 72, has been a Director of the Company since April 24, 2002. He is also the Chairman of the Company's Nomination and Hearing Committee and a Member of the Company's Audit Committee and Executive Compensation Committee. He is also an incumbent Director of San Miguel Corporation. Retired Major General Alvez has held various positions in the government. He earned his Bachelor of Science Degree at the Philippine Military Academy and Masters in Business Administration at the University of the Philippines.

Ferdinand K. Constantino, Filipino, 63, has been a Director of the Company since May 10, 2012 and is the Chairman of the Company's Executive Compensation Committee and a Member of the Company's Executive Committee and Audit Committee. He holds, among others, the following positions: Director, Senior Vice President, Chief Finance Officer and Treasurer of San Miguel Corporation; Vice Chairman of San Miguel Global Power; Director of San Miguel Brewery Inc., San Miguel Yamamura Packaging Corporation, Magnolia, Inc., Petron Malaysia, San Miguel Super Coffeemix Co., Inc. and Citra Metro Manila & Tollways Corporation; and President of Anchor Insurance Brokerage Corporation. He was a Director of Bank of Commerce, Philippine Airlines, Inc. and PAL Holdings, Inc. Mr. Constantino has held directorships in various subsidiaries of San Miguel Corporation during the last five years. He holds a degree in AB Economics from the University of the Philippines and completed academic requirements for an MA Economics degree in the same university. He also took a strategic Finance Course in IMD-Lausanne, Switzerland.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee assists the Board in its corporate governance and oversight responsibilities in relation to financial reporting, risk management, internal controls and internal and external audits. With respect to the

³³ Updated per SEC Form 17-C filed with the SEC on May 28, 2015.

³⁴ Updated for the year December 31, 2014 as reflected in SEC Form 17-A filed with the SEC on April 16, 2015.

external auditor, the Company's Audit Committee Charter enumerates the following duties and responsibilities:

- Shall be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor.
- Assess and monitor the (i) external auditor's professional qualifications, competence, independence and objectivity and require the external auditor to make the statements necessary under applicable auditing standards as regards its relationship and services to the Company, discussing any relationship or services which may derogate its independence or objectivity; and (ii) the effectiveness of the audit process in accordance with applicable standards.
- Obtain objective assurance from the external auditor that the conduct of the audit and the manner of the preparation of the financial statements comply with applicable auditing standards and rules of regulatory bodies, including exchanges on which the Company's securities are listed.
- Review and approve the nature and scope of the audit plans of the external auditor, including scope, audit resources and expenses, and reporting obligations before the audit commences.
- Review the reports or communications of the external auditor and ensure that management or the Board will provide a timely response to the issues raised in such reports or communications.
- Ensure the development and implementation of policies on the engagement of an external auditor to supply non-audit work, including the fees payable therefor, and evaluate any non-audit work undertaken by the external auditor to ensure that the same does not conflict with its audit functions.
- Ensure that the external auditor or the signing partner of the auditing firm engaged by the Company is changed every five (5) years or earlier.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held in 2015	No. of Meetings Attended in 2015	%	Length of Service in the Committee
Chairman	Leo S. Alvez	April 24, 2002	1	1	100	13 years
Member (ED)	Bernard D. Marquez	May 12, 2011	1	1	100	4 years
Member (NED)	Gabriel S. Claudio	November 11, 2010	1	1	100	5 years
Member (ID)	Francisco H. Villaruz, Jr. ³⁵	November 6, 2014	1	1	100	1 year
Member (NED)	Joseph N. Pineda ³⁶	May 9, 2013	1	1	100	2 years
Member (NED)	Mario K. Surio ³⁷	May 28, 2015	N/A	N/A	N/A	Less than 1 year
Non-Voting Member	Casiano B. Cabalan, Jr. ³⁸	May 10, 2012	N/A	N/A	N/A	3 years

³⁵ Director Villaruz, Jr. replaced Justice Angelina S. Gutierrez (ret.) who resigned effective October 8, 2014 was formerly a member of the Audit Committee. She attended all the Nomination and Hearing Committee meetings during her term. Updated per advisement letter filed with SEC on January 5, 2016.

³⁶ Mr. Pineda ceased to be a Director on May 28, 2015, the date of the Regular Stockholders' Meeting of the Company.

³⁷ Updated per SEC Form 17-C filed with the SEC on May 28, 2015.

³⁸ Updated per SEC Form 17-C filed with the SEC on May 28, 2015.

(d) Remuneration Committee³⁹

Office	Name	Date of Appointment	No. of Meetings Held in 2015	No. of Meetings Attended in 2015	%	Length of Service in the Committee
Chairman	Ramon S. Ang ⁴⁰	May 28, 2015	0	0	0	Less than 1 year
	Ferdinand K. Constantino ⁴¹	May 10, 2012	0	0	0	3 years
Member (ED)	Bernard D. Marquez	May 12, 2011	0	0	0	4 years
Member (NED)	Leo S. Alvez	April 24, 2002	0	0	0	13 years
Member (ID)	Minita V. Chico-Nazario	March 9, 2012	0	0	0	3 years

(e) Others (Specify) *NONE*

Provide the same information on all other committees constituted by the Board of Directors: N/A

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	<i>NOT APPLICABLE</i>					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	<i>None</i>	<i>None</i>
Audit	<i>Carmelo L. Santiago</i>	<i>Replaced by Minita V. Chico-Nazario due to resignation of Mr. Santiago</i>
	<i>Carlos Palanca III</i>	<i>Replaced by Angelina S. Gutierrez due to resignation of Mr. Palanca</i>
	<i>Angelina S. Gutierrez</i>	<i>Replaced by Francisco H. Villaruz, Jr. due to resignation of Angelina S. Gutierrez.</i>
Nomination	<i>Carmelo L. Santiago</i>	<i>Replaced by Minita V. Chico-Nazario due to resignation of Mr. Santiago</i>
	<i>Angelina S. Gutierrez</i>	<i>Replaced by Francisco H. Villaruz, Jr. due to the resignation of Angelina S. Gutierrez</i>

³⁹ Referred to as the Executive Compensation Committee of the Company.

⁴⁰ Updated per SEC Form 17-C filed with the SEC on May 28, 2015. Director Ramon S. Ang is the new chairman of the committee.

⁴¹ Mr. Constantino ceased to be a Director on May 28, 2015, the date of the Regular Stockholders' Meeting of the Company. As disclosed in SEC Form 17-C filed with the SEC on May 28, 2015. Mr. Constantino is a non-director member and Director Ramon S. Ang is the new chairman of the committee.

Remuneration	<i>Carmelo L. Santiago</i>	<i>Replaced by Minita V. Chico-Nazario due to resignation of Mr. Santiago</i>
	<i>Carlos Palanca III</i>	<i>Replaced by Angelina S. Gutierrez due to resignation of Mr. Palanca</i>
Others (specify)	<i>None</i>	<i>None</i>

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year⁴².

Name of Committee	Work Done	Issues Addressed
Executive	<i>No Executive Committee meeting was held in 2014.</i>	<i>No material issues, such as issues of compliance matters were required to be addressed by the committee.</i>
Audit	<ul style="list-style-type: none"> • <i>Recommended to the Board of Directors and endorsed for approval by the stockholders, the appointment of R.G. Manabat & Co., as the Company's independent external auditor for 2014;</i> • <i>Reviewed and approved the terms of engagement of the external auditor, including the audit, audit-related and any non-audit services provided by the external auditor to the Company and the fees for such services, and ensured that the same did not impair the external auditor's independence and objectivity;</i> • <i>Reviewed and approved the scope of the audit and audit programs of the external auditor as well as the internal audit group of the Company, and have discussed the results of their respective audit processes and their findings and assessment of the Company's internal controls and financial reporting systems;</i> • <i>Reviewed, discussed and recommended for approval of the Board of Directors the Company's quarterly and annual consolidated financial statements, and the reports required to be submitted to regulatory agencies in</i> 	<i>No material issues, such as issues on compliance matters were required to be addressed by the committee.</i>

⁴² Updated for the year ended December 31, 2014.

	<p><i>connection with such consolidated financial statements, to ensure that the information contained in such statements and reports presents a true and balanced assessment of the Company's position and condition and that such statements and reports comply with the regulatory requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange, Inc. (PSE);</i></p> <ul style="list-style-type: none"> • <i>Reviewed, discussed and recommended for approval of the Board of Directors the filing of the Company's Corporate Governance Guidelines for Listed Companies Disclosure Template with the PSE, in compliance with the requirement of the said regulatory agency;</i> • <i>Reviewed, discussed and recommended for approval of the Board of Directors the amendments to the Company's Amended Manual on Corporate Governance in order to align the provisions thereof with the prevailing SEC Memorandum Circulars affecting the duties of the Compliance Officer, Corporate Secretary and Directors, requirement relating to Director's attendance in Board Meetings and to comply with SEC Memorandum Circular No. 9, Series of 2014, which pertains to the Amendments to the Revised Code of Corporate Governance; and</i> • <i>Reviewed the adequacy, effectiveness and sufficiency of the Company's financial and internal controls, risk management systems, and control and governance processes, and ensured that, where applicable, necessary measures are taken to address any concern or issue arising therefrom.</i> 	
Nomination	Pre-screened and short listed all	No material issues, such as issues on

	<i>candidates nominated to become a member of the Board of Directors of the Company for 2014, as well as the qualification of Director Franciso H. Villaruz, who replaced Director Angelina S. Gutierrez,, in accordance with the qualifications and disqualifications as provided in the By-laws, CG Manual and relevant laws and government issuances.</i>	<i>compliance matters were required to be addressed by the committee,</i>
Remuneration	<i>No meeting was held in 2014.</i>	<i>No material issues, such as issues on compliance matters were required to be addressed by the committee.</i>
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<i>None</i>	<i>None</i>
Audit	<i>Implementation of a Performance Assessment Process.</i>	<i>To align with corporate governance best practice</i>
Nomination	<i>Implementation of a Performance Assessment Process.</i>	<i>To align with corporate governance best practices</i>
Remuneration	<i>Implementation of a Performance Assessment Process.</i>	<i>To align with corporate governance best practices</i>
Others (specify)	<i>None</i>	<i>None</i>

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company is aware that engaging in a business is an undertaking which entails a lot of risks. Thus, it has in place a system of identifying, prioritizing, measuring, monitoring and addressing and minimizing various risks. The various units/departments/offices of the Company are in charge of managing the risks associated or related to their respective functions and are expected to take into account these risks when undertaking their day-to-day activities and in establishing their plans and programs.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Audit Committee conducts a regular review of the Company's activities related to risk management. This is included in the accomplishment of the Committee in 2014.⁴³

(c) Period covered by the review;

⁴³ Updated for the year ended December 31, 2014.

2014⁴⁴

- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The Board has oversight responsibilities for ensuring presence of adequate and effective internal control mechanisms. The Audit Committee is mandated to assist the Board in the performance of this oversight responsibility. Thus, risk management system is monitored regularly.

- (e) Where no review was conducted during the year, an explanation why not.

N/A

2) Risk Policy

- (a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Competitor Risk	<i>Maintain a strong brand and product portfolio; Expand product portfolio if necessary; and monitor consumer trends and competitor activities.</i>	<i>To be the brand of choice of consumers and to cater to shifting consumer preference.</i>
Regulatory Risk	<i>Appropriately address changes in regulations and actions by national or local regulators.</i>	<i>Cushion the effect/s of the regulatory changes.</i>
Raw Materials and Supply Risk	<i>Maintain raw materials flexibility; Regular monitoring of its raw materials; Import materials when necessary; and Enter into various commodity derivatives.</i>	<i>To ensure steady supply of materials; Manage the price risk on strategic commodities; and Fix price of commodities at levels acceptable to the Company.</i>
Foreign Currency Risk	<i>Enter into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards or swaps.</i>	<i>Reduce or eliminate earnings volatility and any adverse impact on equity.</i>
Credit Risk	<i>To enter into transactions with a diversity of credit worthy parties; and Maintain an internal mechanism to monitor the granting of credit and management of credit exposures.</i>	<i>Mitigate any significant concentration of credit risk.</i>
Interest Rate Risk	<i>Use an optimal combination of fixed and variable rate debt instruments.</i>	<i>To reduce the impact of short-term fluctuations on the Company's earnings.</i>
Commodity Price Risk	<i>Enter into various commodity derivatives to manage its price risks on strategic commodities.</i>	<i>Fix the prices of commodities at levels acceptable to the Company. Thus, protecting raw material costs and preserving margins.</i>

⁴⁴ Updated for the year ended December 31, 2014.

Liquidity Risk	<i>Constant monitoring and management of its liquidity position, liquidity gaps or surplus on a daily basis; Ensure availability of funds through committed stand-by credit facility from several local banks; and Use derivative instruments.</i>	<i>To ensure the adequate funding is available at all times; To meet commitments as they arise without incurring unnecessary costs; To be able to access funding when needed at the least possible cost; and To maintain an adequate time spread of refinancing maturities.</i>
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(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Competitor Risk	<i>Maintain a strong brand and product portfolio; Expand product portfolio if necessary; and monitor consumer trends and competitor activities.</i>	<i>To be the brand of choice of consumers and to cater to shifting consumer preference.</i>
Regulatory Risk	<i>Appropriately address changes in regulations and actions by national or local regulators.</i>	<i>Cushion the effect/s of the regulatory changes.</i>
Raw Materials and Supply Risk	<i>Maintain raw materials flexibility; Regular monitoring of its raw materials; Import materials when necessary; and Enter into various commodity derivatives.</i>	<i>To ensure steady supply of materials; Manage the price risk on strategic commodities; and Fix price of commodities at levels acceptable to the Company.</i>
Foreign Currency Risk	<i>Enter into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards or swaps.</i>	<i>Reduce or eliminate earnings volatility and any adverse impact on equity.</i>
Credit Risk	<i>To enter into transactions with a diversity of credit worthy parties; and Maintain an internal mechanism to monitor the granting of credit and management of credit exposures.</i>	<i>Mitigate any significant concentration of credit risk.</i>
Interest Rate Risk	<i>Use an optimal combination of fixed and variable rate debt instruments.</i>	<i>To reduce the impact of short-term fluctuations on the Group's earnings.</i>
Commodity Price Risk	<i>Enter into various commodity derivatives to manage its price risks on strategic commodities.</i>	<i>Fix the prices of commodities at levels acceptable to the Group. Thus, protecting raw material costs and preserving margins.</i>
Liquidity Risk	<i>Constant monitoring and management of its liquidity position, liquidity gaps or surplus on a daily basis; Ensure availability of funds through committed stand-by credit facility</i>	<i>To ensure the adequate funding is available at all times; To meet commitments as they arise without incurring unnecessary costs; To be able to access funding when needed at the least possible</i>

	<i>from several local banks; and Use derivative instruments.</i>	<i>cost; and To maintain an adequate time spread of refinancing maturities.</i>
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(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
<i>As every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock in his name in the books of the Company, there is a possibility that majority shareholders will be able to overturn the votes or decisions of the minority shareholders. The Company, however, have provisions in its CG Manual, which would afford protection to minority shareholders such as the non-removal of director without cause, if it will have the effect of denying minority shareholders' representation in the Board.</i>

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>Competitor Risk</i>	<i>Monitoring of competitive activities and tri-media campaign; Periodic evaluation of industry & market reports by third parties.</i>	<i>Market Share Readings; Advertising Efficiency Reports; Sales-To-Trade Volume Reports.</i>
<i>Regulatory Risk</i>	<i>Monitoring of government agencies' regulations and legislations by presence in agency briefings and public hearings.</i>	<i>Advocacy on proposed regulation and legislations such as, excise tax, product standards, patents and certifications.</i>
<i>Foreign Currency Risk</i>	<i>Coordinates with SMC Group for placements, if necessary.</i>	<i>Close coordination with the parent company's treasury group.</i>
<i>Credit Risk</i>	<i>Monitoring of Accounts Receivable balances.</i>	<i>Aging Analysis of Accounts Receivable; Periodic Trade Inventory Counts to establish collection gaps, if any.</i>
<i>Interest Rate Risk</i>	<i>Monitoring of Funds Requirements, Credit Facilities and Interest Rates.</i>	<i>Treasury Bill Rates, LIBOR and SIBOR</i>
<i>Commodity Price Risk</i>	<i>Monitoring of Major Raw Material and Packaging Prices and Supplies.</i>	<i>Forward Contracts on Molasses and other alternative feed stocks for brewing and distillation. Negotiated Cost for Bottles and Packaging Materials.</i>
<i>Liquidity Risk</i>	<i>Monitoring of Short-Term Debt vs. Funds Requirement.</i>	<i>Maintaining a balance between Debt and Trade Financing Analysis of Liquidity Measures, i.e., Current Ratio, Debt-to-Equity Ratio and Earnings Before Interest, Depreciation & Amortization (EBITDA).</i>

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
<i>Competitor Risk</i>	<i>Monitoring of competitive activities and tri media campaign; Periodic evaluation of industry & market reports by third parties.</i>	<i>Market Share Readings Advertising Efficiency Reports Sales-To-Trade Volume Reports</i>
<i>Regulatory Risk</i>	<i>Monitoring of government agencies' regulations and legislations by presence in agency briefings and public hearings.</i>	<i>Advocacy on proposed regulation and legislations such as, excise tax, product standards, patents and certifications.</i>
<i>Foreign Currency Risk</i>	<i>Coordinates with SMC Group for placements, if necessary.</i>	<i>Close coordination with the parent company's treasury group.</i>
<i>Credit Risk</i>	<i>Monitoring of Accounts Receivable balances.</i>	<i>Aging Analysis of Accounts Receivable; Periodic Trade Inventory Counts to establish collection gaps, if any.</i>
<i>Interest Rate Risk</i>	<i>Monitoring of Funds Requirements, Credit Facilities and Interest Rates.</i>	<i>Treasury Bill Rates, LIBOR and SIBOR</i>
<i>Commodity Price Risk</i>	<i>Monitoring of Major Raw Material and Packaging Prices and Supplies.</i>	<i>Forward Contracts on Molasses and other alternative feed stocks for brewing and distillation. Negotiated Cost for Bottles and Packaging Materials.</i>
<i>Liquidity Risk</i>	<i>Monitoring of Short-Term Debt vs. Funds Requirement.</i>	<i>Maintaining a balance between Debt and Trade Financing Analysis of Liquidity Measures, i.e., Current Ratio, Debt-to-Equity Ratio and Earnings Before Interest, Depreciation & Amortization (EBITDA).</i>

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
<i>Business Procurement Group (Raw Materials and Supply and Commodity Price Risks)</i>	<i>Raw Material and Packaging Supply and Prices</i>	<i>Monitors Prices and Supply of Molasses, Alcohol and Packaging Materials Price Negotiations of Raw and Packaging Materials.</i>
<i>Sales and Marketing Groups (Competitor Risk)</i>	<i>Industry/Consumer Trends Market Share</i>	<i>Monitors consumer trends and competitive activities Address immediate issues with tactical programs Develop products for changing customer consumption patterns.</i>
<i>Finance Group/Internal Audit</i>	<i>Working Capital Management</i>	<i>Monitors Customer Credit</i>

<i>(Regulatory, Credit, Interest Rate, Liquidity and Foreign Currency Risks)</i>		<i>Standing Collection Gap Analysis Trade Inventory Count Conducts Periodic Inventory Count of Full Goods and Materials & Supplies.</i>
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G. INTERNAL AUDIT AND CONTROL

The Company is part of the business conglomerate of SMC and as such, except for those peculiar to the Company, the various policies of SMC, including those relating to internal audit and controls cover/apply to all the companies belonging to the SMC Group including the Company.

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control, as defined by the Company in its "Corporate Policy on Internal Control" comprises any action taken by management, the Board and other parties to enhance risk management, and increase likelihood that established objectives and goals will be achieved. The primary objectives of internal control are to ensure:

- Reliability and integrity of financial and operational information;*
- Effectiveness and efficiency of operation;*
- Safeguarding of assets;*
- Compliance with policies, plans, procedures, laws, regulations and contracts; and*
- Accomplishment of established objectives and goals for operations or programs.*

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee conducts a regular review of the Company's internal control system. This is included in the accomplishment of the Committee in 2014.⁴⁵

(c) Period covered by the review;

2014.⁴⁶

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Board has oversight responsibilities for ensuring presence of adequate and effective internal control mechanisms. The Audit Committee is mandated to assist the Board in the performance of this oversight responsibility. Thus, internal controls are monitored regularly.

(e) Where no review was conducted during the year, an explanation why not.

N/A⁴⁷

⁴⁵ Updated for the year ended December 31, 2014.

⁴⁶ Updated for the year ended December 31, 2014.

⁴⁷ Updated for the year ended December 31, 2013.

2) Internal Audit

(a) Role, Scope and Internal Audit Function⁴⁸

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<p><i>Ginebra San Miguel Group Audit (GSMGA) provides independent, objective assurance and consulting services designed to add value and improve the operations of GSMI and its Subsidiaries, and help the Ginebra San Miguel Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i></p>	<p><i>The scope of work of GSMGA is to assist the Board and Management in determining whether the risk management, control, and governance processes within the GSMI Group, as designed and represented by Management, are adequate and effective in a manner to ensure that:</i></p> <ul style="list-style-type: none"> <i>• Significant exposures to risks are appropriately identified and adequately managed.</i> <i>• Significant financial, managerial, and operating information is accurate, reliable, and timely.</i> <i>• Employees' and Company's actions are in compliance</i> 	<p><i>In-house with Outsourcing</i></p>	<p><i>Group Audit Manager: Isadora A. Papica</i></p> <p><i>Auditing Firms:</i></p> <ul style="list-style-type: none"> <i>• MV Reyes & Associates</i> <i>• Reyes Tacandong & Co.</i> 	<p><i>Functionally to the GSMI Audit Committee; administratively to the GSMI President</i></p>

⁴⁸ Updated for the year ended December 31, 2014.

	<p><i>with policies, standards, procedures, and applicable laws and regulations.</i></p> <ul style="list-style-type: none"> • <i>Resources are acquired economically, used efficiently, and adequately protected.</i> • <i>Objectives and goals for operations or programs are achieved.</i> • <i>Effectiveness, efficiency and continuous improvement are promoted in the Company's operating systems and processes.</i> 			
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(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. The Audit Committee Charter provides, among others, that the Audit Committee confirms the appointment or replacement by management of the head of the internal auditor. The said Committee also reviews and confirms the annual audit and strategic plans prepared by the internal auditor in consultation with Management. Such plans include, among others, the outsourcing of some audit functions to an auditing firm.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor reports functionally to the Audit Committee. The office of the Internal Auditor has direct and unfettered access to the Board and the audit committee, as well as to Company records, properties and personnel in the conduct of internal audit function.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
<i>NOT APPLICABLE</i>	<i>NOT APPLICABLE</i>

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.

Progress Against Plans	<i>Completed the 2014 Annual Audit Plan⁴⁹</i>
Issues⁵⁰	<i>There are no compliance matters that arise from adopting different interpretations</i>
Findings⁵¹	<i>As reported to the Audit Committee during its quarterly meetings</i>
Examination Trends	<i>Generally adequate and effective internal control</i>

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
<i>San Miguel Group Policies and Guidelines on Revenue Cycle</i>	<i>Generally in order</i>
<i>San Miguel Group Policies and Guidelines on Procurement Cycle</i>	<i>Generally in order</i>
<i>San Miguel Group Policies and Guidelines on Supply Chain – Logistics Cycle</i>	<i>Generally in order</i>
<i>San Miguel Group Policies and Guidelines on Finance – Treasury Cycle</i>	<i>Generally in order</i>

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

⁴⁹ Updated for the year ended December 31, 2014.

⁵⁰ "Issues" are compliance matters that arise from adopting different interpretations.

⁵¹ "Findings" are those with concrete basis under the Company's policies and rules.

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p><i>The Board through the Audit Committee performs its oversight responsibility of the Company's corporate governance processes relating to the independence and performance of its internal and external auditors. The Audit Committee Charter lays down the specific duties and responsibilities of the Audit Committee with respect to the Internal and External Auditors and such duties and responsibilities include, among others, the obligation of maintaining the independence and objectivity of the said auditors.</i></p> <p><i>Internal Auditors are covered by the Securities Dealing Policy of the Company. Moreover, its Charter espouses the principle of independence and objectivity. The said charter espouses the following:</i></p> <p><i>"Internal Auditing" is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations; and</i></p> <p><i>"Internal Audit Group" is a staff organization and functions in an advisory capacity; it exercises no direct</i></p>	<p><i>As they are considered "third parties" or public, the PSE-disclosure rules to protect public interest shall apply.</i></p>	<p><i>As they are considered "third parties" or public, the PSE-disclosure rules to protect public interest shall apply.</i></p>	<p><i>As they are considered "third parties" or public, the PSE-disclosure rules to protect public interest shall apply.</i></p>

<p><i>authority over the operating activities or functions it reviews.</i></p> <p><i>As to its External Auditor, the Company is guided by the current ethical standards in the engagement of the services of such editors and does not engage the same to render non-audit services if such services may create threats to the auditor's independence.</i></p>			
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Compliance Officer issues a certification every January 30th on the extent of the Company's compliance with the CG Manual for the completed year. When the said certification is filed with SEC, the Company's President countersigns the same. This practice has been discontinued pursuant to SEC Memorandum Circular No. 5, Series of 2013. This Annual Corporate Governance Report shall take the place of the said certification.⁵²

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<p><i>The Company's policies on this matter are guided by the Company's corporate value of "Consumer-focused". The said value is summed up in this statement: "We delight our consumers by providing them with superior products and services that anticipate their needs and exceed their expectations. We engage them by creating unique and memorable experiences that entice them to come back for more. Our consumers are at the heart of what</i></p>	<p><i>Conduct of various activities (sampling, promotional events) to keep the customers interested in the Company's products as well as update them on new products.</i></p>

⁵² Updated as of December 31, 2014.

	<p><i>we do.”</i></p> <p><i>The Company also has a system of addressing customer complaints.</i></p> <p><i>The Company’s CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation’s stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</i></p>	<p><i>Monitor and promptly address consumer complaints.</i></p>
Supplier/contractor selection practice	<p><i>The Company has in place a Supplier Accreditation System which lays down the process of assessing a supplier’s capability in meeting the Company’s requirements for goods and services with the objective, among others, of maintaining a pool of world-class suppliers.</i></p> <p><i>The Company’s CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation’s stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</i></p>	<p><i>Assessment and evaluation of all prospective suppliers to determine qualification for accreditation.</i></p> <p><i>Conduct of supplier accreditation visits.</i></p> <p><i>Periodic review of accreditation.</i></p> <p><i>Determination of Suppliers’ Offense and corresponding consequence/actions.</i></p> <p><i>Updating Supplier Information Record.</i></p>
Environmentally friendly value-chain	<p><i>It is the Company’s policy to do its share in taking care of the environment. Thus, it is committed to comply with environmental laws, as well as rules and regulations issued by the Department of Environment and Natural Resources and its attached agencies.</i></p>	<p><i>The Company complies with the relevant environmental laws, rules and regulations and secures necessary environmental-related permits, licenses and authority.</i></p>
Community interaction	<p><i>Guided by the Company’s corporate value of “Social Responsibility” summed up in this statement: “We are guided by our corporate values in the way we work and interact with all our stakeholders. As we deliver</i></p>	<p><i>Establish and maintain good relationship with the Community where the Company operates.</i></p> <p><i>Implement community development programs or</i></p>

	<p><i>reasonable returns to our shareholders, we recognize that we are part of a bigger community. Thus, we commit to uplift the quality of life through education, environment – protection and community development programs. We create positive impact wherever we operate.”</i></p> <p><i>In recognition of the above-mentioned value, the Company has annual Corporate Social Responsibility Programs in immediate and/or communities-at-stake areas of operation implemented by the relevant plants/office of the Company. The major thrusts of the CSR are education; environment, health and safety; Entrepreneurship and Employee Volunteerism.</i></p> <p><i>The Company’s CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation’s stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</i></p>	<p><i>activities intended to achieve the thrusts established by the Company.</i></p>
<p>Anti-corruption programmes and procedures?</p>	<p><i>The Company has a policy on Solicitation and Acceptance of Gifts which espouses the Company’s commitment to succeed in a manner that upholds the highest standards of honesty, integrity and fairness. Consistent with this commitment, the Company expects each employee to observe reasonable standards of conduct. It requires employees to conduct business affairs with fairness, avoid granting undue personal favors, exercise discretion in accepting favors or gifts from persons seeking or doing business within the Company and refuse gifts that might connote bribery in any way.</i></p>	<p><i>Regular monitoring of compliance</i></p>

	<i>The Company's CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</i>	
Safeguarding creditors' rights	<p><i>The Company has a Debt Financing Policy intended to guide the Company in negotiating and securing loans.</i></p> <p><i>The Company's CG Manual provides the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the Corporation's stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and the community in which it operates.</i></p>	<i>Regular monitoring of compliance</i>

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

Concern for its employees' safety, health and welfare has always been the Company's top priority. The Company, among others, has adopted the Department of Labor and Employment's Self-Assessment for Occupational Safety and Health and adopted a Crises Management Manual.

To ensure the employees' safety, health and welfare, Annual Physical Examinations of employees are conducted, as well as other related activities are conducted throughout the year.

It is also the Company's policy to promote career advancement and development through the numerous training programs and seminars implemented by and/or facilitated by the Company's Human Resources Department.

The Company has adopted a Policy on Anti-Sexual Harassment, declaring all forms of sexual harassment in the workplace as unlawful. In the said policy, the Company declares its commitment in upholding the rights and dignity of all its employees through the creation of a work environment characterized by professionalism, fairness, openness, trust and respect.

The Company has also adopted a Policy and Guidelines on Drug Abuse. The said policy is intended to promote a workplace that is free from drug abuse as it is detrimental to the safety, health and work performance of its employees. Consistent with this policy, the Company shall provide opportunities to rehabilitate employees who are engaged in drug abuse and discipline employees who persistently refuse to give up drug abuse.

(b) Show data relating to health, safety and welfare of its employees.⁵³

In 2014, the Company through its Human Resources Department, among others, implemented the following programs/activities:

Health and Wellness forums and activities

- *Health and Wellness Day: Whole day medical activity which entitles employees to avail of discounted rates for immunization*
- *Zumba classes*
- *Talk on Nutrition and Diet*

Various Sports Tournaments

- *Basketball*
- *Badminton*
- *Volleyball*

Activities in relation to the celebration of Mothers' Day and Fathers' Day

Monthly First Friday Mass

Plant Anniversary Celebrations

(c) State the company's training and development programmes for its employees. Show the data.⁵⁴

In 2014, the Company provided opportunities to its employees to attend numerous training programs covering various topics, conducted here and abroad. Training programs were also conducted in house. In summary, the number of employees who participated in the training programs is shown hereunder:

<i>Local-External</i>	<i>149</i>
<i>Foreign-External</i>	<i>1</i>
<i>In-House Programs</i>	<i>573</i>
<i>Total</i>	<i>723</i>

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has a variable pay program which provides financial incentives contingent in the achievement of the Company's annual goals and objectives.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company has a Whistleblowing Policy (the "Policy"). It provides that all complaints on accounting, internal accounting controls, auditing or financial reporting matters may be communicated to the General Counsel and Compliance Officer (the "Compliance Officer"), if such concerns involves the Compliance Officer, then the same may be communicated to the President. The said complaints are ultimately referred to the Audit Committee, which complaints may be on anonymous basis and which shall be placed in confidential files and will be retained for seven (7) years or for such longer time as the Audit Committee may deem necessary. If it is unclear whether a communication involves accounting, auditing, internal accounting controls or financial reporting matters, the Compliance Officer shall likewise direct such communication to the Audit Committee, with a note to that effect.

⁵³ Updated for the year ended December 31, 2014.

⁵⁴ Updated for the year ended December 31, 2014.

All communications received through the established channels will be kept confidential. The original copies or records of all communications will be available to any Audit Committee member upon request.

The Audit Committee will determine whether any action or response is necessary or appropriate in respect of a communication, and it will take or direct such action as it deems appropriate. Such action may include engaging external advisers, for which funding will be available. The determinations made by the Audit Committee in respect of each communication and any further action taken will be recorded in the log maintained for such purpose by the Compliance Officer or a person designated by the Audit Committee if the Compliance Officer is the subject of a communication. These determinations may be recorded based on the standard categories established by the Audit Committee, which may include: the communication is not a "complaint" or "concern", as contemplated by the applicable requirements; the communication is misdirected (such as a communication involving an employment dispute); no further action shall be required because the communication can be analyzed on its face; and further action required (with a record of the action taken and its outcome). The Compliance Officer or any other person designated by the Audit Committee will report on the status of any further action directed by the Audit Committee on a monthly basis or at such frequency as the Audit Committee may otherwise require.

Misdirected communications as determined by the Audit Committee or concerns not relating to accounting, internal accounting control, auditing or financial reporting matters shall be addressed to and be acted upon by the appropriate responsible supervisor or officer of the business units affected in accordance with the SMC Group's conventional reporting channels. In this connection, employees with such concerns should raise them with their respective supervisors and the supervisors have the responsibility to ensure that such concerns are properly acted upon.

Employees are protected from retaliation as it is categorically provided in the Policy that the SMC Group, which includes herein Company, shall not tolerate retaliation in any form against a director, officer, employee or other interested party who, in good faith, raises a concern or reports a possible violation under the policy.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure⁵⁵

(a) Holding 5% shareholding or more

Shareholder	No. of Shares Held	Percent	Beneficial Owner
San Miguel Corporation (parent company)	216,972,000 (Common)	77.36%	NOT APPLICABLE
	32,786,885 (Preferred)		
PCD Nominee Corporation (Filipino)	51,357,304	16.09%	NOT APPLICABLE

There are no officers or senior management officials of the Company who holds 5% shareholding or more in the Company.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE
TOTAL			

⁵⁵ Updated for the year December 31, 2014 as reflected in SEC Form 17-A filed with the SEC on April 16, 2015.

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	YES
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	YES
Number of board of directors/commissioners meetings held during the year	YES
Attendance details of each director/commissioner in respect of meetings held	YES
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee⁵⁶

Name of auditor	Audit Fee	Non-audit Fee
<i>Manabat Sanagustin & Co., CPAs (now R.G. Manabat & Co.)</i>	<i>7 million</i>	

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The Company keeps the stakeholders updated on material information through the filing of structured (such as but not limited to the following: SEC Form 17-A; SEC Form 17-Q; General Information Sheet; IS-20; Consolidated Financial Statements; Public Ownership Report; and Foreign Ownership Report) and unstructured reports (relative to the information relayed through the filing of SEC- Form 17-C on current reports) filed with the Securities and Exchange Commission and/or Philippine Stock Exchange, Inc.

The Company also conducts quarterly Investor's Briefing. Other information are disclosed to the Company through press releases and information uploaded in the Company website.

5) Date of release of audited financial report⁵⁷:

The Separate Financial Statements of the Company was filed with the Bureau of Internal Revenue of April 15, 2015.

The Audited Consolidated Financial Statements of the Company for the fiscal year 2014 was filed with the SEC on April 16, 2015.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

⁵⁶ Updated for the year December 31, 2014 as reflected in SEC Form 17-A filed with the SEC on April 16, 2015.

⁵⁷ Updated to reflect information as of April 16, 2015.

Business operations	YES
Financial statements/reports (current and prior years)	YES
Materials provided in briefings to analysts and media	YES
Shareholding structure	YES
Group corporate structure	YES
Downloadable annual report	YES
Notice of AGM and/or EGM	YES
Company's constitution (company's by-laws, memorandum and articles of association)	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT⁵⁸

RPT	Relationship	Nature	Value (in Millions)
<i>The Company and its subsidiaries (GSMI Group) in the normal course of business, has significant transactions with related parties pertaining to purchases of containers, bottles and other packaging materials and sale of liquor and by-products. The sales to and purchases from related parties are made at market prices.</i>	<i>Seller-Buyer</i>	<i>Revenue from Related Parties ("RP")</i>	<i>Php 10,913</i>
	<i>Buyer-Seller</i>	<i>Purchases from RP</i>	<i>Php263,184</i>
	<i>Creditor-Debtor</i>	<i>Amounts owed by RP</i>	<i>Php23,399</i>
	<i>Debtor-Creditor</i>	<i>Amounts owed to RP</i>	<i>Php95,998</i>

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Transactions with related parties are made at normal market prices and terms. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The Company observes an arm's length policy in its dealings with related parties.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

⁵⁸ Updated for the year December 31, 2014 as reflected in SEC Form 17-A filed with the SEC on April 16, 2015 .

Quorum Required	<i>A quorum shall consist of stockholders representing a majority of the subscribed and outstanding capital stock.</i>
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used⁵⁹	<i>The approval of corporate acts will require an affirmative vote of the majority of the shares of stock present or represented by proxy at the meeting.</i>
Description	<i>The counting of Ayes and Nays or a show of hands is the method by which the votes are counted. The Corporate Secretary, with the assistance of the Company's stock transfer agent, is authorized to count any votes cast during the meeting.</i>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
<p><i>Voting Rights</i></p> <p><i>Proprietary Rights: Right to Dividends and to Liquidation Assets</i></p> <p><i>Remedial Rights</i></p> <p><i>Appraisal Rights</i></p> <p><i>Right to Inspect Books</i></p>	<p><i>Right not to be denied representation in the Board as shown in the CG Manual provision which states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board;</i></p> <p><i>The right specifically given to minority shareholders to propose the holding of the meeting and to propose items in the agenda of the meeting; and</i></p> <p><i>Right that any doubt about the validity of the proxy shall be resolved in the shareholder's favor.</i></p>

Dividends

Declaration Date	Record Date	Payment Date
<i>No dividend declaration in 2014⁶⁰</i>		

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

2. Measures Adopted	3. Communication Procedure
<i>4. Proxy form</i>	<i>5. Attached to the Information Statement sent to the stockholders.</i>

⁵⁹ Updated to reflect information as of a May 28, 2014, the date of the 2015 Regular Stockholders' Meeting of the Company.

⁶⁰ Updated for the year December 31, 2014 as reflected in SEC Form 17-A filed with the SEC on April 16, 2015.

6. <i>Question and Answer/Open Forum</i>	7. <i>Stockholders are given the chance to ask questions, as well as make a statement or suggestion during the Annual Stockholders' Meeting.</i>
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8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- a. Amendments to the company's constitution
- b. Authorization of additional shares
- c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders are encouraged to actively participate in the annual meeting to discuss and approve the foregoing matters. Stockholders are encouraged to personally attend the annual meeting but if they cannot they are encouraged to appoint a proxy to represent them in the meeting. A sample of the proxy form, which need not be notarized is attached to the Information Statement distributed to stockholders for their easy reference.

The Company's CG Manual also emphasizes the duty of the directors in the promotion of shareholders' rights, as shown in the following duties of the directors:

- *duty to remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights;*
- *duty to encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms;*
- *duty to be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person; and*
- *duty to pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.*

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

No. Pursuant to its By-laws, the Company sends notices of regular meetings of stockholders at least two (2) weeks prior to the date of the meeting to each stockholder of record at his last known post office address. Thus, effectively, the Company sends out the said notices at least fifteen (15) business days prior to the date of the annual stockholders' meeting.

- a. Date of sending out notices: *May 6, 2015*⁶¹
- b. Date of the Annual/Special Stockholders' Meeting: *May 28, 2015*⁶²

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.⁶³

Questions	Answers (Given by the President, Mr. Bernard D. Marquez)
<i>How was the Company able to turnaround from huge losses?</i>	<i>The focus last year was primarily on the core business of the Company, which is gin, and the core brand, Ginebra San Miguel. As a result of this focus, the volume of Ginebra San Miguel grew by 9%. The Company was also</i>

⁶¹ Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

⁶² Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

⁶³ Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

	<i>able to achieve efficiencies in its manufacturing operations and distillery operations, which resulted to better margins. These two combined factors resulted to a profitable operating income for last year.</i>
<i>How did the first quarter of the year perform? What will be the outlook for the rest of the year?</i>	<i>The momentum that the Company achieved last year continues to the first quarter of this year. Revenues grew 2% against last year and that operating income of Php94 Million is more than double that of the same period of last year. April-May performance continues to be sustained in terms of growth and that Management expects this to be better as the months come by.</i>

11. Result of Annual/Special Stockholders' Meeting's Resolutions⁶⁴

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
16. Approval of the Minutes of the 2013 Regular Stockholders' Meeting	17. 84.21%	18. None	19. None
20. Presentation of the Annual report	21. 84.21%	22. None	23. None
24. Approval of the Amendment to Article III of the Amended Articles of Incorporation of the Corporation to change the Principal Office of the Corporation from Metro Manila, Philippines to 3 rd and 6 th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City, Philippines	25. 84.21%	26. None	27. None
28. Approval of the Amendment to Article I, Section 1 of the Amended By-Laws of the Corporation to change the date of the regular meetings of the stockholders from second Thursday of May to last Thursday of May	29. 84.21%	30. None	31. None
32. Ratification of acts and proceedings of the Board of Directors and Corporate Officers	33. 84.21%	34. None	35. None
36. Appointment of External Auditors – R.G. Manabat & Co.	37. 84.21%	38. None	39. None
40. Election of Directors	41. 84.21%	42. None	43. None

⁶⁴ Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

44. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:⁶⁵

On the date of the 2015 Regular Stockholders' Meeting, the results of the votes were immediately disclosed to the stockholders physically present in the meeting since every item in the agenda was taken up and voted upon and the attendance and quorum were announced at the beginning of the meeting.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
NONE	NOT APPLICABLE

(f) Stockholders' Attendance⁶⁶

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	<p><i>Directors Present:</i></p> <p><i>Eduardo M. Cojuangco, Jr.</i> <i>Ramon S. Ang</i> <i>Ferdinand K. Constantino</i> <i>Bernard D. Marquez</i> <i>Leo S. Alvez</i> <i>Gabriel S. Claudio</i> <i>Joseph N. Pineda</i> <i>Francisco H. Villaruz, Jr.</i></p> <p><i>Officers Present:</i></p> <p><i>Virgilio S. Jacinto (Corporate Secretary)</i> <i>Conchita P. Jamora (Asst. Corp. Secretary)</i> <i>Cynthia M.</i></p>	May 28, 2015	By show of hands	.09%	84.21%	84.30

⁶⁵ Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

⁶⁶ Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

	<p><i>Baroy (Chief Finance Officer)</i></p> <p><i>Management Committee Members Present:</i></p> <p><i>Clemente o. Albuero</i></p> <p><i>Nelson S. Elises</i></p> <p><i>Rosalina A. Lioanag</i></p> <p><i>Emmanuel B. Macalalag</i></p> <p><i>Allan P. Mercado</i></p> <p><i>Roxanne Angela B. Millan</i></p> <p><i>Isadora A. Papica</i></p> <p><i>Ronilo Armando S. Sarmiento</i></p>					
Special	<i>No Special Meeting was held in 2014</i>					

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The counting of the ayes and nays or show of hands is the method by which votes are counted during the annual stockholders' meeting. The Corporate Secretary, with the assistance of SMC Stock Transfer Service Corporation, as the Company's stock transfer agent, is authorized to count any votes cast during the meeting.

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Every stockholder entitled to vote during the annual stockholders' meeting shall be entitled to one (1) vote for each share of stock in his name in the books of the Company. However, in electing members to the Board, every stockholder is entitled to accumulate his votes in accordance with Section 24 of the Corporation Code.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	<i>Proxies must be in writing, executed by the stockholders or his duly authorized attorney-in-fact and must be submitted to the Corporate Secretary.</i>
Notary	<i>Proxies need not be notarized.</i>
Submission of Proxy	<i>Section 7 of the Company's By-Laws required that all proxies must be in the hands of the Corporate Secretary not later</i>

	<i>than ten (10) working days before the time set for the meeting unless the Board of Directors shall fix another period, which period must be made known to the stockholders within a reasonable time.</i>
Several Proxies	<i>The Company complies with the provisions on proxy as provided in the Implementing Rules and Regulations of the Securities Regulation Code. Accordingly, where the Company receives more than one (1) proxy from the same stockholder and they are all undated, the postmark dates shall be considered. If the proxies are mailed on the same date, the one bearing the latest time of day of postmark is counted. If the proxies are not mailed, then the time of their actual presentation is considered. That which is presented last will be recognized. Where a proxy is given to two (2) or more persons in the alternative in one instrument, the proxy designated as an alternate can only act as proxy in the event of non-attendance of the other designated person. Where the same stockholder gives two (2) or more proxies, the latest one given is to be deemed to revoke all former proxies.</i>
Validity of Proxy	<i>Proxies shall be valid only for the meeting at which it has been presented to the Corporate Secretary.</i>
Proxies executed abroad	<i>Proxies executed abroad to be effective and honored by the Company should be duly authenticated by the Philippines Embassy or Consular Office.</i>
Invalidated Proxy	<i>Invalidated proxies shall not be included for quorum and voting purposes.</i>
Validation of Proxy	<i>The Board shall schedule when the validation of proxies shall take place, which schedule is made known to the stockholders through the Notice of Meeting and Information Statement sent to them prior to the Annual Stockholders' Meeting</i>
Violation of Proxy	<i>If the instruction of the stockholder as set out in his proxy form is not followed, then the proxy vote shall not be honored.</i>

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<i>Notices of regular meetings of stockholders together with the Information Statement are sent by the Corporate Secretary at least two (2) weeks prior to the date of the meeting to each stockholder of record. The notice shall state the place, date and hour of the meeting.</i>	<i>Notices of regular meetings of stockholders together with the Information Statement are sent by the Corporate Secretary by personal delivery or by mailing the notice at least two weeks prior to the date of the meeting to each stockholder of record at his last known post office address.</i>

(i) Definitive Information Statements and Management Report⁶⁷

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<i>735 Stockholders were entitled to receive the Information Statement.</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<i>May 6, 2015</i>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<i>May 6, 2015</i>
State whether CD format or hard copies were distributed	<i>CD</i>
If yes, indicate whether requesting stockholders were provided hard copies	<i>Yes</i>

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following⁶⁸:

Yes, the information asked below were all included in the Information Statement circulated to the stockholders entitled to vote in the 2015 Regular Stockholders' Meeting.

Each resolution to be taken up deals with only one item.	YES
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	YES
The auditors to be appointed or re-appointed.	YES
An explanation of the dividend policy, if any dividend is to be declared.	YES
The amount payable for final dividends.	YES
Documents required for proxy vote.	YES

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<i>The Company is committed to respect minority interests and declares such in its CG Manual.</i>	<i>Minority stockholders are accorded, among others, the following rights: Right not to be denied representation in the Board as shown in the CG Manual provision which states that a director shall not be removed without cause if it will deny minority shareholders representation in the Board;</i>

⁶⁷Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

⁶⁸Updated to reflect information as of a May 28, 2015, the date of the 2015 Regular Stockholders' Meeting of the Company.

	<p><i>The right specifically given to minority shareholders to propose the holding of the meeting and to propose items in the agenda of the meeting;</i></p> <p><i>Right that any doubt about the validity of the proxy shall be resolved in the shareholder's favor</i></p>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has a Business Affairs Communications Office which handles communication with media and internal publications. Stakeholders are also provided through the Investor Relations Office of the Company and its parent company, SMC, disclosures, announcements, and upon request, with periodic reports filed with the SEC and PSE.

All information/disclosures for release are cleared and approved by the Corporate General Counsel, Chief Finance Officer and the President.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	<i>To effectively communicate the company's performance, plans and strategies to the capital market, as well as, develop a long term relationship of trust with stakeholders, using the discipline in finance, communication and marketing and manage the content and flow of company information/disclosures to the financial markets.</i>
(2) Principles	<i>Provide consistent and reliable information that would assist investors in their investment decision.</i>
(3) Modes of Communications	<i>Company disclosures, One-on-one meetings, Email, Telephone calls and quarterly joint investors briefing with the SMC Group.</i>
(4) Investors Relations Officer	<i>Reyna-Beth D. de Guzman, SMC Investor Relations Contact no. (632) 632-3752 Email: rdeguzman@smg.sanmiguel.com.ph</i>

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Any major plans or extraordinary transactions of the Company pass through a team that evaluates the viability of the transaction and ensures that it will have a strategic fit with the Company. This is eventually presented to the Board for approval.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company gets the services of Investment Banks who provides advice on the fairness of transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES⁶⁹

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
<i>Participated in the Brigada Eskwela by painting classrooms</i>	<i>Tebag, West Elementary School in Sta. Barbara, Pangasinan and Subangdaku Elementary School in Mandanue, Cebu.</i>
<i>Provided traffic signages at Sta. Barbara town proper and supported local government's solid waste program by donating trash bins on a regular basis and as need by the local government unit.</i>	<i>Sta. Barbara, Pangasinan</i>
<i>Outreach programs in White Cross and Gawad Kalinga</i>	<i>White Cross and Gawad Kalinga</i>
<i>Provided bartending and entrepreneurship scholarship in partnership with San Miguel Foundation and TESDA</i>	<i>Various qualified beneficiaries</i>
<i>Donation to Children's Joy Foundation by providing supplies and cash donation from employees of the Company in South Luzon.</i>	<i>Children's Joy Foundation</i>

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	<i>Accomplishment of Annual Self-Rating Form</i>	<i>Performance of the Board in accordance with best practices in corporate governance and effectiveness of the Company's governance process.</i> <i>The assessment covers the following areas of Board performance: Fulfillment of the Board's Key Responsibilities; Board-Management Relationship; Effectiveness of Board Process and Meetings; Individual performance of directors.</i>
Board Committees	<i>Accomplishment of Self-Assessment Worksheet by the Audit Committee Members (pursuant to its Manual, which will be implemented in 2013)</i>	<i>Assessment of the performance of the Committees based on their respective charters to determine if the same accords with best practice.</i>

⁶⁹ Updated for the year ended December 31, 2014.

	<i>A similar Self-Assessment Worksheet is intended to be adopted for the Nomination and Hearing Committee and Executive Compensation Committee.</i>	
Individual Directors	<i>Accomplishment of Annual Self-Rating Form (Portion on Individual Performance of Board Members)</i>	<i>Assessment of the individual performance of the Directors to determine if the same is in accordance with best practices in corporate governance.</i>
CEO/President	<i>Annual Performance Evaluation</i>	<i>Key Performance Indicators, which includes, among others, the business performance of the Company.</i>

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
<i>Violations of the provisions of the CG Manual</i>	<i>The CG Manual provides that the among the duties of a Compliance Officer is the determination of violation/s of the CG Manual and recommendation of penalty for the said violation/s for further review and approval of the Board.</i>

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20____.

SIGNATURES

(ORIGINAL SIGNED)
 EDUARDO M. COJUANGCO, JR.
 Chairman of the Board and
 Chief Executive Officer

(ORIGINAL SIGNED)
 MINITA V. CHICO-NAZARIO
 Independent Director

(ORIGINAL SIGNED)
 ANGELINA S. GUTIERREZ⁷⁰
 Independent Director

(ORIGINAL SIGNED)
 VIRGILIO S. JACINTO
 Compliance Officer

SUBSCRIBED AND SWORN to before me this 21st day of June 2013, affiant(s) exhibiting to me their _____, as follows:

<u>NAME</u>	<u>TYPE OF I.D./NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Eduardo M. Cojuangco, Jr.	Passport No. XX0410612	Feb. 16, 2012	Manila
Minita V. Chico-Nazario	TIN No. 146-148-455		
Angelina S. Gutierrez	TIN No. 130-188-514		
Virgilio S. Jacinto	Passport No. EB0971552	Sep 17, 2010	Manila

NOTARY PUBLIC

CARMELA T. DELA PAZ
 Commission No. 0364-12
 Notary Public for Mandaluyong City
 Until Dec. 31, 2013
 SMC, 40 San Miguel Ave., Mandaluyong City
 Roll No. 57052
 PTR No. 1619906; 01/03/13; Mandaluyong City
 IBP Lifetime Member No. 010580; 02/09/12; Makati City

Doc. No. 105;
 Page No. 22;
 Book No. IV;
 Series of 2013.

⁷⁰ Resigned Effective October 8, 2014 as disclosed in SEC Form 17-C filed with SEC on October 17, 2014.

SECRETARY'S CERTIFICATE

I, **Virgilio S. Jacinto**, of legal age, married, Filipino, with office address at San Miguel Corporation, No. 40 San Miguel Avenue, Mandaluyong City, after having been duly sworn in accordance with law, do hereby depose and state that:

1. I am the Corporate Secretary of **GINEBRA SAN MIGUEL INC.** (the "Corporation"), a corporation duly organized and registered in accordance with the laws of the Republic of the Philippines with principal office at 3rd & 6th Floors, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City;

2. As Corporate Secretary of the Corporation, I have under my supervision and control the Minutes Book wherein are recorded all the minutes of the meetings of the Board of Directors and Stockholders;

3. The resolutions and matters approved by the Board of Directors and Stockholders of the Corporation for the fiscal year 2015 that resulted to changes and/or updates to the Annual Corporate Governance Report (ACGR) of the Corporation as of December 31, 2015, which changes were consolidated in the document entitled "Consolidated Changes in the ACGR for 2015", are set out below.

3.1. At the meetings of the Board of Directors held on the dates specified below, the relevant resolutions and matters were approved:

Date of Meeting	Resolutions/Matters
Regular Meeting held on March 25, 2015	<p>The Board approved the following resolutions:</p> <p><u>Approval of the 2014 Parent and Consolidated Financial Statements</u></p> <p><u>Resolution No. 2015-03-25-01</u></p> <p>"RESOLVED, as it is hereby resolved, to approve the 2014 Parent and Consolidated Financial Statements, as presented, for filing with the relevant regulatory bodies such as the Securities and Exchange Commission, The Philippine Stock Exchange, Inc. and Bureau of Internal Revenue, and should there be material adjustments, the same will be raised to the Audit Committee for approval."</p> <p><u>Resolution No. 2015-03-25-02</u></p> <p>"RESOLVED, as it is hereby resolved, to approve the Audit Committee's recommendation that R. G. Manabat & Co. be re-appointed as the external auditor of the Company for the fiscal year 2015 during the Annual Stockholders' Meeting to be held on May 28, 2015."</p> <p><u>Dates Relative to the 2015 Annual Stockholders' Meeting</u></p> <p><u>Resolution No. 2015-03-25-04</u></p> <p>"RESOLVED, as it is hereby resolved, that the Annual Stockholders' Meeting be held on May 28, 2015."</p>

	<p>RESOLVED, FURTHER, that those entitled to vote thereat shall be the stockholders of record as of April 20, 2015.</p> <p>RESOLVED, FINALLY, that for purposes of determining the stockholders entitled to vote at the Annual Stockholders' Meeting, the books of the Company be closed from April 21, 2015 to April 25, 2015, that all proxies for the said meeting be in the hands of the Corporate Secretary not later than May 14, 2015 and that said proxies be validated on May 21, 2015."</p>
<p>Organizational Meeting held on May 28, 2015</p>	<p><u>Officers and Board Committee Chairpersons and Members</u></p> <p>The following officers were elected:</p> <p>Eduardo M. Cojuangco, Jr. : Chairman and Chief Executive Officer Ramon S. Ang : Vice Chairman Bernard D. Marquez : President Virgilio S. Jacinto : Corporate Secretary Cynthia M. Baroy : Treasurer Conchita P. Jamora : Assistant Corporate Secretary Orlando A. Santiago : Assistant Corporate Secretary</p> <p>The following were elected as chairpersons and members of the following Board Committees:</p> <p><u>Executive Committee</u></p> <ol style="list-style-type: none"> 1. Eduardo M. Cojuangco, Jr. - Chairman 2. Ramon S. Ang 3. Bernard D. Marquez 4. Francisco S. Alejo III <p style="padding-left: 40px;">Ferdinand K. Constantino - Non-Director Member</p> <p><u>Audit Committee</u></p> <ol style="list-style-type: none"> 1. Minita V. Chico-Nazario - Chairperson 2. Leo S. Alvez 3. Francisco S. Alejo III 4. Francisco H. Villaruz, Jr. <p style="padding-left: 40px;">Ferdinand K. Constantino - Non-Director Member</p> <p><u>Executive Compensation Committee</u></p> <ol style="list-style-type: none"> 1. Ramon S. Ang - Chairman 2. Bernard D. Marquez 3. Leo S. Alvez 4. Minita V. Chico-Nazario <p style="padding-left: 40px;">Ferdinand K. Constantino - Non-Director Member</p> <p><u>Nomination and Hearing Committee</u></p> <ol style="list-style-type: none"> 1. Leo S. Alvez - Chairman 2. Bernard D. Marquez 3. Gabriel S. Claudio 4. Mario K. Suero 5. Francisco H. Villaruz, Jr. <p style="padding-left: 40px;">Casiano B. Cabalan, Jr. - Ex Oficio Member</p>

3.2 At the Regular/Annual Stockholders' Meeting held on May 28, 2015 the following resolution were approved:

Subject	Resolutions/Matters
Approval of the Previous Minutes	<p align="center"><u>Resolution No. 2015-05-28-01</u></p> <p>RESOLVED, that the Minutes of the Regular Stockholders' Meeting of Ginebra San Miguel Inc. held on May 8, 2014, be approved."</p>
Approval of the Annual Report	<p align="center"><u>Resolution No. 2015-05-28-02</u></p> <p>"RESOLVED, that the open forum of stockholders be closed and that the Annual Report for 2014 of the Company, as presented, be approved and ratified."</p>
Ratification of All Acts and Proceedings of the Board of Directors and Corporate Officers	<p align="center"><u>Resolution No. 2015-05-28-03</u></p> <p>"RESOLVED, that all acts, resolutions, and proceedings of the Board of Directors and corporate officers of the Company since the Regular Meeting of the Stockholders held on May 8, 2014 until the date of this meeting as reflected in the minutes of the meetings of the Board of Directors, as well as financial statements and records of the Company be approved, confirmed and ratified."</p>
Election of Board of Directors	<p align="center"><u>Resolution No. 2015-05-28-04</u></p> <p>"RESOLVED, that considering that the number of directors to be elected is nine (9) and there are only nine (9) nominees, the balloting be dispensed with and that all the nine (9) nominees be considered unanimously elected as Directors of the Company."</p> <p><i>[The 9 nominees are the following:</i></p> <ol style="list-style-type: none"> 1. Eduardo M. Cojuangco, Jr. 2. Ramon S. Ang 3. Bernard D. Marquez 4. Leo S. Alvez 5. Gabriel S. Claudio 6. Francisco S. Alejo III 7. Mario K. Surio 8. Minita V. Chico-Nazario – Independent Director 9. Francisco H. Villaruz, Jr. – Independent Director]
Appointment of External Auditor	<p align="center"><u>Resolution No. 2015-05-28-05</u></p> <p>"RESOLVED, that the auditing firm of R.G. Manabat & Co. be designated as external auditor of the Company for the fiscal year 2015."</p>

4. There is no provision in the Articles of Incorporation (the "Articles") or By-Laws of the Corporation limiting the power of the Board of Directors and the Stockholders to pass/approve the foregoing resolutions and matters, and that the same are in conformity with the provisions of said Articles and By-Laws.

IN WITNESS WHEREOF, I have hereunto signed these presents this 8th day of January 2016 at Mandaluyong City.

Virgilio S. Jacinto
Corporate Secretary and
Compliance Officer

SUBSCRIBED AND SWORN to before me this 8th day of January 2016 at Mandaluyong City, affiant exhibiting to me his Passport No. EC3608156 issued on 06 March 2015 at DFA Manila.

Doc. No. 243 ;
Page No. 50 ;
Book No. I ;
Series of 2016.

Notary Public

DAN DAVID VINCENT D. ANTONIO
Commission No. 0455-15
Notary Public for Mandaluyong City
Until December 31, 2016
GSML, 6th Floor, San Miguel
Properties Centre, St. Francis Street,
Ortigas Center, Mandaluyong City
Roll No. 56053
PTR No. 2482693; 1/28/16; Mandaluyong City
IBP No. 1026861; 1/28/16; Laguna