GINEBRA SAN MIGUEL
SINCE 1834

April 16, 2012

Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Philippine Stock Exchange Center
Ayala Triangle, Ayala Avenue
Makati City

Attention: Ms. Janet A. Encarnacion
HEAD – Disclosure Department

Gentlemen:

Please see attached SEC Form 17-A of Ginebra San Miguel Inc., which we filed with the Securities and Exchange Commission today.

Very truly yours,

CONCHITA P. JAMORA
Asst. Corporate Secretary

GINEBRA SAN MIGUEL, INC.
3rd & 6th Floors, San Miguel Properties Centre St. Fancis Street, Mandaluyong City, Metro Manila, Philippines 1550 Telephone: (632) 689-9100 Fax: (632) 643-2211
A Subsidiary of: SAN MIGUEL CORPORATION

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 Floor San Miguel

Properties Centre

St. Francis Street

Mandaluyong City

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

Conchita P. Jamora	(632) 689-9100
Contact Person	**Company Telephone Number**

1 2	3 1	SEC FORM 17-A		
Month	**Day**	**FORM TYPE**	**Month**	**Day**
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

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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, 2011.

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 St., Mandaluyong City
Address of principal office

1550
Postal Code

8. **(632) 689-9100**
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, 2011**
Common	**290,075,941**
Preferred	**32,786,885**
	322,862,826
Short Term Debt	**P1,416,847,000**
Long Term Debt	**373,974,000**
	1,790,821,000

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, 2011 and March 31, 2012 is P1,677,025,981.20 and P1,691,421,054.00, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

14. The following documents are incorporated by reference:

None

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"), is primarily engaged in the manufacture and sale of alcoholic and non-alcoholic beverages.

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 liquor bottling facilities located in the following areas: (1) Mandaue City, Cebu; (2) Sta. Barbara, Pangasinan; and (3) Cabuyao, Laguna. To augment the bottling capacity of these facilities, the Company also entered into toll manufacturing agreements with third parties to produce liquor products, whose facilities are located in San Fernando, Pampanga, Calamba, Laguna, Lucena, Quezon, Ligao, Albay and Cauayan, Isabela.

Among its subsidiaries are (1) Distileria Bago, Inc. ("DBI"), an entity with a distillery located at 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, 2011, Agricrops has not yet started commercial operations.

To fast-track entry into regional markets, the Company entered into a Share Purchase Agreement ("SPA") with the Thai Life Group of Companies (the "Thai Life") for the purchase of 40% ownership of the outstanding shares of C.N.T. Wine and Liquor Company Limited ("CNT"), a limited liability 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"), a joint venture company with V.C. Property Company Limited. 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") 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%.

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 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 entered in 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.

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, equipments, containers and inventories. SMBI is engaged in the manufacture and distribution of non-alcoholic beverages. With the acquisition of SMBI assets, the Company ventured back into the manufacturing and distribution of non-alcoholic beverages.

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"**.

Recent Developments

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 manufacture and bottling of alcoholic and non-alcoholic beverages. EPSBPI has bottling facilities in Cauayan, Isabela and in Ligao City, Albay. The acquisition will forge synergies with the Company's on-going operations and provide additional capacity for the contemplated expansion plans of the Company.

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 and GSM Blue, the Company's principal products, contribute 81% of the total revenues of the Company, and 75% of the revenues in the local liquor business of the

Company while Gran Matador Brandy comprises 8% to its total revenues. These products are available nationwide.

The Company's international Liquor joint venture in Thailand contributed 3% of the total revenues of the Company.

Non-liquor business contributed 4% of total revenue of the Company for the year ended December 31, 2011.

Distribution methods of the products or services

The Company distributes its liquor and non-liquor products nationwide to consumers through territorial distributorship by a network of dealers. Also, non-alcoholic beverage products are distributed through the Company's territorial sales offices.

The Logistics Group of the Company is responsible for planning and delivering the products from the plants to the dealers. Thereafter, the dealers sell the products by routing these to retailers and consumers across their territories. The Company has one hundred (100) dealers for its liquor products and eight (8) sales offices for its non-alcoholic beverage products as of year-end 2011. The Company utilizes third party services in the warehousing and delivery of its products.

Status of any publicly-announced new products

GSMI is determined to keep delighting its consumers with more new products, variants, and use of more innovative packaging. The Company's new products are included in **Annex "A"** of this report.

Competition

Alcoholic Beverages

The Company is the gin market leader in the local hard 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 promotions 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 hard liquor industry is currently dependent on the supply of molasses, the raw material for alcohol. The country's molasses supply in the past years has been erratic. Shortages have occurred resulting in importations. This puts pressure on hard liquor manufacturers as imported molasses is more expensive due to high tariff and freight rates. In response to this, the Company has invested on an alternative raw material in the form of cassava. This may cushion it from such sudden fluctuations in molasses supply.

Hard 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 one hundred three (100) dealers, three (3) Company-owned liquor bottling plants, and three (3) liquor toll manufacturers are strategically dispersed throughout the country, ensuring that consumers are immediately served with high-quality liquor products.

Non-alcoholic Beverages

The Company manufactures diverse non-alcoholic beverage products namely: water, fruit juices, and tea drink. These products are in ready-to-drink powdered and concentrate formats.

There are a lot of entities which are currently in the business of manufacturing non-alcoholic beverage products. Major competitors include carbonated beverage manufacturers, such as The Coca-Cola Company, Pepsi-Cola Products Philippines, Asiawide Refreshments Corporation and non-carbonated beverage manufacturers such as Universal Robina Corporation, Del Monte Philippines and Nestle Philippines. The Company is currently undertaking efforts to strengthen its market position in this industry.

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 from molasses produced from sugarcane grown and milled in the Philippines. Generally, the Company purchases molasses from traders, which is then delivered to local distillers. After converting the molasses into alcohol, the distillers then deliver 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 acquires 59% of its total alcohol requirement from its wholly-owned subsidiary, DBI. The Company sources its remaining alcohol requirement 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. Chinese medicinal herbs are used to make Vino Kulafu. The Company purchases these ingredients mainly from the following suppliers: Symrise, which accounts for 82% of the Company's requirement, Givaudan Group, which accounts for 17% and the Mane Investissiments which accounts for 1%.

D. Bottles

The Company's liquor products are packaged in glass bottles, majority of which are manufactured by San Miguel Yamamura Packaging Corporation, an SMC subsidiary, and Arcya Glass Corporation. Glass bottles account for a significant portion of the cost of goods sold for the Company's liquor product. The cost is managed in part by recycling the bottles, and the Company maintains a network of secondhand bottle dealers across the nation that retrieves the bottles from the market place for the Company. The cost of reprocessing used bottles is lower than the cost of purchasing new bottles.

For non-alcoholic beverage products, they are packaged in glass and PET bottles, majority of which are manufactured by San Miguel Yamamura Packaging Corporation, an SMC subsidiary, and Emson-Arwin Technologies.

Customers

The Company has one hundred (100) liquor dealers and eight (8) sales offices for its non-alcoholic beverage products as of year-end 2011. No individual dealer accounts for more than ten percent (10%) of the total sales for the year. 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 2011 Audited Consolidated Financial Statements attached hereto as **Annex "D".**

Registered Trademarks/Patents, Etc.

All marks used by the Company in its principal products are either registered or pending registration in its name or in the name of SMC in the Philippines and in the foreign markets of said products. SMC, the parent company GSMI, has allowed GSMI to use some of its marks.

It has also registered its bottles and containers like Añejo Rum container, Ginebra San Miguel (Frasco), Ginebra San Miguel (Round), and Ginebra San Miguel container (with a representation of St. Michael Archangel and a devil).

Government Approval

The Company has obtained all necessary permits, licenses and government approvals to manufacture and sell its products.

Government Regulation

The Company's liquor products are subject to excise taxes as provided for in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9334. 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 expected in 2012.

Research and Development

Research and development costs amounted to P51.9 million, P50.1 million and P28.1 million for 2011, 2010 and 2009, respectively.

Costs and Effects of Compliance with Environmental Laws

As part of its continuing compliance with and adherence to environmental laws, the Company spent P18.6 million in 2011 in improving the wastewater treatment facilities of the various plants.

Human Resources and Labor Matters

As of December 31, 2011, the Company has a total of 814 regular employees while on the other hand; DBI has a total of 116 regular employees. The entities do not expect that their number of employees will materially change in the next twelve (12) months.

Details of the employees under GSMI and DBI are as follows:

	Administrative			**Operations**			**Total**
	GSMI	**DBI**	**Total**	**GSMI**	**DBI**	**Total**	
No. of Employees	290	-	**290**	524	116	**640**	**930**
Under CBA	-	-	**-**	119	59	**178**	**178**
Non-CBA	235	-	**235**	405	47	**462**	**697**

The Company is party to two collective bargaining agreements (CBAs) with the monthly paid employees of its plants in Sta. Barbara, Pangasinan. Its subsidiary, DBI is party to CBA with the monthly paid employees. For the daily paid employees of Mandaue, Sta. Barbara and Cabuyao plants, their respective unions have entered into memoranda of agreement with the Company in lieu of CBA negotiation for the economic provisions. All other non-economic provisions of their previous CBA were maintained.

The respective status of the CBAs/MOAs of GSMI and DBI as of December 31, 2011 is as follows:

BUSINESS UNIT / PLANT	UNION AFFILIATION	EXPIRATION OF ECONOMIC PROVISION	REMARKS
GSMI - Cebu Plant (Dailies)	Free Workers Association	December 31, 2012	On CBA Moratorium. Twenty-three (23) covered employees signed individual Memoranda of Agreement with Management effective January 29, 2010. Three (3)-year agreement for

			economic package is from January 1, 2010 up to December 31, 2012. Negotiation is conducted through the union.
GSMI - Cabuyao (Dailies)	Independent	January 31, 2013	Thirty-two (32) covered employees signed individual Memoranda of Agreement for economic package effective February 1, 2010 up to January 31, 2013. Negotiation is conducted through the Labor Management Council.
GSMI - Sta. Barbara (Monthlies)	Independent	December 31, 2013	CBA was signed by the Union with eighteen (18) members effective April 1, 2011. The three (3)-year agreement will expire on December 31, 2013.
GSMI - Sta Barbara (Dailies)	CIO-ALU	December 31, 2013	Forty-six (46) covered employees signed individual Memoranda of Agreement effective February 1, 2011 up to December 31, 2013. Negotiation is conducted through the Labor Management Council.
DBI-Bacolod (Monthlies)	CIO – ALU	December 31, 2013	CBA was signed by the Union with fifty-nine (59) members effective May 1, 2011. The three (3)-year agreement will expire on December 31, 2013.

There is no known threat of strike, and there have been none in the last five (5) 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 2011 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 juice 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 can also import some of its molasses requirements whenever local supply cannot meet the Company's demand.

The Company also enters into various commodity derivatives to manage the price risk on strategic commodities. Commodity hedging allows predictability in prices, thus offsetting the risk of volatile market fluctuations. Through hedging, prices of commodities are fixed at levels acceptable to the Company, thus, protecting raw material cost and preserving margins.

Moreover, to address the risk of fluctuating molasses supply and prices, the Company invested in a cassava starch milk plant. Cassava starch milk is an alternative raw material for the production of alcohol. The said plant has a total rated capacity of 200 tons dry substance per day or 900 MT of starch milk. This current output supports the requirements of one column of the Company's distillery, DBI, in Bago City, Negros Occidental.

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 and has 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 33 of the Company's 2011 Audited Consolidated Financial Statements attached hereto as **Annex "D"**.

Item 2. Properties

A summary of information on the Company's principal plants, location and condition thereof 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. There are no imminent acquisitions of any material property, which cannot be funded by the working capital of the Company.

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 and 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.

The Company's high and low closing prices for each quarter of the last two (2) fiscal years are as follows:

	2010		2011	
Quarter	High	Low	High	Low
1st	24.25	19.75	34.30	30.50
2nd	36.00	23.00	32.90	27.50
3rd	32.00	25.00	30.90	23.70
4th	34.90	25.00	25.30	22.80

The closing price of the Company's common shares as of March 28, 2012, the latest practicable date, is P23.60.

The approximate number of shareholders of preferred and common shares as of December 31, 2011 is 1 and 1,129, respectively.

The top 20 stockholders, as of December 31, 2011, 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	77.36%
2	PCD Nominee Coporation (Filipino)	19,266,065	0	19,266,065	5.97%
3	PCD Nominee Corporation (Non-Filipino)	18,167,244	0	18,167,244	5.63%
4	San Miguel Corporation Retirement Plan	13,466,200	0	13,466,200	4.19%
5	Ginebra San Miguel Inc. Retirement Plan	9,943,285	0	9,943,285	3.09%
6	Henry Sy, Sr.	1,679,500	0	1,679,500	0.52%
7	La Suerte Cigar & Cigarette Factory	200,000	0	200,000	0.06%
8	Lim Tay	80,000	0	80,000	0.02%
9	Lucia C. Unsay	61,500	0	61,500	0.02%
10	Pua Yok Bing	55,000	0	55,000	0.02%
11	Dar B. Licanel	51,500	0	51,500	0.02%
12	Rosalina A. Lioanag	51,500	0	51,500	0.02%
13	Roman T. Yap	50,000	0	50,000	0.02%
14	Angelric S. Geronimo	50,000	0	50,000	0.02%
15	Mario LL. Reyes	50,000	0	50,000	0.02%
16	Leonardo P. Bico	46,500	0	46,500	0.01%
17	Eufracio E. Mamaril, Jr.	46,500	0	46,500	0.01%
18	Tomasito M. Gaerlan	46,500	0	46,500	0.01%
19	Emmanuel B. Macalalag	46,500	0	46,500	0.01%
20	Richard J. Getones	45,000	0	45,000	0.01%

Dividends Per Share

P 1.50 per share in 2011 and 2010. The dividends in respect of the preferred shares are paid in priority to any dividend or distribution in favor of holders of common shares. There are no extraordinary restrictions that limit the ability of the Company to pay dividends on its common stock.

Description of the following securities of the Company may be found in the indicated Notes to the 2011 Consolidated Financial Statements, attached herein as **Annex "D"**:

Equity	Note 19
Share-based Payment Plans	Note 32

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, which as confirmed by the Securities and Exchange Commission (SEC) in its Resolution dated January 21, 2008, is exempt from the registration requirement of the Securities Regulation Code (SRC).

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 2011 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-9" 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
Tabular schedule of standards and interpretations as of reporting date (Par 4(I))	Schedule 2
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 3

Item 8. Information on Independent Accounts and Other Related Matters

(A) External Audit Fees and Services

The accounting firm of Manabat Sanagustin & Co., CPAs served as the Company's external auditors for the last fiscal year. Manabat Sanagustin & Company has been the Company's external auditors since 2006. As such, the Company shall comply with the rule on rotation for the signing partner every after five (5) years under Part I (3) (b) (ix) of SRC Rule 68, as amended, with respect to its re-engagement of the said audit firm.

Fees for the services rendered by the external auditors to the Company and its subsidiaries in connection with the Company's annual financial statements and other statutory and regulatory filings for 2011 and 2010 (inclusive of retainer fees and out-of-pocket expenses) amounted to about P 6 million per year.

The stockholders approve the appointment of the Company's external auditors. The Audit Committee 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 auditors or violate SEC regulations.

(B) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with accountants on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The names of the 2011 incumbent directors, nominees for election as directors for 2012, and key executive officers of the Company, and their respective ages, periods of service, directorships in other reporting companies and positions in the last five (5) years, are as follows:

Eduardo M. Cojuangco, Jr., Filipino, 76, 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 the following positions: Chairman and Chief Executive Officer of San Miguel Corporation; and Chairman of San Miguel Pure Foods Company, Inc.. He is also the Chairman of ECJ and Sons Agricultural Enterprises, Inc. and the Eduardo Cojuangco, Jr. Foundation, Inc.; and Director of Caiñaman Farms, Inc. and Petron Corporation. He is a former Director of Manila Electric Company (February 2009-May 2009).

Ramon S. Ang, Filipino, 58, Vice Chairman of the Company has been a Director of the Company since April 4, 2000 and a Member of the Company's Executive Committee. He is also the Vice Chairman, President and Chief Operating Officer of San Miguel Corporation. His other current positions, include among others, the following: Chairman and Chief Executive Officer of Petron Corporation, Petron Marketing Corporation and SMC Global Power Holdings Corp.; Vice Chairman of Manila Electric Company, San Miguel Pure Foods Company, Inc., and San Miguel Yamamura Haiphong Glass Co. Limited (Vietnam); Chairman and President of San Miguel Properties, Inc., San Miguel Consolidated Power Corporation, Rapid Thoroughfares Inc., and Bell Telecommunications Company, 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., and Philippine Diamond Hotel & Resort Inc.. He is also an Independent Director of Philweb Corporation. Mr. Ang is the former President of San Miguel Brewery Inc. (2007-April 2009) and has held directorships in various subsidiaries of SMC in the last five years.

Leo S. Alvez, Filipino, 69, 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 a Director of San Miguel Corporation and a former Director of San Miguel Pure Foods Company, Inc. (April 25, 2002 – November 4, 2009).

Roberto V. Ongpin, Filipino, 75, has been a Director of the Company since August 9, 2010 and a Member of the Company's Nomination and Hearing Committee. He is currently the Chairman of Philweb Corporation, ISM Communications Corporation, Alphaland Corporation, Atok-Big Wedge Co., Inc., Philippine Bank of Communications, and Acentic GmbH (Germany). He is also a director of San Miguel Corporation and Petron Corporation. He is also a non-executive director of Shangri-la Asia Limited (Hongkong) and Forum Energy plc (London). Mr. Ongpin is also the Deputy Chairman of South China Morning Post (Hong Kong).

Gabriel S. Claudio**,** Filipino, 57, has been a Director of the Company since November 11, 2010 and a Member of the Company's Nomination and Hearing Committee. Currently, he is Vice Chairman and Member of the Board of Directors of the Conflict Resolution (CoRe) Group Foundation; member of the Board of Trustees of TOBY's Sports and Youth Foundation; member of the Council of Advisers of LAKAS-KAMPI CMD; and member of Risks and Opportunities Assessment and Management. He was a Director of Philippine Charity Sweepstakes Office (2007- 2008), Development Bank of the Philippines (2009-2010) and Chairman, Board of Trustees of the Metropolitan Waterworks & Sewerage System. Mr. Claudio has held various positions in the government such as Presidential Political Adviser (2008-2009), Cabinet Officer for Regional Development (2001- 2009) and Acting Executive Secretary (2009).

***Bernard D. Marquez**,* Filipino, 43, is the President of the Company since May 12, 2011 and is a member of the Company's Executive Committee and Nomination and Hearing Committee. He is currently a director of Thai San Miguel Liquor Co., Ltd. (TSML). He previously held the following positions: General Manager of TSML since (January 2010-April 2011); Business Manager of the non-alcoholic beverage business of the Company (July-December 2009); Assistant Vice President and Business Manager of San Miguel Beverages, Inc. (March 2007- June 2009) and Assistant Vice President and Business Planning and Development Manager of Coca-Cola Bottlers Philippines, Inc. (August 2004-February 2007).

***Gerardo C. Payumo**,* Filipino, 54, has been a director of the Company since August 9, 2006. He was the former President of the Company (August 2006-May 2011) and was a former Senior Vice President and Director of the Corporate Procurement Unit of San Miguel Corporation (1998-2006).

***Carmelo L. Santiago**[1],* Filipino, 69, has been an Independent Director of the Company since March 30, 2010. He is also a member of the Company's Executive Compensation Committee, Audit Committee, and Nomination and Hearing Committee. He is also an Independent Director of San Miguel Corporation, San Miguel Brewery Inc., San Miguel Brewery Hong Kong Limited (Hong Kong), San Miguel Properties, Inc., Anchor Insurance Brokerage Corporation, Liberty Telecoms Holdings Inc. and Director of Terbo Concept, Inc. Mr. Santiago is the founder, Chairman and owner of several branches of Melo's Restaurant. He is also the founder of Wagyu Restaurant.

***Carlos Palanca III**,*[2] Filipino, 60, has been an Independent Director of the Company since 1987. He is also the Chairman of the Company's Audit Committee and a Member of the Company's Executive Compensation Committee. He also holds the following positions: Chairman of The CP Group (CP Group Holdings Corporation, C. Palanca Corporation, CP Realty Corporation, CP Equities Corporation, Blue Chips Investment and Trading Corporation, Palanca Investment and Trading Group, Inc., Doña Rosa Realty Corporation, Carlos Palanca Foundation, Antonio Palanca Foundation, Nine Dragons Development Corporation and CPJ Corporation) and Diageo Philippines, Inc. and Vice Chairman of Philippine Koyo Bearing Corporation. Mr. Palanca is also a Director of KBP Real Estate Corporation, FMF Development Corporation, Investment Planning Corporation of the Philippines, Asian Alliance Holdings and Development Corporation and Koyo Manufacturing Phils. Corp..

***Minita V. Chico-Nazario**,*[3] Filipino, 72, is an Independent Director of the Company since March 9, 2012. 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

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[1] *Mr. Santiago resigned as Independent Director of the Company on March 7, 2012.*

[2] *Mr. Palanca tendered his resignation as an Independent Director of the Company effective March 31, 2012. This was disclosed to the Commission through the filing of SEC Form 17-C on March 27, 2012.*

[3] *Retired Justice Chico-Nazario was elected as Independent Director of the Company vice Mr. Carmelo Santiago who resigned on March 7, 2012.*

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 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 is a graduate of the University of the Philippines and a member of the New York State Bar.

Angelina S. Gutierrez,[4] Filipino, 74, is currently the Dean of the Graduate School of Law of Pamantasan ng Lunsod ng Maynila. She has served the judiciary in various capacities, as Judge of the Metropolitan Trial Court of Manila, Branch 19, Judge of the Regional Trial Court of Manila, Branch 37, Justice of the Court of Appeals and Associate Justice of the Supreme Court (December 2000-February 2008). She is a graduate of the University of Sto. Tomas and has attended legal and judicial courses abroad: Harvard Law School, University of Texas, University of Nevada and University of Southern California.

Ferdinand K. Constantino,[5] Filipino, 60 is the Chairman of the Company's Executive Compensation Committee and a Member of the Company's Audit Committee. He holds, among others, the following positions: Senior Vice President, Chief Finance Officer and Treasurer of San Miguel Corporation; Director of San Miguel Corporation, San Miguel Brewery Inc., San Miguel Yamamura Packaging Corporation, Magnolia, Inc., San Miguel Global Power Corp., and President of Anchor Insurance Brokerage Corporation. Mr. Constantino previously served as Chief Finance Officer of San Miguel Brewery Inc. (2007-2009), Chief Finance Officer of Manila Electric Company (February 2009- May 2009), and has held directorships in various subsidiaries of San Miguel Corporation during the last five years.

Virgilio S. Jacinto, Filipino, 55, is the Company's Corporate Secretary and Compliance Officer since November 11, 2010. He also holds, among others, the following positions: Senior Vice-President, General Counsel, Corporate Secretary and Compliance Officer of San Miguel Corporation (SMC); Director of San Miguel Brewery Inc., Petron Corporation, FILSOV Shipping Company, Inc., Venture Securities, Inc.. He is likewise a Director/Corporate Secretary of other subsidiaries/affiliates of SMC. He is also the Corporate Secretary of the following companies: Ecofarm Systems and Resources, Inc., J&E Development Corporation, Jewelmer International Corporation, Terramar Aqua Resources, Inc. and Venture Securities, Inc.. He is also an Associate Professor at the College of Law of the University of the Philippines.

Cynthia M. Baroy, Filipino, 48, is Assistant Vice President and Chief Finance Officer of the Company. She previously held the following positions: Financial Planning & Analysis Manager of San Miguel Yamamura Packaging Corporation; Finance Manager of Metal Closures & Lithography Business; and, Finance Manager of San Miguel Rengo Packaging Corporation.

Cesar B. Gimena, Filipino, 50, is Vice President and Business Procurement Group Manager of the Company. He previously held the Group Procurement Manager and Beverage Group Account Manager of Corporate Services Unit of San Miguel Corporation. He was also an Executive Assistant and Sugar Unit Head of Coca-Cola Bottlers Philippines, Inc..

Nelson S. Elises, Filipino, 53, is Vice President and Marketing Manager of the Company. Mr. Elises' 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.

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[4] *Retired Justice Gutierrez is nominated for election to the Board of Directors on May 12, 2012.*
[5] *Mr. Constantino is nominated for election to the Board of Directors on May 12, 2012.*

Valentino G. Vega*,* Filipino, 54, is Vice President and National Sales Manager of the Company. Prior to his assignment at the Company, he was the Area Sales Manager for North Luzon Sales Operations – San Miguel Beer Division of San Miguel Corporation.

Lucia C. Unsay**,** Filipino, 60, is Vice President and Technical Services Group Manager of the Company. Ms. Unsay was previously an Assistant Vice President and Liquor, Juices and Water Group Manager in the Corporate Services Unit of San Miguel Corporation and Assistant Vice President and Manager of Corporate Technical Services of La Tondeña Distillers, Inc.

Independent Directors

The independent directors of the Company in 2011 are:

1. Carlos Palanca III[6]
2. Minita V. Chico-Nazario

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, 2011, the Company is 77.36% owned by San Miguel Corporation.

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 involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated, or (4) 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 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 ability or integrity to hold the relevant position in the Company.

[6] *With the resignation of Mr. Palanca effective March 31, 2012, the remaining independent director of the Company is Retired Justice Minita V. Chico-Nazario. The position left vacant by Mr. Palanca will be filled-up during the 2012 Regular Stockholders' Meeting of the Company.*

Item 10. Executive Compensation

The following table summarizes the aggregate compensation paid or accrued 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 Officers (the most highly compensated officers of the Company)[7]	2012 (estimated) 2011 2010	P25.4 Million P 21.6 Million P 25.3 Million	P9.3 Million P 13.4 Million P 11.8 Million	P7.2 Million P6.5 Million P4.9 Million	P41.9 Million P 41.5 Million P 42.0 Million
All other officers and directors as a group unnamed	2012 (estimated) 2011 2010	P42.4 Million P41.1 Million P 36.8 Million	P15.5 Million P24.1 Million P 16.0 Million	P14.1 Million P14.8 Million P 12.7 Million	P72.0 Million P80.0 Million P 65.5 Million
TOTAL	2012 (estimated) 2011 2010	P67.8 Million P62.7 Million P 62.1 Million	P24.8 Million P37.5 Million P 27.8 Million	P21.3 Million P21.3 Million P 17.6 Million	113.9 Million P121.5 Million P 107.5 Million

Article II, Section 9 of the Amended By-Laws of the Company provides that the members of the Board of Directors 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 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.

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

[7] *The President and senior officers of the Company for 2012 and 2011 are Bernard D. Marquez, Valentino G. Vega, Cesar B. Gimena, Cynthia M. Baroy and Lucia D. Unsay; and for 2010, they are as follows: Gerardo C. Payumo, Valentino G. Vega, Cesar B. Gimena, and Cynthia Baroy. 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.*

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, 2011 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[9]	San Miguel Corporation[8] No. 40 San Miguel Avenue, Mandaluyong City, parent company	N.A.	Filipino	216,972,000 32,786,885	77.36%
Common	PCD Nominee Corporation (Filipino) Ground Floor, Makati Stock Exchange Ayala Avenue, Makati City	N.A.	Filipino	19,266,065	5.97%
Common	PCD Nominee Corporation (Non-Filipino) Ground Floor, Makati Stock Exchange Ayala Avenue, Makati City	N.A.	Filipino	18,167,244	5.63%

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, 2011:

[8] *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, Ma. Belen C. Buensuceso, Joseph N. Pineda, Sergio G. Edeza, and Aurora T. Calderon. The Group B signatories of SMC are David S. Santos, Bella O. Navarra, Cecile Caroline U. de Ocampo, Manuel M. Agustin, Virgilio S. de Guzman and Lorenzo G. Formoso III.*

[9] *The Preferred Shareholders shall be entitled to vote in the same manner as Common Shareholders in accordance with Section 24 of the Corporation Code.*

(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 (D)[10]	Filipino	0.00%
Common	Ramon S. Ang	5,000 (D)	Filipino	0.00%
Common	Gerardo C. Payumo	5,000 (D)	Filipino	0.00%
Common	Carlos Palanca III	5,001 (D)	Filipino	0.00%
Common	Gabriel L. Claudio	5,000 (D)	Filipino	0.00%
Common	Bernard D. Marquez[11]	30,000 (D)	Filipino	0.00%
Common	Leo S. Alvez	5,000 (D)	Filipino	0.00%
Common	Carmelo L. Santiago	5,000 (D)	Filipino	0.00%
Common	Roberto V. Ongpin	5,000 (D)	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, 2011 is 70,001 shares or approximately 0.0139% 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, 2011 is 631,501 shares or approximately 0.1956% 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 2011 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 of Directors and top level management with its Manual on Corporate Governance ("Manual") is vested by the Board of Directors in the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the

[10] *(D) –Direct*
[11] *Mr. Marquez is a director of the Company as of April 11, 2011.*

Manual on Corporate Governance. The Compliance Officer has certified that for 2011, the Company has substantially adopted all the provisions of the Manual as prescribed by SEC Memorandum Circular No. 2, Series of 2002.

On March 30, 2010, the Board of Directors amended its Manual on Corporate Governance in compliance with the Revised Code of Corporate Governance issued by SEC under its Memorandum Circular No. 6, Series of 2009.

PART IV - EXHIBITS AND SCHEDULES

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

(a) Exhibits

The 2011 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-9"**. 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 3".

(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 Securities Regulation 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 28 2012

By:

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

BERNARD D. MARQUEZ
President

CYNTHIA M. BAROY
Division Finance Officer

VIRGILIO S. JACINTO
Corporate Secretary

MAR 28 2012

SUBSCRIBED AND SWORN to before me this _____ day of _______, 2012 affiants exhibiting to me their respective passports as follows:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Eduardo M. Cojuangco, Jr.	XX1347206	June 6, 2008	Manila
Bernard D. Marquez	XX1245198	May 4, 2010	Phil. Embassy Bangkok
Cynthia M. Baroy	XX2355750	October 23, 2008	Manila
Virgilio S. Jacinto	EB0971552	September 17, 2010	Manila

Notary Public

Doc. No. 464;
Page No. 94;
Book No. I;
Series of 2012.

Annex "A"

Alcoholic Beverages

1. **Ginebra San Miguel**
2. **Ginebra San Miguel Premuim Gin**
3. **G.S.M. Blue Gin**
4. **G.S.M. Blue Light**
5. **G.S.M. Flavors**
6. **Gran Matador Brandy Solera**
7. **Gran Matador Brandy Solera Gran Reserva**
8. **Gran Matador Primo Light**
9. **Antonov Vodka**
10. **Antonov Vodka Mixed Drink**
11. **St. George Premium Whisky**
12. **Don Enrique Mixkila Distilled Spirit**
13. **Vino Kulafu**
14. **Anejo Rum Oro**

NON-ALCOHOLIC BEVERAGES

1. **Magnolia Fruit Drink**
2. **Magnolia Lifedrink**
3. **Magnolia Healthtea Flavored Tea Drink**
4. **Magnolia Purewater Purified Water**
5. **Magnolia Healthtea Powdered Mix**
6. **Magnolia Fruit Drink Powdered Mix**
7. **Berri Juice** (imported from National Foods Australia PTY Ltd.)

Annex “B”

GINEBRA SAN MIGUEL INC
LIST OF PROPERTIES
AS OF DECEMBER 31, 2011

	Company Name / Subsidiary	*Address*	*Rented / Owned*	*Condition*
Beverage				
	Ginebra San Miguel Inc.			
1	Cabuyao Plant	Silangan Industrial Estate, Bgy Pittland, Terelay Phase, Cabuyao, Laguna	Owned	Good
2	Lucena Plant	Bgy. Gulang-gulang, Lucena City, Quezon	Owned	Good
3	Sta. Barbara Plant	Tebag West, Sta. Barbara, Pangasinan	Owned	Good
4	Cebu Plant	Subandaku, Mandaue City, Cebu	Owned	Good
5	Distileria Bago, Inc. (Alcohol Distillery)	Km 13.5 Bgy. Taloc, Bago City, Negros Occidental	Owned	Good
6	San Miguel Properties Centre (SMPC) Bldg.	3rd & 6th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Owned	Good
7	San Miguel Properties Centre (SMPC) Bldg.	5th Floors SMPC Bldg., St. Francis Ave., Ortigas Centre, Mandaluyong City	Rented	Good
8	Inland Container Corporation	#8 T.Santiago St., Canumay West, Plastic City, Valenzuela	Rented	Good
9	SFLA Inc.	Brgy. 425, 489 Pureza, Sta. Mesa Manila	Rented	Good
10	Quicksource Logistics, Inc	167 Felix Ave. Brgy. Sto. Domingo Cainta Rizal	Rented	Good
11	San Fernando Sales Office	Brgy. San Isidro, McArthur Highway, San Fernando, Pampanga	Rented	Good
12	PS Valdecantos Enterprises, Inc	San Fernando, Pampanga	Rented	Good
13	Kenwood Construction Enterprise	Bo. Macayug, San Jacinto, Pangasinan	Rented	Good
14	SMC Shipping & Lighterage Corporation, Damortis	Brgy. Namonitan, Sto. Tomas, La Union	Rented	Good

Company Name / Subsidiary		Address	Rented / Owned	Condition
15	Metro Bottling Corporation (MBC)	Gen. Hizon Ave., Sta. Lucia, San Fernando, Pampanga	Rented	Good
16	San Miguel Corporation SMDCI Warehouse	Bo. Maimpis, San Fernando, Pampanga	Rented	Good
17	Remlin Builders and General Merchandise	Sta. Cruz, Porac, Pampanga	Rented	Good
18	East Pacific Star Bottlers Phils Inc.	San Fermin, Cauayan, Isabela	Rented	Good
19	Isabela Leaf Tobacco Co., Inc	San Fermin, Cauayan, Isabela	Rented	Good
20	Tropical Fruit Asia Co., (TFAC)	First Bulacan Industrial Complex Bo. Tikay, Malolos Bulacan	Rented	Good
21	San Miguel PET and Brewery Plant-San Fernando	San Fernando Complex, Bo. Quebiawan, San Fernando, Pampanga	Rented	Good
22	Margarrett Enterprises, Inc.	Sitio Iloguin, Sandoval St, Cainta, Rizal	Rented	Good
23	Inno Bev., Inc.	Warehouse II, Kabesang Purong, Brgy. Punturin, Valenzuela City	Rented	Good
24	Integrated Mfg. Service Providers Inc. (IMSPI)	98 Marcos Alvarez Avenue, Talon 1 Las Pinas Metro Manila	Rented	Good
25	Lakeside Food and Beverage Co. (LFBC)	Brgy. Tulo, Calamba Laguna	Rented	Good
26	GMV Coldkeepers, Inc.	107 North Main Avenue, LTI, Brgy. Biñan, Biñan Laguna	Rented	Good
27	Consolidated Packaging Corporation	183 Judge, Juan Luna Street San Francisco Del Monte, Quezon City	Rented	Good
28	San Miguel Brewery-Polo Plant line 3	McArthur Highway, Marulas, Valenzuela	Rented	Good
29	SMC Shipping & Lighterage Corporation Warehouse	Silangan Industrial Estate, Bgy Pittland, Terelay Phase, Cabuyao, Laguna	Owned	Good
30	Alliance Textile Mills, Inc	Bgy. Pulo, Cabuyao, Laguna	Rented	Good
31	GMV Coldkeepers, Inc.	107 North Main Avenue, LTI, Brgy. Biñan, Biñan Laguna	Rented	Good
32	Southern Textile Mills, Inc. (STMI)	Bgy. Lawa, Calamba City, Laguna	Rented	Good
33	Tabangao Depot	Bgy. Tabangao, Batangas City	Rented	Good
34	Cotta Depot	Bgy. Cotta, Lucena City	Rented	Good

	Company Name / Subsidiary	Address	Rented / Owned	Condition
35	Calamba Plant	Sito Pulang Lupa, Makiling, Calamba Laguna	Owned	Good
36	Newport Industries	Sito Pulang Lupa, Makiling, Calamba Laguna	Rented	Good
37	Mayer Steel Pipe Corporation	Bgy. Tulo, Calamba City, Laguna	Rented	Good
38	Polo Tolling Warehouse	SMBB Polo Brewery, Brgy. BBB Valenzuela City	Rented	Good
39	East Pacific Star Bottlers Phils Inc.	Km 503 Hacienda Mitra, Paulog, Ligao City, Albay	Rented	Good
40	Contract Packaging Corporation of the Philippines	Bgy. Banlic, Cabuyao, Laguna	Rented	Good
41	Pittland Warehouse	Brgy. Pittland, Cabuyao	Rented	Good
42	San Miguel PET and Brewery Plant-Cebu	San Miguel Brewery Complex, SMBD Hi-way, Mandaue City	Rented	Good
43	San Miguel Corporation	Brgy. Talomo, Ulas, Davao City	Rented	Good
44	SMC Shipping and Lighterage	Ouano, Mandaue City	Rented	Good
45	VENSU Ventures (DOS GENSAN)	National Highway (Back of Land Bank, near BFAR Office) Brgy. City Heights, General Santos City	Rented	Good
46	Pacific Bay Premium Water (DOS ILO-ILO)	2nd Floor, Pacific Bay Building, Brgy. Balabago, Jaro, Iloilo City	Rented	Good
47	Leyte SR Development Corporation (TACLOBAN Satellite Warehouse)	Cong. Mate Extension St., Tacloban City	Rented	Good
48	Ouano Depot	Ouano Manduae City	Rented	Good
49	Pagadian Sales Office	BF Araw Avenue, Tiguma, Pagadian City	Rented	Good
50	Cagayan de Oro Sales Office	Unit 118, LYL Apartment, Kimwa Compound, Barangay Baloy, Cagayan de Oro City	Rented	Good
51	Balayan Distillery Inc.	Brgy. Talisay, Calaca, Batangas	Rented	Good
52	Berbacs Chemicals, Inc.	San Antonio, San Pedro, Laguna	Rented	Good
53	SMC-SL Batangas Bay Terminal Inc.	Bauan, Batangas	Rented	Good
54	Southbay Bulk Terminal, Inc.	Calaca, Batangas	Rented	Good

Annex "C"

GINEBRA SAN MIGUEL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND PERFORMANCE

This discussion summarizes the significant factors affecting the consolidated financial performance, financial position and cash flows of Ginebra San Miguel, Inc. (the Parent Company) and its subsidiaries (together with the Parent Company, are collectively referred to as the Group) for the three-year period ended December 31, 2011. The following discussion should be read in conjunction with the attached audited consolidated statements of financial position of the Group as of December 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2011. All necessary adjustments to present fairly the Group's consolidated financial position as of December 31, 2011 and the financial performance and cash flows for the year ended December 31, 2011 and for all the other periods presented, have been made.

I. BASIS OF PREPARATION

Basis of Measurement
The consolidated financial statements of the Group have been prepared on a historical cost basis of accounting, except for the following:

- derivative financial instruments are measured at fair value; and
- defined benefit liability (asset) is measured as the net total of the fair value of the plan assets, less unrecognized actuarial gains (losses) and the present value of the defined benefit obligation.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All financial information are rounded off to the nearest thousand (P000), except when otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC).

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

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The FRSC approved the adoption of a number of new or revised standards, amendments to standards, and interpretations (based on IFRIC Interpretations) as part of PFRS.

Adopted Effective 2011

The Group has adopted the following PFRS starting January 1, 2011 and accordingly, changed its accounting policies in the following areas:

- Amendment to PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues*, permits rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment is applicable for annual periods beginning on or after February 1, 2010. The adoption of this amendment did not have a material effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*, addresses issues in respect of the accounting by the debtor in a debt for equity swap transaction. It clarifies that equity instruments issued to a creditor to extinguish all or part of a financial liability in a debt for equity swap are consideration paid in accordance with paragraph 41 of PAS 39, *Financial Instrument: Recognition and Measurement*. The interpretation is applicable for annual periods beginning on or after July 1, 2010. The adoption of this Philippine interpretation did not have a material effect on the consolidated financial statements.

- Revised PAS 24, *Related Party Disclosures* (2009), amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The revised standard is effective for annual periods beginning on or after January 1, 2011. The adoption of this revised standard did not have a material effect on the consolidated financial statements.

- *Prepayments of a Minimum Funding Requirement (Amendments to Philippine Interpretation IFRIC 14: PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction).* These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement and result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- *Improvements to PFRS 2010* contain 11 amendments to 6 standards and 1 interpretation. The following are the said amendments to PFRS and interpretation:

  - PFRS 3, *Business Combinations*. The amendments: (a) clarify that contingent consideration arising in a business combination previously accounted for in accordance with PFRS 3 (2004) that remains outstanding at the adoption date of PFRS 3 (2008) continues to be accounted for in accordance with PFRS 3 (2004); (b) limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and (c) expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. The amendments are effective for annual periods beginning on or after July 1, 2010. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PAS 27, *Consolidated and Separate Financial Statements.* The amendments clarify that the consequential amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates,* and PAS 31, *Interests in Joint Ventures*, resulting from PAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. The amendments are effective for annual periods beginning on or after July 1, 2010. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PFRS 7, *Financial Instruments: Disclosures.* The amendments add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to enable users to evaluate better an entity's exposure to risks arising from the financial instruments. In addition, the International Accounting Standards Board amended and removed existing disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PAS 1, *Presentation of Financial Statements.* The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is also required to be presented either in the statement of changes in equity or in the notes. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PAS 34, *Interim Financial Reporting.* The amendments add examples to the list of events or transactions that require disclosure under PAS 34 and remove references to materiality in PAS 34 that describes other minimum disclosures. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes.* The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

Additional disclosures required by the revised standards, amendments to standards and interpretations were included in the consolidated financial statements, where applicable.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for PFRS 9, *Financial Instrument*, which becomes mandatory for the Group's 2015 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

The Group will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

- *Disclosures - Transfers of Financial Assets (Amendments to PFRS 7)*, require additional disclosures about transfers of financial assets. The amendments require disclosure of information that enables users of the financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognized financial assets. Entities are not required to apply the amendments for annual periods beginning on or after July 1, 2011.

- *Deferred Tax: Recovery of Underlying Assets (Amendments to PAS 12, Income Taxes)* introduces an exception to the current measurement principles of deferred tax assets and liabilities arising from investment property measured using the fair value model in accordance with PAS 40, *Investment Property*. The exception also applies to investment properties acquired in a business combination accounted for in accordance with PFRS 3 provided the acquirer subsequently measure these assets applying the fair value model. The amendments integrated the guidance of Philippine Interpretation Standards Interpretation Committee (SIC) - 21, *Income Taxes - Recovery of Revalued Non-Depreciable Assets* into PAS 12, and as a result Philippine Interpretation SIC - 21 has been withdrawn. The effective date of the amendments is for periods beginning on or after January 1, 2012 and is applied retrospectively.

- Presentation of Items of Other Comprehensive Income (*Amendments to PAS 1*). The amendments: (a) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; (b) do not change the existing option to present profit or loss and other comprehensive income in two statements; and (c) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRS continue to apply in this regard. The effective date of the amendment is for periods beginning on or after January 1, 2013.

- PFRS 10, *Consolidated Financial Statements*. PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: (a) it is exposed or has rights to variable returns from its involvement with that investee; (b) it has the ability to affect those returns through its power over that investee; and (c) there is a link between power and returns. Control is reassessed as facts and circumstances change. PFRS 10 supersedes PAS 27 (2008). The new standard is effective for annual periods beginning on or after January 1, 2013.

- PFRS 11, *Joint Arrangements*. PFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It: (a) distinguishes joint arrangements between joint operations and joint ventures; and (b) always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation. PFRS 11 supersedes PAS 31, *Interest and Joint Ventures*, and Philippine Interpretation SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The new standard is effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosure of Interests in Other Entities*. PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities; and the effects of those interests on the entity's financial position, financial performance and cash flows. The new standard is effective for annual periods beginning on or after January 1, 2013.

- PFRS 13, *Fair Value Measurement*. PFRS 13 replaces the fair value measurement guidance contained in individual PFRS with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRS. It does not introduce new requirements to measure assets or liabilities at fair value nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The new standard is effective for annual periods beginning on or after January 1, 2013. Early application is permitted and is required to be disclosed.

- PAS 19, *Employee Benefits* (amended 2011). The amended PAS 19 includes the following requirements: (a) actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and (b) expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The adoption of the amended or revised standard is required for annual periods beginning on or after January 1, 2013.

- PAS 27, *Separate Financial Statements* (2011). PAS 27 (2011) supersedes PAS 27 (2008). PAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The adoption of the amended or revised standard is required for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures* (2011). PAS 28 (2011) supersedes PAS 28 (2008). PAS 28 (2011) makes the following amendments: (a) PFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and (b) on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest. The adoption of the amended or revised standard is required for annual periods beginning on or after January 1, 2013.

- PFRS 9, *Financial Instruments*. PFRS 9 (2009) is the first standard issued as part of a wider project to replace PAS 39. PFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in PAS 39 on impairment of financial assets and hedge accounting continues to apply. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012. PFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of PAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of Philippine Interpretation - IFRIC 9 *Reassessment of Embedded Derivatives*. The adoption of the new standard is required for annual periods beginning on or after January 1, 2015.

II. KEY TRANSACTIONS

Thai San Miguel Liquor Co., Ltd. (TSML) issued the following promissory notes for its working capital requirements:

- On March 18, 2011, in favor of V.C Property Company, Ltd. (VC Property) for THB 75 million (P108 million);
- On April 7, 2011, in favor of Ginebra San Miguel International, Ltd. (GSMIL) for THB 75 million (P108 million); and
- On September 6, 2011, in favor of GSMIL for another THB 75 million (P107 million).
- On September 26, 2011, in favor of V.C Property Company, Ltd. (VC Property) for THB 75 million (P106 million).

Said promissory notes carry interest of 3% per annum which is payable every three months, while the principal is payable upon demand by VC Property and GSMIL. Subordination agreement with TSML's bank lenders, however, limits total payments made by TSML for any loans granted by its shareholders to a total of THB 100 million while the loan agreement with TSML's bank lenders are still in effect.

III. FINANCIAL PERFORMANCE

Comparisons of key operating results for the last three years are summarized in the following table:

	December 31		
	2011	**2010**	**2009**
		(In Millions)	
Sales	P15,113	P22,688	P19,549
Gross Profit	3,137	5,109	4,405
Selling and Administrative Expenses	(4,080)	(3,665)	(3,352)
Financing Charges - Net	(443)	(298)	(192)
Other Income - Net	36	190	187
Net Income (Loss)	(982)	914	701

2011 vs. 2010

The Company faced a challenging year in 2011, owing to a highly competitive market and weak demand for liquor products.

Domestic liquor sales volumes were affected by intense competition and the change in consumer preference for lighter alcoholic beverages. Thus, revenues dropped by 33% from 2010. Sales and marketing programs have been implemented in the fourth quarter to regain sales momentum.

Decrease in consumer demand despite the increase in costs of raw material containers and excise taxes resulted in a 32% decrease in cost of sales. With the said movements in revenues and cost of sales, gross profit decreased by 39%.

Selling and marketing expenses rose by 9%, as the Group intensified its advertising and promotional initiatives to address competition and impede further volume decline. General and administrative expenses posted a 15% increase on account of higher personnel-related costs, depreciation and taxes.

Interest expense, net of interest income, increased by 49% attributable to the Group's long-term loan and unsecured short-term peso-denominated borrowings from local banks to support the increase in working capital and other requirements.

Other income, net of other charges, declined by 81% on account of losses in embedded derivatives.

The Group sustained a net loss of P982 million resulting from sales decline and increase in costs.

2010 vs. 2009

The Group emerged stronger in 2010, as it took advantage of general improvements in the economic environment that empowered domestic consumers and boosted confidence and prospects.

Domestic liquor volumes rose by 7%, driven chiefly by the Group's gin line. The Group's flagship brand, Ginebra San Miguel, gained an even stronger following among core liquor drinkers as innovative, barangay-based activations, notably "Ginuman Na", complemented with the aggressive "Bida" and "Toast" thematic campaigns, were successful in sustaining patronage for the brand. GSM Blue also remained the liquor brand of choice among the dynamic youth demographic, as continuing initiatives, such as "Blueniversity" and "Flair Idol", that ingrain a mixed drinking culture among the youth were successful in creating excitement for the entire mixed drink category for the youth. This, together with the implementation of the two waves of price increases in the domestic liquor segment, chiefly drove revenues to increase by 16% from 2009.

Gains in volume, as well as elevated alcohol and packaging material costs, increased cost of sales by 16%.

These enabled gross profit to rise to P 5,109 million, a 16% increase from 2009.

Other income declined by 6%, on account of decreased derivative gain. Derivative gains in 2009 chiefly represent the effect of the partial reversal of unrealized losses on non-hedge derivative instruments linked to fuel prices that were recorded in 2008, as the price of the said commodity rebounded in 2009. Other charges declined by 83% from 2009. Other charges amounting to P20 million in 2009 is mostly due to losses on sale/disposal of property and equipment.

Selling and marketing expenses rose by 23%, as the Group intensified its advertising and promotional initiatives to support the year's volume growth.

Lower depreciation, management fees and outside labor yielded a 7% reduction in general and administrative expenses.

Interest expense increased by 54%, as the Parent Company entered into a long-term credit agreement in the amount of P1,500 million and increased its short-term borrowings to fund the increase in working capital requirements brought about by the increase in product demand.

The foregoing positive developments enabled net income to increase to P914 million, a 30% increase from 2009.

IV. FINANCIAL POSITION

2011 vs. 2010

Cash and cash equivalents decreased by 13% from December 2010 to P366 million, as the Group used cash to reduce trade payables, pay interests on long-term and short-term debts and capital expenditures.

Trade and other receivables – net increased by 10% on account of extending credit terms to support dealers in response to the aggressive competition in the market.

Inventories dropped by 5% on account of the Group's decrease in requirement due to decreased volume of operation and strategic management of inventories.

Prepaid taxes and other current assets declined by 16% due to lower specific taxes as the Group reduced its alcohol production in 2011.

Property, plant and equipment – net increased by 12% on account of increased capital expenditures related to the Group's distillery and bottling equipment.

Deferred tax assets – net increased by 397% mainly due to the significant increase in recognized Net Operating Loss Carry Over for the year.

Notes payable increased by 57% to fund additional working capital requirements.

Trade and other payables were reduced by 21% during the period as part of the settlement of payables to suppliers.

Income and other taxes payable rose by 14 % on account of lower input taxes resulting from low raw material purchases and low importation during the year.

Current maturities amounting to P374 million of the Company's P1,500 million represents the portion that will be due in 2012.

Long-term debt, net of current maturities, amounting to P1,417 million represents the Parent Company's loan from a local bank used to fund its working capital requirements and the Group's proportionate share in the long-term debt of TSML from the Thai local bank and foreign banks to finance TSML's plant construction and start-up operations.

Finance lease liabilities significantly decreased by 100% due to pre-termination of lease contract of TSML and TGT.

Other noncurrent liabilities of P91 million represents of the Group's proportionate share on the loan of TSML from its shareholders.

Cumulative translation adjustment increased by P26 million due to translation of foreign subsidiaries' net assets. The exchange rates used are P1.3929 to THB1 in December 31, 2011 (P1.4536 in December 2010) for net assets and P1.4220 to THB1 as of December 31, 2011 (P1.4233 as of December 2010) for income and expense items.

2010 vs. 2009

Cash and cash equivalents decreased by 16% from December 2009 to P423 million, as increased operating income level and borrowings funded elevated working capital requirements.

Trade and other receivables - net increased by 37% on account of receivables arising from sale of utilities to third party, increased supplier advances and trade receivables as a result of increased level of operations and increased availment of the Group's Employees' Stock Purchase Plan ("ESPP").

Inventories grew by 44%, consistent with the Group's strategy to build-up its inventories to brace itself for anticipated cost increases, particularly in excise taxes.

Prepaid taxes and other current assets grew by 25%, resulting from increased prepaid excise tax brought about by higher alcohol inventory level.

Property, plant and equipment - net grew by 13% on account of increased capital expenditures to improve distillery operations.

Investment properties - net declined by 7% on account of normal depreciation charges.

Deferred tax assets - net declined by 25% on account of increased gain on foreign exchange transactions and reduction in pension cost. The corresponding increase in income tax arising from these items is expected to be realized in future periods.

Retirement asset, amounting to P58 million in 2010 and P46 million in 2009, represents the excess of the fair value of the Parent Company's plan assets from its defined benefit obligation to its employees.

Notes payable increased by 31% to support the higher working capital requirements.

Trade and other payables increased by 25% owing to increased material purchases, brought about by increased production requirements, and increased selling and administrative expenditures.

Income and other taxes payable rose by 41% on account of higher output taxes, brought about by increased annual business volume.

Long term debt - net of current maturities and debt issue costs, increased to P1,802 million, as the Parent Company fully availed the P1,500 million long-term credit facility. This amount also includes the Group's proportionate share on the long-term loan of TSML.

Retirement liability represents the excess of Distileria Bago, Inc.'s defined benefit obligation from its plan assets. This declined by 98% as the value of its plan assets significantly increased in 2010, mainly on account of contributions made by DBI to its plan assets.

Finance lease liabilities, amounting to P2 million in 2010 represents the Group's proportionate share on the lease obligation of transportation equipment used by Thai Ginebra Trading, Co. Ltd. (TGT). TGT functions as the selling and distribution arm of TSML. The 89% decline from 2009 was due to the reclassification of an amount of these liabilities to trade and other payables as they became current during the period, part of which were repaid.

The debit balance of cumulative translation adjustment increased by P6 million due to translation of foreign subsidiaries' net assets. The exchange rates used for net assets in December 31, 2010 is P1.4536 to THB1 (P1.3929 in December 31, 2009).

Equity

The increases (decreases) in equity for the years 2011 and 2010 are due to:

	December 31	
	2011	**2010**
	(In Millions)	
Net income (loss) for the period	(P982)	P914
Cash dividends	(482)	(476)
Effect of translation adjustments	(26)	(6)
Issuances of capital stock	94	137
	(P1,397)	**P568**

Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	December 31		
	2011	2010	2009
		(In Millions)	
Net cash flows provided by (used in) operating activities	(P865)	(P664)	P679
Net cash flows used in investing activities	(1,248)	(1,213)	(1,210)
Net cash flows provided by financing activities	2,062	1,828	509

Net cash from operations consists of income (loss) for the period less changes in non-cash current assets, certain current liabilities and others, which include decreases in inventory level.

Net cash flows used in investing activities include the following:

	December 31		
	2011	2010	2009
		(In Millions)	
Additions to property, plant and equipment	(P1,183)	(P1,190)	(P435)
Decrease (increase) in other noncurrent assets	(70)	(30)	119
Interest received and proceeds from sale of property, plant and equipment	4	7	6

Major components of net cash flows provided by financing activities are as follows:

	December 31		
	2011	2010	2009
		(In Millions)	
Proceeds from short-term borrowings	P88,406	P58,450	P30,798
Proceeds from noncurrent liabilities	95	-	-
Proceeds from issuance of capital stock	39	18	-
Payments of short-term borrowings	(85,518)	(57,256)	(29,542)
Payments of interest	(474)	(265)	(206)
Payments of dividends	(353)	(475)	(471)
Payments of long-term borrowings	(121)	(121)	(59)
Payments of finance leases	(12)	(15)	(12)
Proceeds from long-term borrowings	-	1,493	-

The effect of exchange rate changes on cash and cash equivalents amounted to (P5) million, (P31) million and (P20) million for the years ended December 31, 2011, 2010 and 2009, respectively.

V. ADDITIONAL INFORMATION ON UNAPPROPRIATED RETAINED EARNINGS

The following items are not available for declaration as dividends:

	December 31	
	2011	2010
	(In Millions)	
Accumulated equity in net earnings of subsidiaries and joint ventures (included in the unappropriated retained earnings balance)	P200	P143
Treasury stock	2,579	2,579

VI. 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 III, "Financial Performance" of the MD&A for the discussion of the computed certain Key Performance Indicators.

KPI	As of December 31	
	2011	2010
Liquidity: **Current Ratio**	**1.05**	**1.41**
Solvency: **Debt to Equity Ratio**	**1.66**	**1.14**
Profitability: **Return on Average Stockholders' Equity**	**(12%)**	**11%**

KPI	For the Year Ended December 31	
	2011	2010
Operating Efficiency:		
Volume Growth	**(37%)**	**7%**
Revenue Growth	**(33%)**	**16%**
Operating Margin	**(9%)**	**6%**
Interest Rate Coverage Ratio	**(0.85)**	**6.90**
Asset to Equity Ratio	**2.66**	**2.14**

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

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

VII. OTHER MATTERS

a) Commitments

- The Parent Company has a Toll Manufacturing Agreement with third parties for the production of its liquor and non liquor products. Toll manufacturing expense incurred in 2011, 2010 and 2009 amounting to P463,498, P721,213 and P432,598, respectively, were included as part of "outside services" under the "Cost of Sales" account.

- On November 11, 2008, the Parent Company entered into a Memorandum of Agreement (MOA) with East Pacific Star Bottlers Phils Inc. (EPSBPI), a corporation duly organized and existing under and by virtue of the laws of the Philippines. Subject to the terms and conditions of the MOA, the parties intend to delineate and establish the nature and extent of rights and obligations of the Parent Company and EPSBPI, with respect to: (i) the construction and installation of a beverage bottling facility which shall be devoted, on an exclusive basis, for the manufacturing of products, (ii) the performance by EPSBPI of services meeting the requirements of the Parent Company, (iii) the operation and maintenance by EPSBPI of such beverage bottling facility and (iv) the turnover of such facility to the Parent Company, by EPSBPI. The MOA took effect on October 1, 2008 and shall be in full force and effect for a period of ten (10) years until September 30, 2018 unless earlier terminated by either party. On January 27, 2012, the Parent Company purchased 100% of the total outstanding shares of EPSBPI for a consideration of P200,000 at Php100.00 per share.

- The outstanding purchase commitments of the Company as of December 31, 2011 and 2010 amounted to US$79,188 (P3,471,582) and US$138,700 (P6,100,000), respectively.

b) Contingencies

The Group is contingently accountable for liabilities arising from lawsuits or claims (mostly labor related cases) filed by third parties, which are either pending decisions by the courts or are subject to settlement agreements. The outcome of these lawsuits cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability arising from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. No provision was recognized in 2011, 2010 and 2009.

c) 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 Performance.

d) 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.

e) There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.

f) There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.

g) 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 balance sheet date.

h) There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

i) The effects of seasonality or cyclicality on the operations of the Group's businesses are not material.

Annex "D"

GINEBRA SAN MIGUEL INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011, 2010 and 2009

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REPORT OF INDEPENDENT AUDITORS

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

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, 2011 and 2010, 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, 2011, 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 consolidated financial position of Ginebra San Miguel, Inc. and Subsidiaries as at December 31, 2011 and 2010, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2011, in accordance with Philippine Financial Reporting Standards.

MANABAT SANAGUSTIN & CO., CPAs

JORGE MA. S. SANAGUSTIN
Partner
CPA License No. 0030399
SEC Accreditation No. 0026-AR-3, Group A, valid until January 4, 2015
Tax Identification No. 124-282-616
BIR Accreditation No. 08-001987-7-2010
Issued June 30, 2010; valid until June 29, 2013
PTR No. 3174027MA
Issued January 2, 2012 at Makati City

March 9, 2012
Makati City, Metro Manila

GINEBRA SAN MIGUEL SINCE 1834

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, 2011, 2010 and 2009, 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 the 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.

Manabat Sanagustin & Co., CPAs, the independent auditors appointed by the stockholders, has examined 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 examination.

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

CYNTHIA M. BAROY
Chief Finance Officer

BERNARD D. MARQUEZ
President and Chief Operating Officer

GINEBRA SAN MIGUEL, INC.
3rd & 6th Floors, San Miguel Properties Centre St. Francis Street, Mandaluyong City, Metro Manila, Philippines 1550 Telephone: (632) 689-9100 Fax: (632) 643-2211
A Subsidiary of: SAN MIGUEL CORPORATION

SUBSCRIBED AND SWORN to before me this 28th day of March 2012, affiant exhibiting to me their Passport, as follow:

NAME	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Eduardo M. Cojuangco, Jr.	XX1347206	June 6, 2008	Manila
Bernard D. Marquez	XX1245198	May 4, 2010	Phil. Embassy Bangkok
Cynthia M. Baroy	XX2355750	October 23, 2008	Manila

Notary Public

MAILA R. NICOLASORA
Commission No. 0259-11
Notary Public for Mandaluyong City
Until Dec. 31, 2012
GSMI, San Miguel Properties Centre,
St. Francis Street, Mandaluyong City
Roll No. 45082
PTR No. 1954395; 1/18/12; Mandaluyong City
Lifetime IBP No. 010402; 1/10/12; Quezon City

Doc. No. 463;
Page No. 94;
Book No. I;
Series of 2012.

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

		December 31	
	Note	**2011**	2010
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 33, 34*	**P366,116**	P422,630
Trade and other receivables - net	*4, 7, 14, 27, 33, 34*	**3,177,311**	2,901,368
Inventories	*4, 8, 27*	**6,782,788**	7,137,443
Prepaid taxes and other current assets	*9, 33, 34*	**891,850**	1,060,868
Total Current Assets		**11,218,065**	11,522,309
Noncurrent Assets			
Property, plant and equipment - net	*4, 11*	**6,836,356**	6,085,639
Investment properties - net	*4, 12*	**157,998**	150,922
Intangible asset	*4, 10, 13*	**58,834**	61,804
Retirement asset	*29*	**-**	57,870
Deferred tax assets - net	*4, 18*	**541,055**	108,939
Other noncurrent assets - net	*4, 7, 14, 33, 34*	**737,464**	695,685
Total Noncurrent Assets		**8,331,707**	7,160,859
		P19,549,772	P18,683,168
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable	*15, 33, 34*	**P7,931,093**	P5,053,614
Trade and other payables	*16, 27, 28, 33, 34*	**2,274,044**	2,862,638
Income and other taxes payable		**118,484**	104,197
Current maturities of long-term debt - net of debt issue costs	*17, 33, 34*	**373,974**	123,563
Total Current Liabilities		**10,697,595**	8,144,012
Noncurrent Liabilities			
Retirement liability	*29*	**6,044**	208
Long-term debt - net of current maturities and debt issue costs	*17, 33, 34*	**1,416,847**	1,802,173
Finance lease liabilities - net of current portion	*28, 33, 34*	**-**	1,809
Other noncurrent liabilities	*33, 34*	**91,203**	-
Total Noncurrent Liabilities		**1,514,094**	1,804,190
Total Liabilities		**12,211,689**	9,948,202
Equity			
Capital stock	*19*	**399,063**	396,424
Additional paid-in capital	*19*	**2,526,625**	2,435,476
Cumulative translation adjustments	*34*	**(35,936)**	(9,439)
Retained earnings			
Appropriated		**2,500,000**	2,500,000
Unappropriated	*19*	**4,527,740**	5,991,914
Treasury stock	*19*	**(2,579,409)**	(2,579,409)
Total Equity		**7,338,083**	8,734,966
		P19,549,772	P18,683,168

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(In Thousands, Except Per Share Data)

	Note	**2011**	2010	2009
SALES	*27*	**P15,112,596**	P22,688,144	P19,548,591
COST OF SALES	*20, 27, 35*	**11,975,335**	17,579,137	15,143,827
GROSS PROFIT		**3,137,261**	5,109,007	4,404,764
SELLING AND MARKETING EXPENSES	*21, 27*	**(2,491,544)**	(2,283,675)	(1,861,621)
GENERAL AND ADMINISTRATIVE EXPENSES	*22, 27*	**(1,588,139)**	(1,381,020)	(1,489,976)
INTEREST EXPENSE	*15, 17, 25*	**(446,984)**	(305,005)	(197,505)
INTEREST INCOME		**4,025**	6,999	5,332
OTHER INCOME - Net	*26*	**36,060**	190,353	186,728
INCOME (LOSS) BEFORE INCOME TAX		**(1,349,321)**	1,336,659	1,047,722
INCOME TAX EXPENSE (BENEFIT)	*18*	**(367,161)**	422,805	346,470
NET INCOME (LOSS)		**(P982,160)**	P913,854	P701,252
Basic and Diluted Earnings (Loss) Per Share	*31*	**(P3.56)**	P3.03	P2.32

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

(In Thousands)

	Note	**2011**	2010	2009
NET INCOME (LOSS)		**(P982,160)**	P913,854	P701,252
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS		**(26,497)**	(6,441)	(11,625)
NET GAIN ON CASH FLOW HEDGES	*34*	**-**	-	60,350
INCOME TAX		**-**	-	(18,105)
OTHER COMPREHENSIVE INCOME (LOSS) - NET OF TAX		**(26,497)**	(6,441)	30,620
TOTAL COMPREHENSIVE INCOME (LOSS) - NET OF TAX		**(P1,008,657)**	P907,413	P731,872

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, 2011, 2010 AND 2009
(In Thousands)

					Cumulative Translation Adjustments					
		Capital Stock		Additional Paid-in	Translation	Hedging	Retained Earnings		Treasury	
	Note	Common	Preferred	Capital	Reserve	Reserve	Appropriated	Unappropriated	Stock	Total
As of January 1, 2011		**P342,986**	**P53,438**	**P2,435,476**	**(P9,439)**	**P -**	**P2,500,000**	**P5,991,914**	**(P2,579,409)**	**P8,734,966**
Exchange differences on translation of foreign operations/Other comprehensive loss		**-**	**-**	**-**	**(26,497)**	**-**	**-**	**-**	**-**	**(26,497)**
Net loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(982,160)**	**-**	**(982,160)**
Total comprehensive loss for the year		**-**	**-**	**-**	**(26,497)**	**-**	**-**	**(982,160)**	**-**	**(1,008,657)**
Issuances of capital stock	***19, 32***	**2,639**	**-**	**91,149**	**-**	**-**	**-**	**-**	**-**	**93,788**
Cash dividends	***30***	**-**	**-**	**-**	**-**	**-**	**-**	**(482,014)**	**-**	**(482,014)**
As of December 31, 2011		**P345,625**	**P53,438**	**P2,526,625**	**(P35,936)**	**P -**	**P2,500,000**	**P4,527,740**	**(P2,579,409)**	**P7,338,083**

Forward

	Note	Capital Stock Common	Capital Stock Preferred	Additional Paid-in Capital	Cumulative Translation Adjustments Translation Reserve	Cumulative Translation Adjustments Hedging Reserve	Retained Earnings Appropriated	Retained Earnings Unappropriated	Treasury Stock	Total
As of January 1, 2010		P336,950	P53,438	P2,304,669	(P2,998)	P -	P1,300,000	P6,754,141	(P2,579,409)	P8,166,791
Exchange differences on translation of foreign operations/other comprehensive loss		-	-	-	(6,441)	-	-	-	-	(6,441)
Net income for the year		-	-	-	-	-	-	913,854	-	913,854
Total comprehensive income (loss) for the year		-	-	-	(6,441)	-	-	913,854	-	907,413
Issuances of capital stock	*19, 32*	6,036	-	130,807	-	-	-	-	-	136,843
Appropriations	*19*	-	-	-	-	-	1,200,000	(1,200,000)	-	-
Cash dividends	*30*	-	-	-	-	-	-	(476,081)	-	(476,081)
As of December 31, 2010		P342,986	P53,438	P2,435,476	(P9,439)	P -	P2,500,000	P5,991,914	(P2,579,409)	P8,374,966
As of January 1, 2009		P336,795	P53,438	P2,303,168	P8,627	(P42,245)	P1,300,000	P6,523,867	(P2,579,409)	P7,904,241
Exchange differences on translation of foreign operations		-	-	-	(11,625)	-	-	-	-	(11,625)
Net gain on cash flow hedges, net of tax	*34*	-	-	-	-	42,245	-	-	-	42,245
Other comprehensive income (loss)		-	-	-	(11,625)	42,245	-	-	-	30,620
Net income for the year		-	-	-	-	-	-	701,252	-	701,252
Total comprehensive income (loss) for the year		-	-	-	(11,625)	42,245	-	701,252	-	731,872
Issuances of capital stock	*19, 32*	155	-	1,501	-	-	-	-	-	1,656
Cash dividends	*30*	-	-	-	-	-	-	(470,978)	-	(470,978)
As of December 31, 2009		P336,950	P53,438	P2,304,669	(P2,998)	P -	P1,300,000	P6,754,141	(P2,579,409)	P8,166,791

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

(In Thousands)

	Note	**2011**	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(P1,349,321)**	P1,336,659	P1,047,722
Adjustments for:				
Depreciation and amortization	*11, 12, 23*	**526,009**	469,510	569,174
Interest expense and financing charges	*15, 17, 25*	**446,984**	305,005	197,505
Impairment losses on receivables	*7, 21, 22*	**178**	1,226	29,869
Loss (gain) on sale/disposal of property, plant and equipment	*26*	**(154)**	(323)	19,859
Net unrealized foreign exchange gain	*26*	**(2,399)**	(44,483)	(6,498)
Interest income		**(4,025)**	(6,999)	(5,332)
Net derivative loss (gain)	*26*	**18,253**	(70,984)	(167,363)
Operating income (loss) before working capital changes		**(364,475)**	1,989,611	1,684,936
Decrease (increase) in:				
Trade and other receivables		**(345,745)**	(777,223)	(89,101)
Inventories		**349,751**	(2,075,125)	(558,430)
Prepaid taxes and other current assets		**170,565**	(277,537)	(350,946)
Increase (decrease) in:				
Trade and other payables		**(739,200)**	653,689	(22,892)
Other taxes payable		**3,584**	39,284	33,456
Retirement liability (asset)		**63,706**	(24,199)	703
Cash generated from (absorbed by) operations		**(861,814)**	(471,500)	697,726
Income taxes paid		**(3,500)**	(192,804)	(18,471)
Net cash flows provided by (used in) operating activities		**(865,314)**	(664,304)	679,255
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		**4,025**	6,999	4,376
Proceeds from sale of property, plant and equipment		**336**	324	1,721
Purchase of SMBI assets		**-**	-	(899,328)
Additions to property, plant and equipment	*11*	**(1,182,873)**	(1,190,006)	(434,996)
Decrease (increase) in other noncurrent assets		**(69,875)**	(30,030)	118,586
Net cash flows used in investing activities		**(1,248,387)**	(1,212,713)	(1,209,641)

Forward

	Note	**2011**	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Short-term borrowings		**P88,406,258**	P58,449,594	P30,798,346
Issuance of capital stock		**38,855**	18,228	391
Noncurrent liabilities		**95,120**	-	-
Long-term borrowings		**-**	1,492,500	-
Payments of:				
Short-term borrowings		**(85,518,041)**	(57,255,813)	(29,541,689)
Interest		**(473,895)**	(264,759)	(206,460)
Cash dividends		**(353,050)**	(475,297)	(470,768)
Long-term borrowings		**(121,308)**	(121,417)	(58,994)
Finance lease liabilities		**(12,227)**	(15,161)	(12,326)
Net cash flows provided by financing activities		**2,061,712**	1,827,875	508,500
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(4,525)**	(31,115)	(19,968)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(56,514)**	(80,257)	(41,854)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*6*	**422,630**	502,887	544,741
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P366,116**	P422,630	P502,887

See Notes to the Consolidated Financial Statements.

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Reporting Entity

Ginebra San Miguel, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 10, 1987. The accompanying consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries (collectively referred to as the Group) and the Group's interests in joint ventures. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE). The Parent Company is engaged in manufacturing and selling of alcoholic and nonalcoholic beverages. The registered office address of the Parent Company is 6th Floor, San Miguel Properties Centre, St. Francis Street, Ortigas Center, Mandaluyong City.

The Parent Company is 77.63% - owned and controlled by San Miguel Corporation (SMC). SMC, its ultimate parent company, was also incorporated in the Philippines.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC).

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on March 9, 2012.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis of accounting, except for the following:

- derivative financial instruments are measured at fair value; and
- defined benefit liability (asset) is measured as the net total of the fair value of the plan assets, less unrecognized actuarial gains (losses) and the present value of the defined benefit obligation.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All financial information are rounded off to the nearest thousand (P000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company, its subsidiaries and the Group's interests in joint ventures. The Parent Company owns and controls the following wholly-owned subsidiaries:

Name of Subsidiary	*Place of Incorporation*
Distileria Bago, Inc. (DBI)	Philippines
Agricrops Industries, Inc. (Agricrops)	Philippines
Healthy Condiments, Inc. (HCI)	Philippines
Ginebra San Miguel International Ltd. (GSMIL)	British Virgin Islands (BVI)
Ginebra San Miguel International Holdings Ltd. (GSMIHL)	BVI
Global Beverage Holdings Ltd. (GBHL)	BVI
Siam Holdings Ltd. (SHL)	BVI

Agricrops was incorporated on September 14, 2000 to engage in, operate and maintain in the business of manufacturing, buying and selling on a wholesale basis, distributing, warehousing, importing or exporting all kinds of agricultural products, including without limitation, cassava, corn, wheat, barley, sugar cane; and to do all kinds of distilling, redistilling, processing, compounding and blending thereof; to manufacture, buy, sell, deal in, distribute, store, warehouse, import or export any and all raw, semi-processed or finished materials, ingredients or extracts, and to purchase, acquire, sell or dispose of any machinery, plant, property, trademark and patent rights, method and processes used in connection with or necessary for the operation of its business.

On August 14, 2009, Agricrops amended its Articles of Incorporation to include among its primary purposes the following:

- to engage in, operate and maintain the business of farming and importing or exporting of sweet potato and sweet sorghum;
- preparation of medicinal products such as ethyl rubbing alcohol; and
- to manufacture organic fertilizer from various agro industrial wastes.

The amended Articles of Incorporation of Agricrops was approved by the SEC on October 12, 2009.

Agricrops has not yet started commercial operations as of December 31, 2011.

On January 31, 2008, the Parent Company incorporated HCI as a wholly-owned subsidiary. The Parent Company subscribed to 25,000 shares at par value of P100 per share for a total subscription value of P2,500. HCI was established to manufacture, sell, distribute, import and export vinegar and other sauce products and condiments. It started commercial operations on April 1, 2008.

On April 16, 2009, the Parent Company and HCI entered in an Asset Purchase Agreement (APA) for the purchase of HCI's assets collectively referred to as "Condiments Assets." The APA provides that the trademark "Supremo" owned, registered and used by HCI's Condiments Business forms part of the Condiments Assets that will be transferred to the Parent Company.

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the Group obtains control, and continue to be consolidated until the date such control ceases.

A joint venture is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the joint venture's assets, liabilities, income and expenses on a line by line basis, from the date that joint control commences until the date that joint control ceases. A discussion of the Group's joint ventures is included in Note 10 to the consolidated financial statements.

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

3. Significant Accounting Policies

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

<u>Adoption of New or Revised Standards, Amendments to Standards and Interpretations</u>
The FRSC approved the adoption of a number of new or revised standards, amendments to standards, and interpretations (based on IFRIC Interpretations) as part of PFRS.

Adopted Effective 2011

The Group has adopted the following PFRS starting January 1, 2011 and accordingly, changed its accounting policies in the following areas:

- Amendment to PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues*, permits rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment is applicable for annual periods beginning on or after February 1, 2010. The adoption of this amendment did not have a material effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*, addresses issues in respect of the accounting by the debtor in a debt for equity swap transaction. It clarifies that equity instruments issued to a creditor to extinguish all or part of a financial liability in a debt for equity swap are consideration paid in accordance with paragraph 41 of PAS 39, *Financial Instruments: Recognition and Measurement*. The interpretation is applicable for annual periods beginning on or after July 1, 2010. The adoption of this Philippine Interpretation did not have a material effect on the consolidated financial statements.

- Revised PAS 24, *Related Party Disclosures* (2009), amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The revised standard is effective for annual periods beginning on or after January 1, 2011. The adoption of this revised standard did not have a material effect on the consolidated financial statements.

- *Prepayments of a Minimum Funding Requirement (Amendments to Philippine Interpretation IFRIC 14: PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)*. These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement and result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- *Improvements to PFRS 2010* contain 11 amendments to standards and 1 interpretation. The following are the said amendments to PFRS and interpretation:

  - PFRS 3, *Business Combinations*. The amendments: (a) clarify that contingent consideration arising in a business combination previously accounted for in accordance with PFRS 3 (2004) that remains outstanding at the adoption date of PFRS 3 (2008) continues to be accounted for in accordance with PFRS 3 (2004); (b) limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and (c) expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. The amendments are effective for annual periods beginning on or after July 1, 2010. The adoption of these amendments did not have a material effect on the consolidated financial statements.

  - PAS 27, *Consolidated and Separate Financial Statements*. The amendments clarify that the consequential amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates*, and PAS 31, *Interests in Joint Ventures*, resulting from PAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. The amendments are effective for annual periods beginning on or after July 1, 2010. The adoption of these amendments did not have a material effect on the consolidated financial statements.

  - PFRS 7, *Financial Instruments: Disclosures*. The amendments add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from the financial instruments. In addition, the International Accounting Standards Board amended and removed existing disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PAS 1, *Presentation of Financial Statements*. The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is also required to be presented either in the statement of changes in equity or in the notes. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- PAS 34, *Interim Financial Reporting*. The amendments add examples to the list of events or transactions that require disclosure under PAS 34 and remove references to materiality in PAS 34 that describes other minimum disclosures. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*. The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendments are effective for annual periods beginning on or after January 1, 2011. The adoption of these amendments did not have a material effect on the consolidated financial statements.

Additional disclosures required by the revised standards, amendments to standards and interpretations were included in the consolidated financial statements, where applicable.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for PFRS 11, *Joint Arrangements*, which will become mandatory for the Group's 2013 financial statements and will require the equity method for joint ventures and PFRS 9, *Financial Instruments*, which becomes mandatory for the Group's 2015 consolidated financial statement and could change the classification and measurement of financial assets. The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

The Group will adopt the following new or revised standards, amendments to standards and interpretations in the respective effective dates:

- *Disclosures - Transfers of Financial Assets (Amendments to PFRS 7)*, require additional disclosures about transfers of financial assets. The amendments require disclosure of information that enables users of the financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognized financial assets. Entities are not required to apply the amendments for annual periods beginning on or after July 1, 2011.

- *Deferred Tax: Recovery of Underlying Assets (Amendments to PAS 12, Income Taxes)* introduces an exception to the current measurement principles of deferred tax assets and liabilities arising from investment property measured using the fair value model in accordance with PAS 40, *Investment Property*. The exception also applies to investment properties acquired in a business combination accounted for in accordance with PFRS 3 provided the acquirer subsequently measure these assets applying the fair value model. The amendments integrated the guidance of Philippine Interpretation Standards Interpretation Committee (SIC) - 21, *Income Taxes - Recovery of Revalued Non-Depreciable Assets* into PAS 12, and as a result Philippine Interpretation SIC - 21 has been withdrawn. The effective date of the amendments is for periods beginning on or after January 1, 2012 and is applied retrospectively.

- Presentation of Items of Other Comprehensive Income (*Amendments to PAS 1, Presentation of Financial Statements*). The amendments: (a) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; (b) do not change the existing option to present profit or loss and other comprehensive income in two statements; and (c) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRS continue to apply in this regard. The effective date of the amendment is for periods beginning on or after January 1, 2013.

- PFRS 10, *Consolidated Financial Statements*. PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: (a) it is exposed or has rights to variable returns from its involvement with that investee; (b) it has the ability to affect those returns through its power over that investee; and (c) there is a link between power and returns. Control is reassessed as facts and circumstances change. PFRS 10 supersedes PAS 27 (2008). The new standard is effective for annual periods beginning on or after January 1, 2013.

- PFRS 11, *Joint Arrangements.* PFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It (a) distinguishes joint arrangements between joint operations and joint ventures; and (b) always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation. PFRS 11 supersedes PAS 31, *Interest and Joint Ventures*, and Philippine Interpretation SIC-13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers.* The new standard is effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosure of Interests in Other Entities.* PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities; and the effects of those interests on the entity's financial position, financial performance and cash flows. The new standard is effective for annual periods beginning on or after January 1, 2013.

- PFRS 13, *Fair Value Measurement*. PFRS 13 replaces the fair value measurement guidance contained in individual PFRS with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRS. It does not introduce new requirements to measure assets or liabilities at fair value nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The new standard is effective for annual periods beginning on or after January 1, 2013. Early application is permitted and is required to be disclosed.

- PAS 19, *Employee Benefits* (amended 2011). The amended PAS 19 includes the following requirements: (a) actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and (b) expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The adoption of the amended or revised standard is required for annual periods beginning on or after January 1, 2013.

- PAS 27, *Separate Financial Statements* (2011). PAS 27 (2011) supersedes PAS 27 (2008). PAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The adoption of the amended or revised standard is required for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures* (2011). PAS 28 (2011) supersedes PAS 28 (2008). PAS 28 (2011) makes the following amendments: (a) PFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and (b) on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest. The adoption of the amended or revised standard is required for annual periods beginning on or after January 1, 2013.

- PFRS 9, *Financial Instruments*. PFRS 9 (2009) is the first standard issued as part of a wider project to replace PAS 39. PFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in PAS 39 on impairment of financial assets and hedge accounting continues to apply. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012. PFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of PAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of Philippine Interpretation - IFRIC 9, *Reassessment of Embedded Derivatives.* The adoption of the new standard is required for annual periods beginning on or after January 1, 2015.

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 at fair value through profit or loss (FVPL), includes transaction costs.

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

Determination of Fair Value. The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there is no significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of the 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 fair value (a 'Day 1' profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which are not observable, the difference between the transaction price and model value is only recognized in profit or loss 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' profit amount.

Financial Assets

Financial Assets at FVPL. A financial asset is classified at FVPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at FVPL if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. 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 profit or loss as incurred. Fair value changes and realized gains or losses are recognized 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 under the "Hedging reserve" account in equity. Any interest earned shall be recognized as part of "Interest income" in the consolidated statements of income. Any dividend income from equity securities classified as FVPL shall be recognized in profit or loss when the right of collection has been established.

The Group's derivative assets are classified under this category (Note 9).

The carrying amounts of financial assets under this category amounted to P315 and P18,163 as of December 31, 2011 and 2010, respectively (Note 34).

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 shall be recognized as part of "Interest income" 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" in the consolidated statements of income. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

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 which are subject to an insignificant risk of changes in value.

The Group's cash and cash equivalents, trade and other receivables and noncurrent receivables, advances and deposits under "other noncurrent assets" are included in this category (Notes 6, 7, and 14).

The combined carrying amounts of financial assets under this category amounted to P3,976,097 and P3,711,112 as of December 31, 2011 and 2010, respectively (Note 34).

HTM Investments. HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest rate method, less impairment in value. Any interest earned on the HTM investments shall be recognized as part of "Interest income" 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 integral part of the effective interest rate. The periodic amortization is also included as part of "Interest income" in the consolidated statements of income. Gains or losses are recognized in profit or loss when the HTM investments are derecognized or impaired, as well as through the amortization process.

As of December 31, 2011 and 2010, the Group has no investments accounted for under this category.

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognized in other comprehensive income and presented in the "Fair value reserve" in equity. Dividends earned on holding AFS equity securities are recognized as "Dividend income" when the right to receive payment has been established. When individual AFS financial assets are either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

AFS financial assets also include unquoted equity instruments with fair values which cannot be reliably determined. These instruments are carried at cost less impairment in value, if any.

As of December 31, 2011 and 2010, the Group has no financial assets classified under this category.

Financial Liabilities

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 under the "Hedging reserve" account in equity. Any interest expense incurred shall be recognized as part of "Interest expense" in the consolidated statements of income.

The Group's derivative liabilities are classified under this category (Note 16).

The carrying amounts of financial liabilities under this category amounted to P3,619 and P1,177 as of December 31, 2011 and 2010, respectively (Note 34).

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.

Included in this category are the Group's liabilities arising from its trade or borrowings such as notes payable, trade and other payables, long-term debt, finance lease liabilities and other noncurrent liabilities (Notes 15, 16, 17 and 28).

The combined carrying amounts of financial liabilities under this category amounted to P11,960,939 and P9,842,620 as of December 31, 2011 and 2010, respectively (Note 34).

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 profit or loss.

Derivative Financial Instruments and Hedging

Freestanding Derivatives

For the purpose of hedge accounting, hedges are classified as either: a) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk); b) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or c) hedges of a net investment in foreign operations.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair Value Hedge. Derivatives classified as fair value hedges are carried at fair value with corresponding change in fair value recognized in profit or loss. The carrying amount of the hedged asset or liability is also adjusted for changes in fair value attributable to the hedged item and the gain or loss associated with that remeasurement is also recognized in profit or loss.

When the hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged financial instrument is amortized immediately.

The Group discontinues fair value hedge accounting if: (a) the hedging instrument expires, is sold, terminated or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the Group revokes the designation.

As of December 31, 2011 and 2010, the Group has no outstanding derivatives accounted for as fair value hedges.

Cash Flow Hedge. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in other comprehensive income and presented under the "Hedging reserve" account in equity. The ineffective portion is immediately recognized in profit or loss.

If the hedged cash flow results in the recognition of an asset or a liability, all gains and losses previously recognized directly in equity are transferred from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. Otherwise, for all other cash flow hedges, all gains or losses initially recognized in equity are transferred from equity to profit or loss in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affect profit or loss.

When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been reported directly in equity is retained in equity until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, any net cumulative gain or loss previously reported in equity is recognized in profit or loss.

As of December 31, 2011 and 2010, the Group has no outstanding derivatives accounted for as cash flow hedges.

Net Investment Hedge. As of December 31, 2011 and 2010, the Group has no hedge of a net investment in a foreign operation.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss during the year incurred.

Embedded Derivatives

The Group assesses whether embedded derivatives are required to be separated from 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 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.

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Group assesses at 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.

Assets Carried at Amortized Cost. For assets carried at amortized cost such as loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If 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 pooled according to their 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 for specific impairment purposes 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 shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets. If an AFS financial asset is impaired, an amount comprising the difference between the cost (net of any principal payment and amortization) and its current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss. Reversals of impairment losses on debt instruments are recognized in profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

In the case of an unquoted equity instrument or of a derivative asset linked to and must be settled by delivery of an unquoted equity instrument, for which its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows from the asset discounted using its historical effective rate of return on the asset.

Classification of Financial Instruments Between Debt and Equity

From the perspective of the issuer, a financial instrument is classified as debt instrument 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.

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 asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Inventories

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

Costs incurred in bringing each inventory to its present location and conditions 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.

Net realizable value of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value of materials and supplies is the current replacement cost.

Containers (i.e., returnable bottles and shells) 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 under deferred containers included under "Other noncurrent assets" account in the consolidated statements of financial position and is amortized over the estimated useful lives of ten (10) years. Amortization of deferred containers is included under "Selling and administrative expenses" account in the consolidated statements of income.

Business Combination

Acquisitions on or after January 1, 2010

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

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 to fair value at the acquisition date through profit or loss.

For acquisitions on or after January 1, 2010, 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 profit or loss. 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 profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is at fair value 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 profit or loss.

- *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 so 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, *Operating Segments*.

  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.

- *Intangible Asset Acquired in a Business Combination*
  The cost of an intangible asset acquired in a business combination is the fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned.

  Following initial recognition, intangible asset is carried at cost less any accumulated amortization and impairment losses, if any. The useful life of intangible asset is assessed to be either finite or indefinite.

Intangible asset with finite life is amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. A change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as a change in accounting estimates. The amortization expense on intangible asset with finite life is recognized in profit or loss.

- *Loss of Control*
  Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an AFS financial asset depending on the level of influence retained.

Acquisitions Prior to January 1, 2010
In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

Business Combination under Common Control
Business combinations arising from transfers of interests in entities that are or that become under the control of the stockholders that control the Group during the period is accounted for using book values. The acquiree's assets and liabilities are recognized at book values and results of operation are included in the consolidated financial statements as if the acquisition has occurred at the beginning of the period.

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 the book value accounting.

Interest in Joint Venture

The Group generally recognizes its interest in joint venture using proportionate consolidation. The Group combines its share in each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The joint venture is proportionately consolidated until the date when the Group ceases to have joint control over the joint venture.

Property, Plant and Equipment

Property, plant and equipment, except 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 that 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) and interest incurred during the construction period on funds borrowed to finance the construction of the projects. 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.

Construction in progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization 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 office equipment	2 - 5
Other equipment	2 - 5

The remaining useful lives, residual values, depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method 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 and no further depreciation and amortization are recognized in profit or loss.

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 on 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 profit or loss in the period of retirement or disposal.

Investment Properties

Investment properties consist of properties held to earn rentals and/or for capital appreciation but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties, except for land, are measured at cost including transaction costs less accumulated depreciation and amortization and any accumulated impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Land is stated at cost less any impairment in value.

Depreciation and amortization 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
Machinery and equipment	3 - 40
Other equipment	2 - 5

The useful lives, residual values and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at each financial period.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sale.

For a transfer from investment properties to owner-occupied properties or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Subsequently, intangible assets are measured at cost less accumulated amortization and allowance for impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in profit or loss in the year in which the related expenditure is 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 asset 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 financial period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss consistent with the function of the intangible asset.

Licenses, trademarks and brand names with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from 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 profit or loss when the asset is derecognized.

Impairment of Non-financial Assets

The carrying amounts of property, plant and equipment, investment properties, 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. 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 of continuing operations are recognized in profit or loss 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 profit or loss. 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.

Provisions

Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of past event; (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 can be made of the amount of the obligation. 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 those 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. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. 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.

Share 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 Parent Company's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Parent Company's BOD.

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 profit or loss as accrued.

Treasury Shares

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Parent 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 will flow to the Group and the amount of the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sales. Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue 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.

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

Dividend. Revenue is recognized when the Group's right as a shareholder to receive the payment is established.

Rent. Revenue from investment properties is recognized on a straight-line basis over the term of the lease. Rent income is included as part of other income.

Others. Revenue is recognized when earned.

Cost and Expense Recognition
Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Share-based Payment Transactions
The cost of Long-term Incentive Plan for Stock Options (LTIP) is measured by reference to the option fair value at the date when the options are granted. The fair value is determined using Black-Scholes option-pricing model. In valuing LTIP transactions, any performance conditions are not taken into account, other than conditions linked to the price of the shares of the Ultimate Parent Company. The cost of Employee Stock Purchase Plan (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 expense recognized for share-based payment transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent 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 extension 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) above, and at the date of renewal or extension period for scenario (b).

Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Obligations arising from plant assets under finance lease agreement are classified in the consolidated statements of financial position as finance lease liabilities.

Lease payments are apportioned between financing charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financing charges are recognized in profit or loss.

Capitalized leased assets are depreciated over the estimated useful life of the assets when there is reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating Lease

Group as Lessee. Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss 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 benefits 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 are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Research Costs

Research costs are expensed as incurred.

Retirement Costs

The Parent Company and DBI have separate funded, noncontributory retirement plans, administered by the respective trustees, covering their respective permanent employees. Retirement costs are actuarially determined using the projected unit credit method. This method reflects service rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement cost includes current service cost, interest cost, expected return on plan assets, amortization of unrecognized past service costs, recognition of actuarial gains and losses, effect of asset limit and effect of any curtailments or settlements. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to the plan, past service cost is recognized immediately as an expense. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceed the greater of 10% of the present value of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized, reduced by past service costs not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the resulting asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of reductions in the future contributions to the plan, net actuarial losses of the current period and past service costs of the current period are recognized immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service costs of the current period are recognized immediately. Similarly, net actuarial gains of the current period after the deduction of past service costs of the current period exceeding any increase in the present value of the economic benefits stated above are recognized immediately if the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of reductions in the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service costs of the current period are recognized immediately.

Foreign Currency

Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that 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 liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency 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 retranslation are recognized in profit or loss, except for differences arising on the retranslation of AFS financial assets, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, 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 weighted average exchange rates for the period.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (Translation reserve) in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount of translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely 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 “Translation reserve” in equity.

The functional currency of GSMIL, GSMIHL 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 Parent Company at the rate of exchange ruling at the reporting date and their income and expenses are translated at the weighted 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 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 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.

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 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 law 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 profit or loss 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 taxes and other current assets" or "Income and other taxes payable" 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 or common 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 for the period attributable to equity holders of the Parent 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 under the Parent Company's ESPP which are assumed to be exercised at the date of grant.

Where the effect of the assumed conversion of shares issuable to employees under the Parent Company's stock purchase plan 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 Chief Operating Officer (the chief operating decision maker) reviews management reports on a regular basis.

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

Segment revenues, expenses and performance include sales and purchase between business segments and between geographical 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 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 consolidated financial position at 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 Group's consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 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:

Finance Leases. TSML and TGT, the Group's joint ventures in Thailand entered into finance leases with a Thai bank covering transportation equipment. The Group determined that these leases are finance leases since the significant risks and rewards of ownership related to those properties are transferred to the Group from the date of the lease agreement.

Finance lease liabilities recognized in the consolidated statement of financial position amounted to P391 and P12,908 as at December 31, 2011 and 2010, respectively (Note 28).

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

Rent expense charged to profit or loss amounted to P292,996, P268,921 and P188,370 in 2011, 2010 and 2009, respectively (Notes 20, 21 and 22).

Determining Fair Values of Financial Instruments. Where the fair values of financial assets and financial liabilities recognized in the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Group uses judgments to select from variety of valuation models and make assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

Contingencies. The Group currently has tax assessments, legal and administrative claims. The Group's estimate of the probable costs for the resolution of these assessments and claims 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 tax assessments, legal and administrative claims will have a material adverse effect on its consolidated financial position and consolidated financial performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings (Note 35).

Estimates

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.

Allowance for Impairment Losses on Trade and Other Receivables. 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 collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the customers and counterparties, the customers' 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 recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in allowance for impairment losses would increase the recorded selling and marketing expenses and decrease current assets.

The allowance for impairment losses amounted to P108,292 and P174,124 as of December 31, 2011 and 2010, respectively. The carrying amounts of trade and other receivables amounted to P3,177,311 and P2,901,368 as of December 31, 2011 and 2010, respectively (Note 7).

Allowance for Inventory Losses. The Group provides an allowance for inventory losses 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 reporting date to the extent that such events confirm conditions existing at reporting date. The allowance account is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying amounts of inventories amounted to P6,782,788 and P7,137,443 as of December 31, 2011 and 2010, respectively. The allowance for inventory losses amounted to P75,099 and P70,200 as of December 31, 2011 and 2010, respectively (Note 8).

Financial Assets and Financial Liabilities. The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgments. Significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates). The amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any change in the fair value of these financial assets and financial liabilities would affect profit or loss and equity.

Fair values of financial assets and financial liabilities are discussed in Note 34.

Estimated Useful Lives of Investment Properties, Containers and Property, Plant and Equipment. The Group estimates the useful lives of investment properties, containers and property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment properties, containers and property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of investment properties, containers and property, plant and equipment 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 investment properties, containers and property, plant and equipment would increase recorded cost of sales, selling and marketing expenses, and general and administrative expenses and decrease noncurrent assets.

Investment properties, net of accumulated depreciation amounted to P157,998 and P150,922 as of December 31, 2011 and 2010, respectively (Note 12). Property, plant and equipment, net of accumulated depreciation and amortization amounted to P6,836,356 and P6,085,639 as of December 31, 2011 and 2010, respectively (Note 11). Accumulated depreciation and amortization of investment properties and property, plant and equipment amounted to P6,050,550 and P5,655,685 as of December 31, 2011 and 2010, respectively.

Deferred containers net of accumulated amortization included under “Other noncurrent assets” account in the consolidated statements of financial position amounted to P233,584 and P245,860 as of December 31, 2011 and 2010, respectively (Note 14).

Fair Value of Investment Properties. The fair value of investment properties presented for disclosure purposes is based on market values, being the estimated amount for which the properties can be exchanged between a willing buyer and seller in an arm’s length transaction, or based on a most recent sale transaction of a similar property within the same vicinity where the investment properties are located.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate estimated future cash flows expected to be received from leasing out the properties. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Estimated fair values of investment properties amounted to P235,100 as of March 5, 2010 (Note 12).

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 P560,734 and P166,692 as of December 31, 2011 and 2010, respectively (Note 18).

Impairment of Non-financial Assets. PFRS require that an impairment review be performed on property, plant and equipment, investment properties, containers and idle assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amount of 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.

There were no impairment losses on property, plant and equipment, investment properties and other non-financial assets recognized as at December 31, 2011, 2010 and 2009. The aggregate amount of property, plant and equipment, investment properties, containers and idle assets amounted to P7,241,970 and P6,497,692 as of December 31, 2011 and 2010, respectively (Notes 11, 12 and 14).

Present Value of Defined Benefit Obligation. The present value of the 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, expected return on plan assets and future salary increase rate. Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The assumption of the expected return on plan assets is determined on a uniform basis, taking into consideration the long-term historical returns, asset allocation and future estimates of long-term investment returns.

The Group determines the appropriate discount rate at the end of each year. 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 pension obligation. 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 pension liability.

Other key assumptions for pension 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 retirement obligation.

The Group has a net cumulative unrecognized actuarial gains (losses) amounting to (P207,441) and P62,222 as of December 31, 2011 and 2010, respectively (Note 29).

Asset Retirement Obligation. Determining asset retirement obligation requires estimation of the cost of dismantling, property, plant and equipment and other costs of restoring the leased properties to their original condition. The Group determined that there are no significant asset retirement obligations as of December 31, 2011 and 2010.

5. Segment Information

Operating Segments

The reporting format of the Group's operating segments is determined by the Group's risk and rates of return which are affected predominantly by differences in the products produced. The operating businesses are organized and managed separately according to geographical location, with each segment representing a strategic business unit that offers different products and serves different markets. With the acquisition of San Miguel Beverages Inc.'s (SMBI) assets in 2008, the Parent Company ventured back into the manufacturing and distribution of nonalcoholic beverages.

The Group is organized into two major operating segments namely alcoholic and nonalcoholic beverages.

The alcoholic segment produces and markets alcoholic beverages.

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

For each of the operating segments, the Group's President (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 principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and impairment. Segment liabilities include all operating liabilities and consist principally of accounts payable, taxes currently payable and accrued liabilities. 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.

Financial information about operating segments follow:

	For the Years Ended December 31, 2011, 2010 and 2009								
	Alcoholic			Nonalcoholic			Total		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Sales									
External sales	**P14,470,899**	P21,854,906	P18,680,390	**P641,697**	P833,238	P868,201	**P15,112,596**	P22,688,144	P19,548,591
Result									
Segment result	**(P731,532)**	P1,619,987	P1,718,962	**(P210,890)**	(P175,675)	(P665,795)	**(P942,422)**	P1,444,312	P1,053,167
Interest expense							**(446,984)**	(305,005)	(197,505)
Interest income							**4,025**	6,999	5,332
Other income - net							**36,060**	190,353	186,728
Income tax expense (benefit)							**(367,161)**	422,805	346,470
Net income (loss)							**(P982,160)**	P913,854	P701,252
Other Information									
Segment assets	**P17,424,402**	P16,811,712	P12,890,072	**P788,017**	P1,005,028	P1,123,025	**P18,212,419**	P17,816,740	P14,013,097
Intangible asset							**58,834**	61,804	60,766
Other noncurrent assets							**737,464**	695,685	714,415
Deferred tax assets							**541,055**	108,939	145,349
Consolidated total assets							**P19,549,772**	P18,683,168	P14,933,627
Segment liabilities	**P2,171,020**	P2,604,934	P1,931,165	**P108,677**	P257,912	P363,131	**P2,279,697**	P2,862,846	P2,294,296
Notes payable							**7,931,093**	5,053,614	3,849,094
Long-term debt - net of debt issue costs							**1,790,821**	1,925,736	532,936
Finance lease liabilities							**391**	1,809	16,571
Other noncurrent liabilities							**91,203**	-	-
Income and other taxes payable							**118,484**	104,197	73,939
Consolidated total liabilities							**P12,211,689**	P9,948,202	P6,766,836
Capital expenditures	**P1,182,775**	P1,177,423	P416,749	**P98**	P12,583	P18,247	**P1,182,873**	P1,190,006	P434,996
Depreciation and amortization							**526,009**	469,510	569,174
Noncash items other than depreciation							**(2,221)**	(43,257)	23,371

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2011	2010
Cash in banks and on hand	**P310,803**	P259,420
Short-term investments	**55,313**	163,210
	P366,116	P422,630

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates.

7. Trade and Other Receivables

Trade and other receivables consist of:

	Note	**2011**	2010
Trade		**P1,957,418**	P1,309,227
Non-trade	*32*	**1,046,311**	1,397,407
Amounts owed by related parties	*27*	**281,874**	368,858
		3,285,603	3,075,492
Less allowance for impairment losses		**(108,292)**	(174,124)
		P3,177,311	P2,901,368

Trade receivables are non-interest bearing and are generally on a 30 to 60-day credit term.

Non-trade receivables consist of advances to suppliers and miscellaneous receivables.

The movements in the allowance for impairment losses are as follows:

	2011	2010
Balance at beginning of year	**P174,124**	P192,723
Charges for the year	**178**	1,226
Reversals and others	**(66,010)**	(19,825)
Balance at end of year	**P108,292**	P174,124

As at December 31, 2011 and 2010, the aging of trade and other receivables and the related allowance provided are as follows:

2011	**Trade**	**Non-trade**	**Owed by Related Parties**	**Total**	**Allowance**
Current	**P1,174,052**	**P176,976**	**P24,404**	**P1,375,432**	**P -**
Past due					
Less than 30 days	**107,486**	**87,470**	**18,716**	**213,672**	**-**
30 - 60 days	**87,187**	**71,400**	**4,024**	**162,611**	**-**
61 - 90 days	**101,600**	**8,221**	**32,933**	**142,754**	**-**
Over 90 days	**487,093**	**702,244**	**201,797**	**1,391,134**	**(108,292)**
	P1,957,418	**P1,046,311**	**P281,874**	**P3,285,603**	**(P108,292)**

2010	Trade	Non-trade	Owed by Related Parties	Total	Allowance
Current	P710,012	P665,312	P105,060	P1,480,384	P -
Past due					
Less than 30 days	140,037	172,483	2,221	314,741	-
30 - 60 days	41,132	190,063	1,461	232,656	-
61 - 90 days	31,789	42,579	17,346	91,714	-
Over 90 days	386,257	326,970	242,770	955,997	(174,124)
	P1,309,227	P1,397,407	P368,858	P3,075,492	(P174,124)

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

a. The Group has settlement arrangements with various terminated dealers for the collection of the outstanding trade receivables over a period from four to fifteen years. The noncurrent portion amounting to P4,780 and P7,494 as of December 31, 2011 and 2010, respectively, is included in trade receivables from terminated dealers under the “Other noncurrent assets” account in the consolidated statements of financial position (Note 14).

b. As of December 31, 2011 and 2010, the Parent Company has outstanding advances to Ginebra San Miguel, Inc. Retirement Plan (GSMIRP) amounting to P137,025, included in amounts owed by related parties under the “Trade and other receivables” account in the consolidated statements of financial position. This represents advance payments for the future contributions of the Parent Company to the defined benefit plan (Note 27).

8. Inventories

Inventories at net realizable value consist of:

	2011	2010
Finished goods	**P2,221,747**	P2,850,022
Materials and supplies	**4,404,525**	4,128,554
Containers	**156,516**	158,867
	P6,782,788	P7,137,443

The costs of finished goods and materials and supplies amounted to P6,701,371 and P7,048,776 as of December 31, 2011 and 2010, respectively.

Containers at deposit value amounted to P156,516 and P158,867 as of December 31, 2011 and 2010, respectively.

The allowance for inventory losses amounted to P75,099 and P70,200 as of December 31, 2011 and 2010, respectively.

9. Prepaid Taxes and Other Current Assets

Prepaid taxes and other current assets consist of:

	Note	**2011**	2010
Prepaid taxes		**P851,081**	P980,670
Derivative assets	*33, 34*	**315**	18,163
Others		**40,454**	62,035
		P891,850	P1,060,868

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

10. Investments in Joint Ventures

Investment in GSMIL

On November 23, 2004, the Parent Company entered into a Share Purchase Agreement (SPA) with Thai Life Group of Companies (the Seller) for the purchase of 40% of the outstanding shares of TSML, a limited company organized under the laws of Thailand. 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. On the same date, the Parent Company and the Seller entered into a Joint Venture Agreement covering the ownership and operation of TSML and the joint control, rights, obligations and responsibilities of the Parent Company and the Seller, as stockholders. In November 2004, the Parent Company incorporated GSMIL and subsequently assigned its rights and obligations under the SPA and the joint venture to GSMIL, including its rights to purchase 40% ownership of the outstanding shares of TSML. On December 15, 2004, all the closing conditions for the execution of the SPA were satisfied and the purchase was effected.

On March 9 and December 11, 2009, the Parent Company, through GSMIL acquired additional shares to retain the 40% ownership of the outstanding shares of TSML for a total of THB100,000 (P138,801).

On February 25, April 8 and December 7, 2010, the Parent Company through GSMIL acquired additional shares to retain the 40% ownership of the outstanding shares of TSML for a total of THB160,000 (P227,694).

Investment in GSMIHL
On June 29, 2007, the Parent Company incorporated GSMIHL as a wholly-owned subsidiary. GSMIHL was organized to be the holding company of TGT. TGT, which was formed as another joint venture by the Parent Company with its Thai counterparty, will function as the selling and distribution arm of TSML. The Parent Company, with GSMIHL as its holding company, purchased 40% ownership of the outstanding shares of TGT.

Investments in GBHL and SHL
On August 27, 2008 and September 11, 2008, the Parent Company incorporated GBHL and SHL, respectively, as wholly-owned subsidiaries. The Parent Company subscribed to 1,000 shares of GBHL at par value of US Dollar (US$)1 per share for a total subscription value of US$1 (P45) and 1,000 shares of SHL at par value of US$1 per share for a total subscription value of US$1 (P45). Both entities are established as holding companies for the acquisition of additional investments in TSML and TGT.

On October 14, 2008, the Parent Company through SHL, acquired 24,500 shares representing 49% ownership of the outstanding shares of Siam Wine and Liquor Limited (SWL), a limited company organized under the laws of Thailand, for THB2,000 (P2,800). On the same date, SWL acquired 1,000,000 shares representing 10% ownership of the outstanding capital stock of TSML for THB106,480 (P146,956). The Group's share of this acquisition is THB52,175 (P72,008) for 490,000 shares at THB108.68 per share representing 4.9% ownership. Accordingly, the Group's share in TSML was increased from 40% to 44.9% (Notes 14 and 17).

On October 14, 2008, the Parent Company advanced a total amount of US$3,147 (P146,917) to GBHL. On October 10, 2008, GBHL (Lender) entered into a loan agreement with SWL (Borrower) for the same amount, to finance the latter's working capital requirements and purchase of additional shares in TSML and TGT.

On March 9, 2009 and December 11, 2009, SHL (Lender) entered into a loan agreement with SWL (Borrower) for THB15,000 and THB10,000, respectively, to subscribe to the increase in capital stock of TSML.

On February 25, April 8, and December 7, 2010, SHL (Lender) entered into a loan agreement with SWL (Borrower) for a total of THB40,000 to subscribe to the increase in capital stock of TSML.

Presented below is the Group's share in the assets, liabilities, income and expenses of TSML as of and for the years ended December 31, 2011, 2010 and 2009, which is included in the Group's consolidated financial statements:

	2011	2010	2009
Current assets	**P484,252**	P516,039	P339,302
Noncurrent assets	**806,327**	893,617	893,991
Current liabilities	**424,774**	436,078	408,820
Noncurrent liabilities	**268,874**	309,241	415,041
Revenue	**451,868**	657,135	316,806
Cost of sales	**600,339**	816,542	461,692
Operating expenses	**84,501**	76,285	68,488
Other income	**3,506**	11,977	1,434
Net loss	**229,466**	223,715	211,940

The Group's share in the cash flows of TSML for the years ended December 31, 2011, 2010 and 2009 is as follows:

	2011	2010	2009
Net cash flows used in operating activities	**(P208,985)**	(P373,193)	(P203,941)
Net cash flows provided by investing activities	**87,289**	374	16,558
Net cash flows used in financing activities	**(40,367)**	(105,800)	(110,539)

On October 14, 2008, SWL acquired 5,000 shares representing 10% ownership of the outstanding capital stock of TGT for THB500 (P690). The SHL's share of this acquisition is THB245 (P329) for 2,450 shares at THB100 per share representing 4.9% ownership. Accordingly, the Group's share in TGT was increased from 40% to 44.9%.

Presented below is the Group's share in the assets, liabilities, income and expenses of TGT as of and for the years ended December 31, 2011, 2010 and 2009, which is included in the Group's consolidated financial statements:

	2011	2010	2009
Current assets	**P65,375**	P50,903	P110,865
Noncurrent assets	**2,725**	14,464	29,819
Current liabilities	**13,673**	15,131	20,445
Noncurrent liabilities	**56**	1,622	16,064
Revenue	**171,383**	231,686	229,909
Cost of sales	**2,210**	17,106	56,397
Operating expenses	**83,476**	110,684	96,088
Other income	**624**	703	1,853
Net income	**86,321**	104,599	79,277

The Group's share in the cash flows of TGT for the years ended December 31, 2011, 2010 and 2009 is as follows:

	2011	2010	2009
Net cash flows provided by operating activities	**P70,391**	P159,246	P109,051
Net cash flows provided by investing activities	**11,739**	15,355	13,900
Net cash flows used in financing activities	**(1,565)**	(14,442)	(13,211)

11. Property, Plant and Equipment

The movements in property, plant and equipment are as follows:

	Land and Land Improvements	Buildings and Building Improvements	Transportation Equipment	Machinery and Equipment	Furniture, Fixtures and Office Equipment	Other Equipment	Construction in Progress	Total
Cost:								
December 31, 2009	P636,259	P1,194,210	P216,408	P6,834,974	P109,724	P549,370	P459,708	P10,000,653
Additions	-	-	-	-	-	-	1,190,006	1,190,006
Disposals/reclassifications	20,630	28,944	6,226	331,261	(23,837)	47,480	(560,538)	(149,834)
Currency translation adjustments	8,230	5,888	2,123	26,438	434	364	258	43,735
December 31, 2010	665,119	1,229,042	224,757	7,192,673	86,321	597,214	1,089,434	11,084,560
Additions	-	-	-	-	-	-	1,182,873	1,182,873
Disposals/reclassifications	271,922	248,616	18,349	1,374,902	32,097	105,404	(2,039,270)	12,020
Currency translation adjustments	(8,481)	(6,005)	(1,158)	(26,598)	(423)	(522)	(43)	(43,230)
December 31, 2011	**928,560**	**1,471,653**	**241,948**	**8,540,977**	**117,995**	**702,096**	**232,994**	**12,236,223**
Accumulated depreciation and amortization:								
December 31, 2009	170,477	470,970	137,654	3,300,087	86,754	448,111	-	4,614,053
Additions	16,057	30,767	26,825	292,957	9,992	32,647	-	409,245
Disposals/reclassifications	(9,488)	(1,490)	(11,324)	6,799	(42,881)	26,483	-	(31,901)
Currency translation adjustments	1,156	691	1,215	4,100	251	111	-	7,524
December 31, 2010	178,202	500,938	154,370	3,603,943	54,116	507,352	-	4,998,921
Additions	18,311	41,894	29,610	326,175	21,218	44,736	-	481,944
Disposals/reclassifications	(10,252)	(1,358)	(50,564)	13,330	(1,427)	(21,289)	-	(71,560)
Currency translation adjustments	(1,278)	(981)	(841)	(5,833)	(321)	(184)	-	(9,438)
December 31, 2011	**184,983**	**540,493**	**132,575**	**3,937,615**	**73,586**	**530,615**	**-**	**5,399,867**
Net book value:								
December 31, 2010	P486,917	P728,104	P70,387	P3,588,730	P32,205	P89,862	P1,089,434	P6,085,639
December 31, 2011	**P743,577**	**P931,160**	**P109,373**	**P4,603,362**	**P44,409**	**P171,481**	**P232,994**	**P6,836,356**

Additions amounting to P1,182,873 pertain to acquisitions of a bottling facility in Calamba, Laguna and of a cassava alcohol facility located at DBI plant.

Property, plant and equipment include unutilized machinery and equipment consisting of distillation equipment of the Parent Company stored in DBI plant. Net carrying amounts of unutilized machinery and equipment amounted to P197,360 and P201,493 as of December 31, 2011 and 2010, respectively, net of accumulated impairment losses of P269,600 as of those dates.

Depreciation and amortization charged to operations amounted to P481,944, P409,245 and P511,316 in 2011, 2010, and 2009, respectively (Note 23). These amounts include annual amortizations of capitalized interest amounting to P9,658, P8,664 and P8,260 in 2011, 2010 and 2009, respectively.

Interest amounting to P20,637 and P14,916 were capitalized to machinery and equipment in 2011 and 2010, respectively (Note 25). The capitalization rate used to determine the amount of interest eligible for capitalization was 4.97% in 2011 and 5.73% in 2010. As of December 31, 2011 and 2010, the unamortized capitalized borrowing costs amounted to P84,359 and P73,380, respectively.

12. Investment Properties

This account consists of a bottling plant, which includes land and land improvements, buildings and building improvements, machinery and equipment, and other equipment leased by a third party under an operating lease agreement (Note 28).

The movements in investment properties are as follows:

	Land and Land Improvements	Buildings and Building Improvements	Machinery and Equipment	Other Equipment	Total
Cost:					
December 31, 2009 and 2010	P49,297	P116,300	P632,842	P9,247	P807,686
Reclassifications	-	-	995	-	995
December 31, 2011	**49,297**	**116,300**	**633,837**	**9,247**	**808,681**
Accumulated depreciation and amortization:					
December 31, 2009	17,497	63,985	554,738	9,247	645,467
Additions	31	4,195	7,071	-	11,297
December 31, 2010	17,528	68,180	561,809	9,247	656,764
Additions	31	2,828	3,512	-	6,371
Reclassifications	(1)	-	(12,451)	-	(12,452)
December 31, 2011	**17,558**	**71,008**	**552,870**	**9,247**	**650,683**
Net book value:					
December 31, 2010	P31,769	P48,120	P71,033	P -	P150,922
December 31, 2011	**P31,739**	**P45,292**	**P80,967**	**P -**	**P157,998**

Depreciation charged to operations amounted to P6,371 and P11,297 for the years ended December 31, 2011 and 2010, respectively. (Note 23).

As of March 5, 2010, the fair values of investment properties as determined by an independent firm of appraisers amounted to P235,100. Fair value is based on the estimated market value of the land using the gathered available market evidences and depreciated replacement cost for other assets which have no available market evidences.

13. Intangible Asset

The movements in intangible asset, including effects of currency translation adjustments are as follows:

	2011	2010
Balance at beginning of year	**P61,804**	P60,766
Write-off	**(397)**	(1,566)
Currency translation adjustments	**(2,573)**	2,604
Balance at end of year	**P58,834**	P61,804

The Parent Company assessed that the license of TSML to manufacture liquor is an intangible asset with an indefinite useful life since the license allows the Group to operate liquor business in Thailand indefinitely. In addition, the Parent Company and its joint venture partner intend to be in such business indefinitely.

The TSML license is reviewed for impairment at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the indefinite intangible asset is allocated. Estimating the 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.

Management assessed that there is no impairment loss in value of the license for the years ended December 31, 2011, 2010 and 2009.

14. Other Noncurrent Assets

Other noncurrent assets consist of:

	Note	**2011**	2010
Deferred containers - net	*4*	**P233,584**	P245,860
Trade receivables referred to legal counsel	*33, 34*	**34,371**	95,820
Trade receivables from terminated dealers - net of current portion	*7, 33, 34*	**4,780**	7,494
Advances	*10, 27, 33, 34*	**242,915**	242,915
Deposits and others	*33, 34*	**221,814**	103,596
		P737,464	P695,685

Deferred containers pertain to containers acquired from SMBI as part of the 2008 asset purchase agreement (Note 27).

Advances represent outstanding amounts granted to external suppliers.

Deposits and others include (a) idle assets with carrying amount of P14,032 and P15,271 as of December 31, 2011 and 2010, respectively; (b) input taxes on the acquisition of SMBI property, plant and equipment amounting to P53,709 and P47,440 as of December 31, 2011 and 2010, respectively; and (c) advances by the Parent Company to TSML amounting to P118,393 as of December 31, 2011.

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 4% to 7% and 3% to 5% in 2011 and 2010, respectively.

This account also includes 44.9% of the unsecured short-term Thailand Baht-denominated borrowings of TSML which were obtained from banks for working capital requirements. These loans mature in three months or less and bear annual interest ranging from 2% to 5% in 2011 and 2% to 3% in 2010.

Interest expense on notes payable amounted to P324,646, P246,665 and P169,770 in 2011, 2010 and 2009, respectively (Note 25).

The Group's exposure to interest rate, foreign currency and liquidity risks are discussed in Note 33.

16. Trade and Other Payables

Trade and other payables consist of:

	Note	**2011**	2010
Trade		**P1,646,791**	P2,020,767
Amounts owed to related parties	*27*	**623,243**	829,595
Finance lease liabilities - current portion	*28*	**391**	11,099
Derivative liabilities	*33,34*	**3,619**	1,177
		P2,274,044	P2,862,638

Credit term of trade payables is generally 30 days.

17. Long-term Debt

Long-term debt consists of the following:

a) The Parent Company recognizes 44.9% of the unsecured, long-term, interest-bearing loan of TSML from Thai local and foreign banks used to finance TSML's plant construction and start-up operations. This loan is carried at amortized cost. It bears annual interest rate at the aggregate of applicable Thailand Baht floating-rate fix (THBFIX) and 1.75% per annum. TSML and the creditor entered into an agreement that changed the rate of interest to a fixed rate of 6.41% for the period of January 1 to June 30, 2010. The loan is payable every six (6) months at 5% and 10%, respectively of the outstanding loan facilities starting March 14, 2009.

As of December 31, 2011 and 2010, the carrying amount of the loan is as follows:

	2011	2010
Principal - net of debt issue cost	**P432,616**	P532,936
Payment	**(121,308)**	(121,417)
Amortization of debt issue cost	**444**	444
Cumulative translation adjustment and others	**(15,622)**	20,653
	296,130	432,616
Less current maturities	**118,403**	123,563
	P177,727	P309,053

The debt agreement contains, among others, covenants relating to merger and consolidation, maintenance of certain financial ratios, restriction on loans and guarantees, disposal of a substantial portion of assets and significant changes in the general nature of business.

The movements in debt issue cost are as follows:

	2011	2010
Balance at beginning of year	**P1,407**	P1,791
Amortization	**(444)**	(444)
Cumulative translation adjustments and others	**(23)**	60
Balance at end of year	**P940**	P1,407

Repayment Schedule
As of December 31, 2011, the annual maturities of this long-term debt are as follows:

Year	Gross Amount	Debt Issue Cost	Net
2012	P118,828	P425	P118,403
2013	118,828	425	118,403
2014	59,414	90	59,324
	P297,070	**P940**	**P296,130**

b) On May 25, 2010, the Parent Company entered into unsecured long-term, interest bearing loans from a local bank amounting to P1,500,000 for the purpose of funding its permanent working capital requirements. On May 31 and August 25, 2010, P300,000 and P1,200,000, respectively, was drawn down from the said credit facility. These loans are carried at amortized cost and bear annual interest rates at Philippine peso fixed-rate of 7.89% and 7.25%, respectively. The loans are payable in equal semi-annual installments which will commence in 2012.

As of December 31, 2011, the annual maturities of this long-term debt are as follows:

Year	Gross Amount	Debt Issue Cost	Net
2012	P257,143	P1,572	P255,571
2013	428,571	1,571	427,000
2014	428,571	1,571	427,000
2015	385,715	595	385,120
	P1,500,000	**P5,309**	**P1,494,691**

18. Income Taxes

Deferred tax assets and liabilities arise from the following:

	2011	2010
Deferred tax assets:		
NOLCO	**P329,020**	P1,650
Impairment losses on non-operating machinery and equipment	**83,448**	83,448
MCIT	**64,558**	-
Allowance for impairment losses on receivables	**52,237**	52,237
Allowance for write-down of inventories to net realizable value	**20,971**	21,060
Past service cost	**4,084**	4,975
Retirement liability - net	**2,242**	-
Derivative liabilities - net	**991**	-
Others	**3,183**	3,322
	560,734	166,692
Deferred tax liabilities:		
Unrealized foreign exchange gain	**(562)**	(13,345)
Unamortized capitalized borrowing costs	**(19,117)**	(22,014)
Derivative assets - net	**-**	(5,096)
Retirement asset - net	**-**	(17,298)
	(19,679)	(57,753)
	P541,055	P108,939

The details of the Group's NOLCO are as follows:

Year Incurred	Amount	Expired	Balance	Expiry Date
2011	P1,091,311	P -	P1,091,311	December 31, 2014
2010	2	-	2	December 31, 2013
2009	5,420	-	5,420	December 31, 2012
	P1,096,733	**P -**	**P1,096,733**	

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

	2011	2010	2009
Current	**P536**	P386,256	P179,617
Deferred	**(367,697)**	36,549	166,853
	(P367,161)	P422,805	P346,470

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

	2011	2010	2009
Statutory income tax rate	**30.00%**	30.00%	30.00%
Increase (decrease) in income tax rate resulting from:			
Interest income subjected to final tax	**(0.1)**	(0.2)	(0.2)
Nondeductible expenses and others	**(2.70)**	1.80	3.30
Effective income tax rate	**27.20%**	31.60%	33.10%

19. Equity

Common Stock

As of December 31, 2011 and 2010, the Parent Company has 460,000,000 authorized common shares with par value of P1 per share. 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 Parent Company.

As of December 31, 2011, the Parent Company has a total of 1,129 stockholders.

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

	2011	2010
Balance at beginning of year	**342,985,932**	336,950,232
Issuances during the year	**2,639,400**	6,035,700
Issued shares at end of year	**345,625,332**	342,985,932
Less treasury shares	**55,549,391**	55,549,391
Issued and outstanding shares at end of year	**290,075,941**	287,436,541

Preferred Stock
As of December 31, 2011 and 2010, the Parent Company has 100,000,000 authorized preferred shares with par value of P1 per share. 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.

As of December 31, 2011 and 2010, the Parent Company has 32,786,885 outstanding preferred shares.

Treasury Shares
Details of treasury shares as of December 31, 2011 and 2010 are as follows:

	Number of Shares
Preferred	20,650,700
Common	55,549,391

Unappropriated Retained Earnings
Annual dividends amounting to P482,014, P476,081 and P470,978 (P1.50 per share) were declared by the Parent Company in 2011, 2010, and 2009, respectively. Of this amount, P49,180 (P1.50 per share) relates to preferred dividends for each of the years.

The unappropriated retained earnings balance is restricted to the extent of: (a) the acquisition price of the treasury shares amounting to P2,579,409 as of December 31, 2011 and 2010; and (b) the undistributed net earnings of the subsidiaries and joint ventures amounting to P200,255 in 2011, P143,374 in 2010 and P39,730 in 2009. Undistributed earnings of the subsidiaries and joint ventures are not available for dividends until declared by the respective investees.

Under the Corporation Code of the Philippines (the Code), stock corporations are prohibited from retaining surplus profits in excess of 100% of their paid-up capital stock except when justified by any of the reasons mentioned in the Code. As of December 31, 2010, unappropriated retained earnings were in excess of the paid-up capital.

On November 11, 2010, the BOD approved P1,200,000 appropriation for the Parent Company's capital expenditures which include, among others, distillery replacement and maintenance projects and bottling plants' building and equipment rehabilitation and maintenance.

20. Cost of Sales

Cost of sales consists of:

	Note	**2011**	2010	2009
Inventories used		**P9,918,414**	P15,045,165	P13,280,714
Utilities and supplies		**700,366**	912,612	532,642
Outside services	*35*	**602,401**	880,878	523,870
Depreciation and amortization	*11, 12, 23*	**290,676**	279,669	279,943
Personnel expenses	*24*	**164,630**	181,901	222,504
Rent	*28*	**159,779**	100,943	151,703
Repairs and maintenance		**105,417**	131,542	109,231
Insurance		**10,266**	7,589	10,703
Research costs		**5,406**	7,638	3,549
Others		**17,980**	31,200	28,968
		P11,975,335	P17,579,137	P15,143,827

21. Selling and Marketing Expenses

Selling and marketing expenses consist of:

	Note	**2011**	2010	2009
Advertising and promotions		**P1,293,074**	P1,063,964	P908,212
Delivery and marketing		**552,889**	635,418	579,904
Personnel expenses	*24*	**245,513**	222,109	169,554
Outside services		**79,739**	80,777	23,980
Utilities and supplies		**75,462**	58,198	34,911
Rent	*28*	**71,281**	73,529	13,907
Research costs		**39,740**	24,420	12,889
Depreciation and amortization	*11, 12, 23*	**32,754**	30,423	21,296
Travel and transportation		**31,242**	31,319	27,412
Repairs and maintenance		**28,660**	28,395	18,385
Corporate special program		**22,910**	24,651	12,047
Impairment losses on receivables	*7*	**79**	1,226	29,869
Others		**18,201**	9,246	9,255
		P2,491,544	P2,283,675	P1,861,621

22. General and Administrative Expenses

General and administrative expenses consist of:

	Note	**2011**	2010	2009
Personnel expenses	*24*	**P664,007**	P455,956	P353,789
Outside services	*27*	**269,825**	270,199	504,911
Depreciation and amortization	*11, 12,23*	**202,579**	159,418	267,935
Taxes and licenses		**113,640**	93,621	88,797
Insurance		**75,384**	54,494	35,047
Rent	*28*	**61,936**	94,449	22,760
Corporate special program		**50,363**	81,626	56,204
Repairs and maintenance		**39,147**	39,086	35,576
Utilities and supplies		**36,226**	38,672	42,054
Travel and transportation		**20,079**	57,770	53,518
Research costs		**6,758**	18,066	11,678
Impairment losses on receivables	*7*	**99**	-	-
Others		**48,096**	17,663	17,707
		P1,588,139	P1,381,020	P1,489,976

23. Depreciation and Amortization

Depreciation and amortization consist of:

	Note	**2011**	2010	2009
Property, plant and equipment	*11*	**P481,944**	P409,245	P511,316
Pallets		**36,080**	46,737	45,166
Investment properties	*12*	**6,371**	11,297	11,297
Others		**1,614**	2,231	1,395
		P526,009	P469,510	P569,174

Depreciation and amortization are distributed as follows:

	Note	**2011**	2010	2009
Cost of sales	*20*	**P290,676**	P279,669	P279,943
Selling and marketing expenses	*21*	**32,754**	30,423	21,296
General and administrative expenses	*22*	**202,579**	159,418	267,935
		P526,009	P469,510	P569,174

24. Personnel Expenses

Personnel expenses consist of:

	Note	**2011**	2010	2009
Salaries and wages		**P416,952**	P414,186	P410,186
Employee benefits		**593,492**	455,427	334,958
Retirement costs (benefits)	*29*	**63,706**	(9,647)	703
		P1,074,150	P859,966	P745,847

Personnel expenses are distributed as follows:

	Note	**2011**	2010	2009
Cost of sales	*20*	**P164,630**	P181,901	P222,504
Selling and marketing expenses	*21*	**245,513**	222,109	169,554
General and administrative expenses	*22*	**664,007**	455,956	353,789
		P1,074,150	P859,966	P745,847

25. Interest Expense

Interest expense consists of:

	Note	**2011**	2010	2009
Interest on notes payable	*15*	**P324,646**	P246,665	P169,770
Interest on long-term debt	*17*	**142,975**	73,256	33,800
Capitalized borrowing costs	*11*	**(20,637)**	(14,916)	(6,065)
		P446,984	P305,005	P197,505

26. Other Income

Other income and charges consist of:

	Note	**2011**	2010	2009
Other income:				
Sale of cassava chips and ENA crystalline		**P140,076**	P -	P -
Sale of scrap		**50,263**	47,687	14,729
Rent income	*28*	**7,500**	18,000	18,000
Foreign exchange gain - net		**2,399**	44,483	6,498
Gain on sale of property and equipment		**154**	323	-
Gain on derivatives	*34*	**-**	70,984	167,363
Others		**2,357**	12,329	-
		202,749	193,806	206,590

Forward

	Note	**2011**	2010	2009
Other charges:				
Cost of cassava chips and ENA crystalline		**P148,436**	P -	P -
Loss on derivatives	*34*	**18,253**	-	-
Loss on purchase agreement		**-**	2,821	-
Loss on sale/disposal of property and equipment		**-**	-	19,859
Others		**-**	632	3
		166,689	3,453	19,862
		P36,060	P190,353	P186,728

27. Related Party Transactions

The Group, in the normal course of business, purchases products and services from and sells products to related parties. Transactions with related parties are made on an arm's length basis at normal market prices.

	2011	2010	2009
Sales to related parties:			
SMC Shipping and Lighterage Corporation	**P93,967**	P -	P -
San Miguel Pure Foods Company, Inc. and subsidiaries	**34,471**	120,673	481,222
SMC	**21,371**	-	413,043
Petron Corporation	**11,224**	1,900	-
San Miguel Yamamura Packaging Corporation	**7,716**	-	-
SMC Global Power Holdings Corp. and subsidiaries	**1,170**	-	-
San Miguel Brewery, Inc.	**752**	2,022	-
San Miguel Yamamura Asia Corporation	**516**	-	-
Others	**356**	-	-
	P171,543	P124,595	P894,265

	2011	2010	2009
Purchases from related parties:			
SMC Shipping and Lighterage Corporation	**P1,763,671**	P694,347	P673,651
Petron Corporation	**673,865**	893,191	-
San Miguel Yamamura Asia Corporation	**650,827**	1,035,540	1,070,918
SMC	**440,686**	351,301	329,152
San Miguel Yamamura Packaging Corporation	**327,575**	531,984	788,401
SMITS, Inc.	**45,497**	38,417	26,580
Manila Electric Company	**23,789**	43,217	30,253
San Miguel Brewery, Inc.	**17,137**	11,871	14,422
Archen Technologies, Inc.	**11,872**	5,240	4,179
San Miguel Pure Foods Company, Inc. and subsidiaries	**-**	37,090	-
San Miguel Paper Packaging Corporation	**-**	2,295	171,591
San Miguel Properties, Inc.	**-**	722	9,785
Anchor Insurance Brokerage Corporation	**-**	596	1,319
SMBI	**-**	-	112,250
Others	**817**	929	6,520
	P3,955,736	P3,646,740	P3,239,021

As of December 31, 2011 and 2010, the outstanding balances of related party receivables and payables are as follows:

	2011	2010
Receivables from related parties:		
GSMIRP	**P137,025**	P137,025
TSML	**118,393**	-
SMBI	**36,927**	36,927
San Miguel Pure Foods Company, Inc. and subsidiaries	**32,344**	53,007
SMC	**29,613**	30,198
SMC Shipping and Lighterage Corporation	**16,206**	104,097
San Miguel Yamamura Packaging Corporation	**11,755**	1,131
San Miguel Brewery, Inc.	**6,643**	5,060
Petron Corporation	**4,831**	**-**
SMC Global Power Holdings Corporation	**3,119**	**-**
San Miguel Yamamura Asia Corporation	**888**	**-**
Others	**2,523**	1,413
	P400,267	P368,858

	2011	2010
Payables to related parties:		
Petron Corporation	**P147,023**	P55,875
SMC Shipping and Lighterage Corporation	**140,186**	206,433
San Miguel Yamamura Asia Corporation	**137,332**	163,975
SMC	**118,987**	95,259
San Miguel Pure Foods Company, Inc. and subsidiaries	**35,954**	53,332
San Miguel Yamamura Packaging Corporation	**31,727**	228,744
SMITS, Inc.	**6,349**	15,395
San Miguel Brewery, Inc.	**2,932**	5,809
Archen Technologies, Inc.	**2,353**	159
Others	**400**	4,614
	P623,243	P829,595

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. Other transactions with related parties include management fees and transfers of property and equipment. Management fees for the years ended December 31, 2011, 2010 and 2009 amounting to P179,234, P189,054 and P331,332, respectively, are included in outside services account under "General and administrative expenses" (Note 22).

The sales to and purchases from related parties are made at market prices. Outstanding balances as of December 31, 2011 and 2010 are unsecured, interest-free and settlement are made in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not made any provision for impairment losses relating to receivables from related parties for the years ended December 31, 2011, 2010 and 2009. This assessment is undertaken annually by management through examination of the financial position of the related parties and the market in which the related parties operate.

Compensation of Key Management Personnel of the Group

	2011	2010	2009
Short-term employee benefits	**P41,524**	P42,016	P25,298
Retirement costs (benefits)	**9,109**	(1,675)	(491)
Share-based payments	**1,200**	851	666
	P51,833	P41,192	P25,473

28. Leasing Agreements

<u>Finance Leases</u>

Group as Lessee

In 2008, TSML and TGT entered into various finance lease agreements with a Thai bank covering automobiles needed for business operations. As of December 31, 2011 and 2010, the Group's share in the carrying amount of leased transportation equipment amounted to P619 and P12,503, respectively (Note 11).

The Group's share in the minimum lease payments for these finance lease liabilities are as follows:

2011

	Minimum Lease Payable	**Interest**	**Principal**
Within one year	**P400**	**P9**	**P391**

2010

	Minimum Lease Payable	Interest	Principal
Within one year	P14,571	P3,472	P11,099
After one year but not more than five years	2,344	535	1,809
	P16,915	P4,007	P12,908

<u>Operating Lease</u>

Group as Lessor

The Parent Company leases out its investment properties under an operating lease agreement to a third party lessee for a period of five years (Note 12). The lease agreement has been terminated on June 24, 2011.

As of December 31, 2010 and 2009, the future minimum lease receivable under such lease are as follows:

	2010	2009
Within one year	P7,500	P18,000
After one year but not more than five years	-	7,500
	P7,500	P25,500

Rent income recognized in the consolidated statements of income with respect to this lease amounted to P7,500 for the year ended December 31, 2011 and P18,000 for the years ended December 31, 2010 and 2009 (Note 26).

Group as Lessee

The Parent Company leases various warehouse facilities under operating leases. These leases typically run for a period of one (1) year. The Parent Company has the option to renew the lease after expiration of the lease term. Rent expense charged to profit or loss amounted to P292,996, P268,921 and P188,370 in 2011, 2010 and 2009, respectively.

29. Retirement Plans

The Parent Company and DBI have separate funded, noncontributory retirement plans covering all of their respective permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plans. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2011. Valuations are obtained on a periodic basis.

Retirement cost (benefits) recognized by the Parent Company in profit or loss amounted to P62,099, (P11,930) and (P6,573) in 2011, 2010 and 2009, respectively, while those charged by DBI amounted to P1,607, P2,283 and P7,276 in 2011, 2010 and 2009, respectively. The Group's annual contribution to the retirement plans consists of payments covering the current service cost and amortization of past service costs.

The components of retirement cost recognized in the consolidated statements of income in 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Current service cost	**P36,559**	P31,751	P22,665
Interest cost	**47,878**	44,066	36,369
Past service cost-non vested benefits	**231**	231	1,374
Expected return on plan assets	**(20,962)**	(53,218)	(30,451)
Amortization of actuarial gain	**-**	(32,477)	(32,685)
Past service cost-vested benefits	**-**	-	3,431
Net retirement costs (benefit)	**P63,706**	(P9,647)	P703
Actual return on (losses from) plan assets	**(P35,317)**	P208,431	P160,227

The past service cost-vested and non vested resulted from the transfer of SMC executive employees to the Parent Company in April 2008. The related past service cost from the previous retirement plan of the transferred employees was carried to the retirement plan of the Parent Company. The non vested past service cost is amortized for two (2) years.

The retirement cost (benefit) is recognized in the following line items in the consolidated statements of income:

	Note	**2011**	2010	2009
Cost of sales	*20*	**P9,109**	P -	P5,456
Selling and marketing expenses	*21*	**11,460**	-	6,078
General and administrative expenses	*22*	**43,137**	(9,647)	(10,831)
		P63,706	(P9,647)	P703

The reconciliation of the asset and liability recognized in the consolidated statements of financial position is as follows:

	2011			2010		
	GSMI	**DBI**	**Total**	GSMI	DBI	Total
Present value of defined benefit obligation	**P837,637**	**P51,322**	**P888,959**	P574,026	P38,490	P612,516
Fair value of plan assets	**632,608**	**42,866**	**675,474**	692,999	39,170	732,169
	205,029	**8,456**	**213,485**	(118,973)	(680)	(119,653)
Unrecognized past service cost-non vested	**-**	**-**	**-**	-	(231)	(231)
Unrecognized actuarial gains (losses)	**(200,800)**	**(6,641)**	**(207,441)**	61,103	1,119	62,222
Retirement liability (asset)	**P4,229**	**P1,815**	**P6,044**	(P57,870)	P208	(P57,662)

Retirement benefits are presented as separate line items in the consolidated financial statements. Retirement liability (asset) recognized by the Parent Company amounted to P4,229 and (P57,870) as of December 31, 2011 and 2010, respectively, while those recognized by DBI amounted to P1,815 and P208 as of December 31, 2011 and 2010, respectively.

The movements in the present value of defined benefit obligation are as follows:

	2011	2010
Balance at beginning of year	**P612,516**	P498,514
Actuarial losses	**213,384**	69,609
Interest cost	**47,878**	44,066
Current service cost	**36,559**	31,751
Benefits paid	**(21,378)**	(31,424)
Balance at end of year	**P888,959**	P612,516

The movements in the fair value of plan assets are as follows:

	2011	2010
Balance at beginning of year	**P732,169**	P540,610
Expected return on plan assets	**20,962**	53,218
Benefits paid	**(21,378)**	(31,424)
Actuarial gains (losses)	**(56,279)**	155,213
Contributions by employer	**-**	14,552
Balance at end of year	**P675,474**	P732,169

Plan assets consist of the following:

	In Percentages	
	2011	2010
Fixed income portfolio	**47**	40
Stock trading portfolio	**53**	60
	100	100

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

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

	In Percentages	
	2011	2010
Discount rate	**6**	8
Expected rate of return on plan assets	**9**	10
Salary increase rate	**7**	8

The historical information for the current and previous four annual periods is as follows:

	2011	2010	2009	2008	2007
Present value of the defined benefit obligation	**P888,959**	P612,516	P498,514	P350,424	P139,388
Fair value of plan assets	**675,474**	732,169	540,610	296,299	206,920
Surplus (deficit) in the plan	**(213,485)**	119,653	42,096	(54,125)	67,532
Experience adjustments on plan liabilities	**213,384**	69,609	40,770	(16,550)	(5,768)
Experience adjustments on plan assets	**(56,279)**	(155,213)	(129,776)	(106,841)	5,260

The Group does not expect to pay any contribution to the defined benefit plans in 2012.

30. Cash Dividends

Cash dividends declared by the Parent Company's BOD to common and preferred shareholders amounted to P1.50 per share in 2011 and 2010.

31. Basic and Diluted Earnings (Loss) Per Share

Basic and diluted Earnings (Loss) Per Share is computed as follows:

	2011	2010	2009
Net income (loss)	**(P982,160)**	P913,854	P701,252
(a) Less dividends on preferred shares: Guaranteed	**49,180**	49,180	49,180
(b) Net income (loss) available to common shares	**(P1,031,340)**	P864,674	P652,072
Common shares outstanding at beginning of year	**287,436,541**	281,400,841	281,245,341
Weighted average number of shares issued during the year	**2,419,450**	3,687,367	96,208
(c) Weighted average number of common shares outstanding - basic and diluted	**289,855,991**	285,088,208	281,341,549
Basic and Diluted Earnings (Loss) Per Share (b/c)	**(P3.56)**	P3.03	P2.32

32. Share-Based Payment Transactions

ESPP

Under the ESPP implemented in January 2008, 3 million common shares (inclusive of stock dividends declared or stock splits) of the Parent Company's unissued common shares have been reserved for the employees of the Group until 2013. A participating employee may acquire at least 500 shares of stock through payroll deductions. On August 7, 2009, the BOD approved the increase in the maximum number of shares that may be subscribed per employee from 5,000 to 15,000 shares.

All full-time and permanent employees of the Group, 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 weighted average market closing prices of the last quarter immediately preceding the subscription period.

The ESPP requires the shares subscribed and stock dividends accruing thereto to be pledged to the Parent 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 as of December 31, 2011 and 2010 amounted to P158,049 and P125,980, respectively, presented as part of "Non-trade" under "Trade and other receivables" account in the consolidated statements of financial position (Note 7).

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 revert to the pool of shares available under the ESPP.

The number of subscribed shares and weighted average exercise price under the ESPP as of December 31, 2011 and 2010 are 2,639,400 at P26.01 and 6,035,700 at P22.52, respectively.

The average market price of the shares granted was P30.60, P26.49 and P21.75 per share in 2011, 2010 and 2009, respectively.

The average remaining contractual life of the ESPP was 2 years as of December 31, 2011.

LTIP

SMC maintains LTIP for executives of its subsidiaries, including the Group. The options are exercisable at the fair market value of SMC shares as of date of grant, with adjustments depending on the average stock prices of the prior three months. A total of 8 million shares are reserved for LTIP over its 8-year life. The LTIP is administered by the Executive Compensation Committee of SMC's BOD.

The stock options granted under the LTIP cannot be assigned or transferred by a participant and are subject to a vesting schedule. After one complete year from the date of the grant, 33% of the stock option becomes vested. Another 33% is vested on the second year and the remaining option lot is fully vested on the third year.

The outstanding number of shares available under LTIP is 47,759 shares with weighted average exercise price of P18.22 per share as at December 31, 2011 and 2010.

The SMC's LTIP granted to the executives of the Group have fully vested in 2001. There were no changes in the terms and conditions of the SMC LTIP during the year.

There were no new LTIP stock options granted to the executives of the Group in 2011.

33. Financial Risk 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 Group's exposure to each of the foregoing risks, the Group's objectives, policies and processes for measuring and managing these risks, and the Group's management of capital.

The Group's principal non-trade related financial instruments 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 Group's trade-related financial assets and financial liabilities such as trade and other receivables, noncurrent receivables and deposits, trade and other payables, finance lease liabilities and other noncurrent liabilities arise directly from and are used to facilitate its daily operations.

The Group's commodity forwards are intended mainly for risk management purposes. The Group uses derivatives to manage its exposures to commodity price risks arising from the Group's operations.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies 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 the Group's 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 Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's 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.

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

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 Group's 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 charges on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

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

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 P3,538 and P2,806 in 2011 and 2010, 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.

As at December 31, 2011 and 2010, terms and maturity profiles of the interest-bearing financial instruments together with its gross amounts are shown in the following tables:

December 31, 2011	**<1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Total**
Fixed rate						
Philippine peso - denominated	**P257,143**	**P428,571**	**P428,571**	**P385,715**	**P -**	**P1,500,000**
Interest rate	**7.25% - 7.89%**	**7.25% - 7.89%**	**7.25% - 7.89%**	**7.25% - 7.89%**	**-**	**-**
Floating rate						
Foreign currency-denominated (expressed in Philippine peso)	**118,828**	**118,828**	**59,414**	**-**	**-**	**297,070**
Interest rate	**THBFIX +1.75%**	**THBFIX +1.75%**	**THBFIX +1.75%**	**THBFIX +1.75%**	**-**	**-**
	P375,971	**P547,399**	**P487,985**	**P385,715**	**P -**	**P1,797,070**

December 31, 2010	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
Fixed rate						
Philippine peso - denominated	P -	P257,143	P428,571	P428,571	P385,715	P1,500,000
Interest rate	-	7.25% - 7.89%	7.25% - 7.89%	7.25% - 7.89%	7.25% - 7.89%	-
Floating rate						
Foreign currency-denominated (expressed in Philippine peso)	124,007	124,007	124,007	62,003	-	434,024
Interest rate	THBFIX +1.75%	THBFIX +1.75%	THBFIX +1.75%	THBFIX +1.75%	-	-
	P124,007	P381,150	P552,578	P490,574	P385,715	P1,934,024

Foreign Currency Risk

The Group's functional currency is the Philippine peso, which is the denomination of the bulk of the Group's revenues. The Group's 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 Group's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group enters into foreign currency hedges using a combination of non-derivative and derivative instruments such as foreign currency forwards or swaps to manage its foreign currency risk exposure.

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

	2011		2010	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Assets				
Cash and cash equivalents	**US$3,802**	**P166,658**	US$4,465	P195,766
Trade and other receivables	**4,150**	**181,943**	1,855	81,344
	7,952	**348,601**	6,320	277,110
Liabilities				
Trade and other payables	**785**	**34,421**	540	23,664
Notes payable	**5,621**	**246,406**	5,865	257,144
Long term debt (including current maturities)	**6,776**	**297,071**	9,868	432,616
Finance lease liabilities (including current portion)	**9**	**391**	294	12,908
Other noncurrent liability	**2,080**	**91,203**	-	-
	15,271	**669,492**	16,567	726,332
Net foreign currency-denominated monetary liabilities	**(US$7,319)**	**(P320,891)**	(US$10,247)	(P449,222)

The Group reported net foreign exchange gains amounting to P2,399, P44,483 and P6,498 in 2011, 2010 and 2009, respectively, with the translation of its foreign currency-denominated assets and liabilities. These mainly resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	Peso to US Dollar
December 31, 2009	46.20
December 31, 2010	43.84
December 31, 2011	43.84

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 liabilities) and the Group's equity (due to translation of results and financial position of foreign operations) as of December 31, 2011 and 2010:

2011	**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	**(P3,802)**	**(P2,661)**	**P3,802**	**P2,661**
Trade and other receivables	**(4,150)**	**(2,905)**	**4,150**	**2,905**
	(7,952)	**(5,566)**	**7,952**	**5,566**
Trade and other payables	**785**	**550**	**(785)**	**(550)**
Notes payable	**5,621**	**3,935**	**(5,621)**	**(3,935)**
Long term debt (including current maturities)	**6,776**	**4,743**	**(6,776)**	**(4,743)**
Finance lease liabilities (including current portion)	**9**	**6**	**(9)**	**(6)**
Other noncurrent liability	**2,080**	**1,456**	**(2,080)**	**(1,456)**
	15,271	**10,690**	**(15,271)**	**(10,690)**
	P7,319	**P5,124**	**(P7,319)**	**(P5,124)**

2010	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	(P4,465)	(P3,126)	P4,465	P3,126
Trade and other receivables	(1,855)	(1,298)	1,855	1,298
	(6,320)	(4,424)	6,320	4,424
Trade and other payables	540	378	(540)	(378)
Notes payable	5,866	4,106	(5,866)	(4,106)
Long term debt (including current maturities)	9,868	6,908	(9,868)	(6,908)
Finance lease liabilities (including current portion)	294	206	(294)	(206)
	16,568	11,598	(16,568)	(11,598)
	P10,248	P7,174	(P10,248)	(P7,174)

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 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 of Companies and managing inventory levels of common materials.

Commodity Forwards. The Group enters into forward purchases of various commodities. The prices of 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 in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 or 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 Group also uses derivative instruments such as forwards and swaps to manage liquidity.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management as of December 31, 2011 and 2010.

2011

	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years
Financial Assets					
Cash and cash equivalents	**P366,116**	**P366,116**	**P366,116**	**P -**	**P -**
Trade and other receivables - net	**3,177,311**	**3,177,311**	**3,177,311**	**-**	**-**
Derivative assets (included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position)	**315**	**315**	**315**	**-**	**-**
Noncurrent receivables and deposits - net (included under "Other noncurrent assets" account in the consolidated statements of financial position)	**432,670**	**432,670**	**-**	**314,277**	**118,393**
Financial Liabilities					
Notes payable	**7,931,093**	**7,985,546**	**7,985,546**	**-**	**-**
Trade and other payables (excludes dividends payable)	**2,147,431**	**2,147,431**	**2,147,431**	**-**	**-**
Derivative liabilities (included under "Trade and other payables" account in the consolidated statements of financial position)	**3,619**	**3,619**	**3,619**	**-**	**-**
Long-term debt (including current maturities)	**1,790,821**	**2,077,565**	**495,361**	**637,251**	**944,952**
Finance lease liabilities (including current portion recognized under "Trade and other payables" account in the consolidated statements of financial position)	**391**	**400**	**400**	**-**	**-**
Other noncurrent liabilities	**91,203**	**98,108**	**2,543**	**2,791**	**92,774**

2010

	Carrying Amount	Contractual Cash Flow	1 Year or Less	> 1 Year - 2 Years	> 2 Years - 5 Years
Financial Assets					
Cash and cash equivalents	P422,630	P422,630	P422,630	P -	P -
Trade and other receivables - net	2,901,368	2,901,368	2,901,368	-	-
Derivative assets (included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position)	18,163	18,163	18,163	-	-
Noncurrent receivables and deposits - net (included under "Other noncurrent assets" account in the consolidated statements of financial position)	387,114	387,114	-	387,114	-
Financial Liabilities					
Notes payable	5,053,614	5,119,374	5,119,374	-	-
Trade and other payables	2,850,362	2,850,362	2,850,362	-	-
Derivative liabilities (included under "Trade and other payables" account in the consolidated statements of financial position)	1,177	1,177	1,177	-	-
Long-term debt (including current maturities)	1,925,736	2,337,359	247,360	1,142,662	947,337
Finance lease liabilities (including current portion recognized under "Trade and other payables" account in the consolidated statements of financial position)	12,908	16,915	14,571	2,344	-

<u>Credit Risk</u>

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 the Group's trade 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.

<u>Trade and Other Receivables</u>

The Group's 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. The Group has no significant concentration of the credit risk with any counterparty.

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 Group's 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 Group's 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 Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are 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 as of December 31, 2011 and 2010, without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	Note	**2011**	2010
Cash and cash equivalents	*6*	**P366,116**	P422,630
Trade and other receivables - net	*7*	**3,177,311**	2,901,368
Derivative assets	*9*	**315**	18,163
Noncurrent receivables and deposits - net	*14*	**432,670**	387,114
		P3,976,412	P3,729,275

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 receivables assets 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 trade customers. The Group does not execute any credit guarantee in favor of any counterparty.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its businesses and maximize shareholder value.

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 capital stock, additional paid-in capital and retained earnings. Other components of equity such as treasury stock and cumulative translation adjustments 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 Group's 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.

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

34. 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 as of December 31, 2011 and 2010:

	2011		2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**P366,116**	**P366,116**	P422,630	P422,630
Trade and other receivables - net	**3,177,311**	**3,177,311**	2,901,368	2,901,368
Derivative assets (included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position)	**315**	**315**	18,163	18,163
Noncurrent receivables and deposits - net (included under "Other noncurrent assets" account in the consolidated statements of financial position)	**432,670**	**432,670**	387,114	387,114
Financial Liabilities				
Notes payable	**7,931,093**	**7,931,093**	5,053,614	5,053,614
Trade and other payables (excludes dividends payable)	**2,147,431**	**2,147,431**	2,850,362	2,850,362
Derivative liabilities (included under "Trade and other payables" account in the consolidated statements of financial position)	**3,619**	**3,619**	1,177	1,177
Long-term debt (including current maturities)	**1,790,821**	**1,956,436**	1,925,736	2,101,760
Finance lease liabilities (including current portion recognized under "Trade and other payables" account in the consolidated statements of financial position)	**391**	**391**	12,908	12,908
Other noncurrent liabilities	**91,203**	**91,203**	-	-

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 long-term receivables, 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, Finance Lease Liabilities and Other Noncurrent Liabilities. 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. As of December 31, 2011 and 2010, discount rates used range from 1.72% to 4.06% and 1.32% to 4.75%, respectively. The carrying amount of floating rate loans with annually 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 freestanding and embedded derivative financial instruments that are categorized into those accounted for as hedges and those that are not designated as hedges are discussed below.

The Group, through SMC, enters into various commodity derivative contracts to manage its exposure on commodity price risk covering the Group's requirements on fuel or oil.

Derivative Instruments Accounted for as Hedges

Cash Flow Hedges

Commodity Options
As of December 31, 2008, the Group has outstanding option agreements designated as hedge of forecasted purchases of fuel oil with notional quantity of 3,079 metric tons. The call and put options were exercised at various calculation dates in 2009 with specified quantities on each calculation date. The net unrealized fair value change (after tax) reported in equity on these call and put options as of December 31, 2008 amounted to P42,245.

As of December 31, 2011 and 2010, the Group has no outstanding options designated as hedge on the purchase of commodity. However, the amount charged to profit or loss in 2009 amounted to P42,245.

These option contracts were used to hedge the commodity price risk of the Group's commitments. There was no ineffective portion in these hedges.

Other Derivative Instruments Not Designated as Hedges

The Group enters into certain derivatives as economic hedges of certain underlying exposures. These include freestanding and 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 profit or loss. Details are as follows:

Freestanding Derivatives

Freestanding derivatives consist of commodity derivatives entered into by SMC on behalf of the Group.

Embedded Derivatives

The Group's embedded derivatives include currency forwards embedded in non-financial contracts.

Embedded Currency Forwards
As of December 31, 2011 and 2010, the total outstanding notional amount of currency forwards embedded in non-financial contracts amounted to US$7,502 and US$13,613, 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. As of December 31, 2011 and 2010, the net positive (negative) fair value of these embedded currency forwards amounted to (P3,304) and P16,986, respectively.

For the years ended December 31, 2011, 2010 and 2009, the Group recognized marked-to-market gains (losses) from freestanding and embedded derivatives amounting to (P18,253), P70,984 and P167,363, respectively.

<u>Fair Value Changes on Derivatives</u>
The net movements in fair value of all derivative instruments for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Balance at beginning of year	**P16,986**	P1,383
Net changes in fair value of derivatives:		
Non-accounting hedges	**(18,253)**	70,984
	(1,267)	72,367
Less fair value of settled instruments	**2,037**	55,381
Balance at end of year	**(P3,304)**	P16,986

<u>Fair Value Hierarchy</u>
Financial assets and 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.

The table below analyzes financial instruments carried at fair value, by valuation method as of December 31, 2011 and 2010. The different levels have been defined as follows:

- 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.

2011

	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative assets	**P -**	**P315**	**P -**	**P315**
Financial Liabilities				
Derivative liabilities	**-**	**3,619**	**-**	**3,619**

2010

	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative assets	P -	P18,163	P -	P18,163
Financial Liabilities				
Derivative liabilities	-	1,177	-	1,177

As of December 31, 2011 and 2010, the Group has no financial instruments valued based on Level 1 and Level 3. 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.

35. Other Matters

a. *Commitments*

- The Company has a Toll Manufacturing Agreement with third parties for the production of its liquor and non liquor products. Toll manufacturing expense incurred in 2011, 2010 and 2009 amounting to P463,498, P721,213 and P432,598, respectively, were included as part of outside services under the "Cost of sales" account (Note 20).

- On December 23, 2008, the Parent Company ("First Party") entered into a Memorandum of Agreement ("Agreement") with Black Butte Energy Limited, Inc. ("Second Party"), a corporation duly organized and existing under and by virtue of the laws of the Philippines. Subject to the terms and conditions of the Agreement, the Second Party shall make available and provide the basic design and engineering for the civil, structural, mechanical and electrical works and the manpower complement which shall be required for the upgrading, refurbishing and retrofitting of the Cassava Starch Milk Plant and one (1) Distillation Column ("Plant Facilities") of the Parent Company located at Distilleria Bago Plant, Bago City. Likewise, the Second Party shall perform the services required for the operation and maintenance of the Plant Facilities and the manufacture and production of the products in accordance with the specifications and requirements of the Parent Company. The project is now on its commercial operations since October 2009.

- On November 11, 2008, the Parent Company entered into a Memorandum of Agreement (MOA) with East Pacific Star Bottlers Philippines, Inc. (EPSBPI), a corporation duly organized and existing under and by virtue of the laws of the Philippines. Subject to the terms and conditions of the MOA, the parties intend to delineate and establish the nature and extent of rights and obligations of the Parent Company and EPSBPI, with respect to: (i) the construction and installation of a beverage bottling facility which shall be devoted, on an exclusive basis, for the manufacturing of products, (ii) the performance by EPSBPI of services meeting the requirements of the Parent Company, (iii) the operation and maintenance by EPSBPI of such beverage bottling facility, and (iv) the turnover of such facility to the Parent Company, by EPSBPI. The MOA took effect on October 1, 2008 and shall be in full force and effect for a period of ten (10) years until September 30, 2018 unless earlier terminated by either party.

- The outstanding purchase commitments of the Parent Company as of December 31, 2011 and 2010 amounted to US$79,188 (P3,471,582) and US$138,700 (P6,100,000), respectively.

b. *Contingencies*

The Group is contingently accountable for liabilities arising from lawsuits or claims (mostly labor related cases) filed by third parties, which are either pending decisions by the courts or are subject to settlement agreements. The outcome of these lawsuits cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability arising from these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. No provision was recognized in 2011, 2010 and 2009.

36. Events After the Reporting Date

On January 27, 2012, the Parent Company acquired 100% of the outstanding capital stock of EPSBPI for P200,000.

Manabat Sanagustin & Co., CPAs
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Ginebra San Miguel, Inc.
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. and Subsidiaries included in this Form 17-A and have issued our report thereon dated March 9, 2012.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purpose of complying with the Securities Regulation Code Rule 68, As Amended and are not part of the basic consolidated financial statements. These schedules have been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial statements data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

JORGE MA. S. SANAGUSTIN
Partner
CPA License No. 0030399
SEC Accreditation No. 0026-AR-3, Group A, valid until January 4, 2015
Tax Identification No. 124-282-616
BIR Accreditation No. 08-001987-7-2010
Issued June 30, 2010; valid until June 29, 2013
PTR No. 3174027MA
Issued January 2, 2012 at Makati City

March 9, 2012
Makati City, Metro Manila

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7

December 31, 2011

Page No.

Consolidated Financial Statements

Supplementary Schedules

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

Schedule A. **Financial Assets**
December 31, 2011
(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, 2011	Income Received and Accrued
Cash and cash equivalents	-	₱ 366,116	₱ -	₱ (4,025)
Trade and other receivables - net	-	3,177,311	-	-
Derivative assets	-	315	-	-
Financial assets at FVPL	-	-	-	-
Available for sale financial assets	-	-	-	-
Noncurrent receivables and deposits - net	-	432,670	-	-
	-	₱ 3,976,412	₱ -	₱ (4,025)

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**
As of December 31, 2011

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
709908208	SADAYA, DARYL LYNN C.		17,860			17,860	-	17,860
700863130	ABADILLA, SONNY ACENAS	8,000	31,583			31,583	8,000	39,583
709005471	ABANTE, HERSEY LOU VELASC	8,000	31,156			31,156	8,000	39,156
709904327	ABARQUEZ, MARK ANTHONY AC	8,500		8,500			-	-
701037579	ABAS, GRAZELL PALERO	12,938	31,788			31,788	12,938	44,725
700991678	ABELLA, JAY LAPUT	7,891	31,692			31,692	7,891	39,583
709903344	ABETO, JEFFREY BANDONG	-	39,583			39,583	-	39,583
700001708	ABULENCIA, ALFREDO JR. PA	29,597	8,597			8,597	29,597	38,195
700002542	ACOBA, JOSE MARI LUSTRE	30,395	6,411			6,411	30,395	36,806
709902960	ACOSTA, ARJAY ALEJANDRO	18,595	16,822			16,822	18,595	35,417
700003085	AFICIAL, DENNIS SANTOS	10,778	30,649			30,649	10,778	41,427
700812110	AGBAY, JENNIFER TARSONA	40,000	12,361			12,361	40,000	52,361
700003093	AGBULOS, RIZALINO ROSARIO	8,000		8,000			-	-
709905459	AGUIRRE, VIRGILIO DARNAYL	27,500	11,389			11,389	27,500	38,889
700862983	AILEEN F. ZARA	4,562		4,562			-	-
709905550	AJERO, BRIGIDO ABUYOG	-	1,250			1,250	-	1,250
700004154	ALAPOT, ERNESTO JR. BARRO	14,945	24,639			24,639	14,945	39,583
700827037	ALAYON, ANTONIO JR. DELA	16,750	31,790			31,790	16,750	48,540
700004189	ALBAY, CHARITO DEL ROSARI	26,550	30,339			30,339	26,550	56,889
707049102	ALBURO, CLEMENTE ORTIZ	2,390		2,390			-	-
709848540	ALCANTARA, ESTANISLAO B	8,000	33,667			33,667	8,000	41,667
700862975	ALMA M. PEREA	21,483		21,483			-	-
700990124	ALMARIO, CLARENCE CLARIN	26,056	10,402			10,402	26,056	36,458
700822868	ALMEDA, CHRISTINE MARIE M	55,778		42,583		-	13,195	13,195
709802006	ALMENANZA, CRISPIN JR. VI	13,000	27,833			27,833	13,000	40,833
701011286	ALQUERO, BENIGNO JR. MAHI	38,000	5,056			5,056	38,000	43,056
700007013	ALVAREZ, HUBERTO DE GUZMA	8,000	29,944			29,944	8,000	37,944
700006939	ALVAREZ, PATRICIO DE CAST	28,727		11,644		-	17,083	17,083
709905033	ALVAREZ, RICHMOND FERDINA	21,333		21,333			-	-
709906509	AMANDY, CHRISTOPHER ZUSA	-	42,476			42,476	-	42,476
700007617	AMBROCIO, ARMANDO RIVERA	20,468		18,256		-	2,212	2,212
700844896	AMODIA, ANNA LIZA DEMDAM	-	36,111			36,111		36,111
701036904	ANAUD, NANCY CASTIVA	10,000	30,764			30,764	10,000	40,764
700856088	ANCHETA, NORA	12,632		12,632		-		-
700847925	ANDO, DARWIN MARZON	11,424	26,076			26,076	11,424	37,500
709902625	ANGCO, HERMAN RAMOS	-	37,500			37,500	-	37,500
709902396	ANGELES, CONNIE LEODONES	5,111	39,333			39,333	5,111	44,444
700313092	ANGELES, FE FELIX	1,195		1,195			-	-
700812536	ANGELES, SHEILA REYES	-	38,195			38,195	-	38,195
700010006	ANTOLIHAO, JOEL PILAPIL	11,348		8,598		-	2,750	2,750
709906354	ANTOLIN, JOSHUA ANTONIO E	10,000	35,139			35,139	10,000	45,139
700009881	ANTONIO, ENRIQUE QUIBOTE	25,000	16,255			16,255	25,000	41,255
701024922	APARATO, MARVIN OLA	8,000	27,417			27,417	8,000	35,417
700135631	APELIZAN, ROBERTO MONEZ	9,389	35,055			35,055	9,389	44,444
700992798	APELLIDO, JOSELITO SALES	47,823		245		-	47,579	47,579
700980820	AQUINO, ALFREDO JR. PALIA	3,584		3,584			-	-
709905083	AQUINO, RYAN REYNOSO	-	6,853			6,853	-	6,853
700845604	ARABACA, REGINOLD CLARO	32,128		29,815		-	2,313	2,313
709906042	ARABACA, WINDEL TAPALES		41,439			41,439	-	41,439
700845000	ARCEBUCHE, PAOLO CATURA	23,240	17,732			17,732	23,240	40,972
700822752	ARCEBUCHE, SANDY ARANETA	33,542	10,241			10,241	33,542	43,783
700143715	ARGONZA, CESAR TAN	8,000		8,000			-	-
700012459	ARLOS, EDGARDO WAGAN	1,195		1,195			-	-
700870633	ARUGAY, MELINDA A.	4,167		4,167			-	-
701045962	ASEJO, NEIZER JOHN DIANGK	-	47,917			47,917	-	47,917
700899488	ASUNCION, MANUEL LUIS RIV	27,407	17,454			17,454	27,407	44,861
700981168	ASUNCION, MARICAR TAPIADO	9,500	25,222			25,222	9,500	34,722
700013234	ATENCIO, GLACIELYN L.	1,195		1,195			-	-
701023284	ATIENZA EDMUND T.	19,250		19,250			-	-
700013196	ATIENZA, FROILAN DELA CRU	10,778	26,028			26,028	10,778	36,806
709905134	ATURDIDO, ABIGAIL ABINES	8,000	30,195			30,195	8,000	38,195
709900357	AUSTRIA, RICKY FERRER	19,111	21,299			21,299	19,111	40,411
701033697	AVILA, JON PAUL GOLLAYAN	159,330		112,108		-	47,222	47,222

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2011

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
709902695	AZOTILLO, FREDERICK PEREZ	40,167		26,000		-	14,167	14,167
709907594	BAAL, MARK NOEL S.		8,125			8,125	-	8,125
707139098	BABALO, DOMINADOR GUILLER	-	41,000			41,000	-	41,000
709906260	BACALSO, JESSA NATHALIE S.	3,593	13,942			13,942	3,593	17,535
700991767	BACUADO, ADELINE DONQUILA	14,789	27,085			27,085	14,789	41,874
700807133	BAGALACSA, RUSTUM JR DUÑG	19,250	22,417			22,417	19,250	41,667
700991724	BAG-AO, ZITO ALCALA	27,861	23,528			23,528	27,861	51,389
700868990	BAJACAN, CARLOS MABANGOS	7,169		7,169			-	-
700014842	BAJAR JR., FELIX CANTUBA	47,583		24,667		-	22,917	22,917
700062995	BAJAR, HAYDEE EBARVIA	25,195	13,694			13,694	25,195	38,889
700015075	BALANGUE, MICHAEL ANTHONY	12,167	21,861			21,861	12,167	34,028
709905450	BALATBAT, JOEL REGALA	18,750	27,083			27,083	18,750	45,833
709907015	BANAYAT, LYSANDER MANASAN		3,484			3,484	-	3,484
701025317	BANCOLO, JUDY ANN D.	38,564		32,564			6,000	6,000
701034030	BARBECHO, RHEA MIGO	10,710	26,790			26,790	10,710	37,500
700980293	BARBIN, JOCELYN NADAL	20,833	17,861			17,861	20,833	38,694
700980854	BARCOMA, JOSEFINA ABAPO	29,858	8,107			8,107	29,858	37,965
701002988	BARING, GENEROSO LIMALIMA	45,222		16,750		-	28,472	28,472
700856690	BARTE, ERWIN CAMILET	9,168	39,108			39,108	9,168	48,276
709905544	BARTOLOME, BRONZE JANSSEN	6,500	28,917			28,917	6,500	35,417
700719811	BATI, FRANCISCO BISMARCK	8,000	30,195			30,195	8,000	38,195
709905715	BAUTISTA, ANTONIO AGUSTIN	8,000		8,000			-	-
709906152	BAUTISTA, GHATER TAHSEEN	-	40,972			40,972	-	40,972
700816132	BAUTISTA, MARIA FLORES SI	21,068	15,737			15,737	21,068	36,806
700410152	BAUTO, EMELINA LEUS	23,000	15,889			15,889	23,000	38,889
700022055	BAWIIN, JOSELITO NARVAJA	49,667		12,167		-	37,500	37,500
709906142	BELASOTO, JOREM EGNARIO	83	50,919			50,919	83	51,002
700867411	BENDICIO, JOEL TAMAYO	13,556	26,028			26,028	13,556	39,583
700830003	BENIPAYO, ANTHONY BUAG		47,222			47,222	-	47,222
700836842	BENOZA, ANALYN LADRA	8,000		8,000			-	-
700824143	BERCE, ALEJANDRO VILLALUZ	52,444		24,667		-	27,778	27,778
700811939	BERMOY, WILLIAM TABARES	33,750	39,038			39,038	33,750	72,788
700024724	BERNAL, ERMIN CACHIN	20,278	15,139			15,139	20,278	35,417
701009117	BERNARDINO, LLOYD DE LEON	10,917	27,972			27,972	10,917	38,889
701045296	BERNARDO, DON PAGAOA	39,500	4,250			4,250	39,500	43,750
700024597	BESIREE BERNABE	59,028		59,028			-	-
701027158	BIAÑO, CARMELITA SANCHEZ	18,057	30,664			30,664	18,057	48,721
701003356	BICO, LEONARDO PADILLA	308,102		190,730		-	117,372	117,372
709907187	BILLANES, GERRAY JUN M.		6,000			6,000	-	6,000
700026204	BISANA, ROLANDO B.	35,484		35,484			-	-
709903139	BLASCO. EILEEN MERCADO	16,667		16,667			-	-
709905152	BONDOC, JOANNA MARIE AQUI	16,750		16,750			-	-
709905987	BORCE, ROWELL BOCALA	-	4,614			4,614	-	4,614
701004107	BORJA, JUANITO CUI	45,073	737			737	45,073	45,810
700027251	BOSTRE, EDWIN ZALVIDEA	54,111	11,861			11,861	54,111	65,972
700802832	BRIMON, JASON FRANK G.	100,210		210			100,000	100,000
709906525	BRIONES, CARLA OLDAN		3,000			3,000	-	3,000
700991759	BRIONES, RANDY ARCENAL	46,251		46,251		-	-	-
700824402	BULACJA, JORGETTE KRISTIN	41,818		40,999		-	819	819
700826855	BULARAN, ANN MARIE CHARMA	7,639	38,889			38,889	7,639	46,528
700847143	BULAUN, LIZEL LAYUG	14,584		14,584			-	-
700824127	BURGOS, OLIVER VILLANUEVA	47,583		24,067		-	23,517	23,517
709906486	BUSTILLO, BREEZENIE FAITH P.		224,000			224,000	-	224,000
700991740	CABABAN, DIONILO DUYAG	47,015		16,522		-	30,493	30,493
700642290	CABALLERO, JOSEFINA SULLE	4,779	14,590			14,590	4,779	19,369
700029955	CABATBAT, PETER GALIVO	27,445	12,139			12,139	27,445	39,583
700990841	CABRAL, MARVIN GUZMAN	14,945	23,250			23,250	14,945	38,195
709906688	CABUHAT, KARLO D.		12,872			12,872	-	12,872
700991929	CADAMPOG, RICHI SENO	44,250	21,000			21,000	44,250	65,249
700031526	CADIZ, NELSON IDO	54,220	109,241			109,241	54,220	163,461
709906298	CADORNIGARA, MARK GILBERT	-	788			788	-	788
709905355	CAGUIOA, MARY ANNE APON	8,000		8,000			-	-
701046128	CAGULADA, SANDY RALF RUAY	-	46,528			46,528	-	46,528

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As of December 31, 2011

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
701004972	CAHILOG, ANTONIO MINARDO	11,858	32,495			32,495	11,858	44,353
700811882	CAINGAT, PHILIP T.	25,050		8,270			16,780	16,780
700112941	CALAUNAN, DIGNA MANAOIS	8,334		8,334			-	-
700032581	CALDERON, DENNIS RICAFREN	60,215	80,835			80,835	60,215	141,050
700856444	CALDO, JOSEPHINE AMBOY	4,779	114,388			114,388	4,779	119,167
700984787	CALING, MA. CECILIA O.	9,945	60,055			60,055	9,945	70,000
700032778	CALIZO, FREDDIE ARJONA	14,945	4,153			4,153	14,945	19,097
707290977	CALLANTA, NOEL TAMIOK	2,390		2,390		-	-	-
700865079	CALMA, JAMSHID ALTA	27,687		26,878		-	809	809
701040251	CALO, POL MARC BUSA	38,083		22,133		-	15,950	15,950
700867284	CAMACHO, CHARLES CULANAG	-	43,750			43,750	-	43,750
700033669	CAMELLO, PAUL VINCENT AQU	2,390		2,390		-	-	-
709906531	CAÑAVERAL, RODIN CAPE CAW	-	3,072			3,072	-	3,072
700845639	CANDEZA, REYNALDO VALEROS	83,071		47,189		-	35,883	35,883
700899569	CANLAS, PAUL LOU DELA CRU	13,520	26,663			26,663	13,520	40,183
700035351	CANLOBO, MANUEL RAMILO	39,667		4,290		-	35,376	35,376
709908318	CAPITLY, ANGEL REUBEN		5,000			5,000	-	5,000
700990779	CARANATAN, PRISCO MARQUEZ	6,298		6,298		-	-	-
701031309	CARANDANG, CARMELA ALBIS	8,000	38,528			38,528	8,000	46,528
700036854	CARIG, VILLAMOR SENESAN	27,445	13,504			13,504	27,445	40,948
700036927	CARIÑO, SILVERIO SIBAYAN	8,000	31,589			31,589	8,000	39,589
709905329	CARLOS, LEONARDO MACAPAGA		47,003			47,003	-	47,003
700848506	CARREON, EDITHA REMOLACIO	2,390		2,390		-	-	-
700032409	CASCO, JOSELITO O.	63,250		63,250			-	-
700084859	CASEM, ARIEL DE GUZMAN	5,974		2,346		-	3,628	3,628
709905164	CASTARDO, JOJET ZAPANTA	-	5,617			5,617	-	5,617
700038911	CASTILLO, MERCEDES BITENG	-	28,087			28,087	-	28,087
700992534	CASTILLO, SALVADOR TUIZA	26,380	15,814			15,814	26,380	42,195
701006495	CASTRO, PONCIANO FERNANDE	267		267		-	-	-
709905337	CAYABYAB, RONA MAE ALBANO	-	33,486			33,486	-	33,486
700806226	CAYNILA, MACARIO JR. REND	60,624		47,429		-	13,195	13,195
700857904	CELEDONIO, ARMANDO CALUB	16,843	26,213			26,213	16,843	43,056
700232122	CELERIDAD, ALBERTO ARBAS	13,150	29,211			29,211	13,150	42,361
701007513	CENIZA, FELIPE MABUYAO	15,073		12,323		-	2,750	2,750
700991422	CENIZA, JUN REMUS ADAPTAR	9,773	27,032			27,032	9,773	36,806
700042366	CENTENO, JACINTO V. JR	55,821		40,527			15,294	15,294
700867420	CERVAS, MELVIN BALTAZAR	10,778	27,417			27,417	10,778	38,195
700864706	CESAR B. GIMENA	89,472		89,472			-	-
709906024	CEZAR, JAMES EDWARD AVILA	-	40,965			40,965	-	40,965
700008280	CHARISA E. DUMO	20,000		20,000			-	-
700043567	CHICA, DAVID VILLAR	39,461		22,516		-	16,945	16,945
700043591	CHICA, EDUARDO TRINIDAD	10,740	26,760			26,760	10,740	37,500
700043613	CHING, RAMIL OBLEPIAS	20,740	16,066			16,066	20,740	36,806
701042947	CHRISTIAN S. GONZALES	19,895		19,895			-	-
700991686	CLAMONTE, RICARDO TALIP	39,728	18,849			18,849	39,728	58,577
709904290	CLARIDAD, CHARLIE PALPARA	10,278	39,522			39,522	10,278	49,801
700854611	CLARON, MARIANNE GLADYS M	31,025	40,934			40,934	31,025	71,959
709905957	CLAVE, CARLO CARPIO	2,350	37,234			37,234	2,350	39,583
700827797	CLAVILLAS, JILL DE LOS SA	8,147	33,218			33,218	8,147	41,365
700809233	CO, DAMIRSON AMOYAN	1,190	46,993			46,993	1,190	48,183
709906046	COMPO, ROLLY T.	47,000		47,000			-	-
700822841	CONDOY, CARLO RAY PACQUIN	26,056	20,472			20,472	26,056	46,528
709904973	CONEJO, OLIVER GIMONE	83		83			-	-
700991910	CORDOVA, JOSE CAÑETE	20,651	27,335			27,335	20,651	47,986
709902144	CORTEZ, JONALYN MARIE MAG	43,056		4,861		-	38,195	38,195
701040626	CORTEZ, MARIA JOLIN CERER	48,916	21,890			21,890	48,916	70,806
700827576	COSGAYON, ANA LIZIEL VILL	64,202	58,182			58,182	64,202	122,384
700047848	CRESCINI, JUDERICK MARTIN	96,800		58,605		-	38,195	38,195
700860590	CRIS PHILIP S. MARQUEZ	53,945		53,945			-	-
700861014	CRUZ, ABE RYA MARAÑON	48,125		48,125			-	-
700050547	CRUZ, EDGARDO CASTILLO	47,583		24,667		-	22,917	22,917
709902691	CRUZ, JEFFREY CHING	26,250	23,611			23,611	26,250	49,861
709905391	CRUZ, VAN THADEUS SEVILLA	18,000		18,000			-	-

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
701036246	CRUZAT, JONARD LAGUTIN	47,583		23,587		-	23,996	23,996
701009621	CUAMBOT JR., ROSENDO ABAQ	32,487	7,096			7,096	32,487	39,583
700844829	CUEVA, LOURDES LEGASPI	-	45,139			45,139	-	45,139
700054933	CUTARAN, IVAN FERNANDEZ	112,167		99,667		-	12,500	12,500
700055433	DADOS, EMELITO NICOLAS	42,890		40,186		-	2,704	2,704
700055948	DALLUAY, FLORIDA CLAR	5,695	28,333			28,333	5,695	34,028
700862070	DARRA-NIKKI M. SEVILLA	64,520		64,520			-	-
700990019	DE CASTRO, HAZEL PALO	24,510	15,608			15,608	24,510	40,118
700057649	DE GUZMAN, ERNESTO JR. TA	21,556	16,639			16,639	21,556	38,195
701042955	DE GUZMAN, GISELLE AGONCI	1,383	51,230			51,230	1,383	52,612
701022156	DE GUZMAN, LYON HAIRON M.	683	36,818			36,818	683	37,500
701046390	DE GUZMAN, MARVIN SALAK		29,583			29,583	-	29,583
700811688	DE GUZMAN, MELVILLE CAPAT	37,167		6,775		-	30,392	30,392
700057509	DE GUZMAN, RAUL MEJIA	20,500	22,806			22,806	20,500	43,306
709907417	DE GUZMAN, SHERWIN S.		3,731			3,731	-	3,731
700811890	DE LOS SANTOS, LESTER EVA	650	41,017			41,017	650	41,667
709906589	DE MESA, ROBIN S.	9,000	4,570			4,570	9,000	13,570
709906078	DE MESA, ROEL MANALANG		64,244			64,244	-	64,244
700860735	DE QUIROS, RONALD RIMA	16,625	15,306			15,306	16,625	31,931
700835374	DE VERA, AARON RAMOS	23,278		1,058		-	22,220	22,220
709905858	DE VERA, GEORGE SANTIAGO	25,000	17,361			17,361	25,000	42,361
700990868	DE VERA, REGGIE PARAS	28,834	11,805			11,805	28,834	40,639
700867608	DECENA, STEVE BARROZO	13,556	24,639			24,639	13,556	38,195
709902930	DECLARO, CARLA PATRICIA Y	9,722	30,189			30,189	9,722	39,911
709905165	DEL ROSARIO, BRIAN A.		3,773			3,773	-	3,773
701010581	DELA CALZADA, MELFIN BORR	83	36,533			36,533	83	36,617
700840874	DELA CRUZ, AARON JAMES MO	20,500		20,500			-	-
709904326	DELA CRUZ, FILZEN NAVARRA	8,000		8,000			-	-
709902527	DELA CRUZ, JAY SISON	16,334	38,485			38,485	16,334	54,818
700845892	DELA CRUZ, JOSE RICHARD M		36,111			36,111	-	36,111
700057789	DELA CRUZ, PELAGIO DOMING	21,442	18,741			18,741	21,442	40,183
700057754	DELA CRUZ, RICARDO GUANCI	42,690		7,273		-	35,417	35,417
700070823	DELA FLOR, ANTHONY DE PAR	1,195		1,195			-	-
700143219	DELA PENA, NESTOR DE LEON	60,806		60,806			-	-
700186732	DELA TORRE, EDWIN ABAD	15,253		15,253			-	-
709905763	DELGADO, DERRICK M.		13,361			13,361	-	13,361
709906258	DELIGENTE, EDUARDO MANZAN		6,117			6,117	-	6,117
700991651	DELOS REYES, ANGELITO MAC	48,216		17,676		-	30,540	30,540
700058866	DIFUNTORUM, NAPOLEON ONAT	29,667	133,773			133,773	29,667	163,440
700988987	DIMACULANGAN, DENNIS PALM	2,835	33,970			33,970	2,835	36,806
700991708	DINOPOL, PROVO 2ND BILOCU	24,092	23,610			23,610	24,092	47,702
700990116	DIZON, DARWIN SALAC	12,167	46,211			46,211	12,167	58,378
700868477	DIZON, RUBEN JR. QUIBRANT	10,778	24,639			24,639	10,778	35,417
700822949	DOLENDO, RAYMOND ABIS	11,435	19,162			19,162	11,435	30,597
709906306	DOMABOC, BALVIC MADEJA		46,528			46,528	-	46,528
700061581	DOMANTAY, OSCAR PATA	12,525	24,281			24,281	12,525	36,806
700870820	DOMINGO, MARGARITA EBARVI	29,167		16,667		-	12,500	12,500
700869554	DOMINGUEZ, PIERANGELO A.	4,779	6,453			6,453	4,779	11,232
709902467	DUBLOIS, SHINETTE ERMITAN	4,213	32,592			32,592	4,213	36,806
709905160	DUBLOIS, VINCENT REJAS	1,333	85,472			85,472	1,333	86,806
700828700	DUMO, CHARISA ESTRADA	12,500	34,028			34,028	12,500	46,528
700813370	DUNAY, ARISTHEDES BURLAZA	21,150	29,822			29,822	21,150	50,972
709902497	DURAN, MARK LESTER C.		20,000			20,000	-	20,000
709902529	DURAN, MARVIN WEBER	8,000	28,111			28,111	8,000	36,111
700062537	DUREMDES, JESUS TORRES	30,532		30,532		-	-	-
700062863	DY, JACINTO JR. FORMOZO	25,028		25,028			-	-
700846350	ECHEVARRIA, SHERWIN T	25,083		25,083			-	-
701033344	EGUIA, VICTOR MANDO	33,000	6,583			6,583	33,000	39,583
700993123	ELASIGUE, ROLANDO DELMENG	48,637		19,054		-	29,584	29,584
701023292	ELEPAÑO, CHRISTIAN BILANO	46,889		24,667		-	22,222	22,222
700102431	ELIBADO, LIDO BRIOLA	47,583		18,625		-	28,958	28,958
700291838	ELISES, NELSON SARANGHILO	4,779		4,779			-	-
700063681	ELLA, ELMER JUMAWAN	26,030		24,680		-	1,350	1,350

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**
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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
700291986	ELLEAZAR, EXEQUIEL JR AQU	31,547	21,516			21,516	31,547	53,062
700064246	EMPEYNADO, BENJAMIN JR. A	47,583		14,167		-	33,417	33,417
709902232	EMPLEO, EMELYN TAMPUS	2,507	39,636			39,636	2,507	42,143
709907189	ENDERES, RANDY G.		6,000			6,000	-	6,000
709903333	ENRIQUEZ, ANDREW JOSEPH M	18,167	20,722			20,722	18,167	38,889
700065702	ENRIQUEZ, ROLANDO ALVARED	4,779		4,779			-	-
701009648	ERFE, JENNY LOU JANE	1,526	44,471			44,471	1,526	45,997
709905762	ERVAS, MICHAEL VINCENT DO		32,245			32,245	-	32,245
700064858	ESCALAMBRE, JUAN ANTONIO	4,779	3,280			3,280	4,779	8,059
709901899	ESCOSURA, NOEL BELONIO	13,438	25,451			25,451	13,438	38,889
700828246	ESGUERRA, ALBERT SARACANL		1,052			1,052	-	1,052
700827770	ESPINOSA, ARIES ZAMORA	(49)	100,511			100,462	-	100,462
700865672	ESPINOSA, RONALD URBIS	16,334	29,500			29,500	16,334	45,833
700802662	ESTOQUE, MARIVIC TOLENTINO	5,556		5,556			-	-
709903183	EUSTAQUIO, PRIESTER ESGUE	8,000		8,000			-	-
709900689	EVANGELISTA, REYNOLD LUPE	16,300	22,589			22,589	16,300	38,889
709905405	FERNANDEZ, MANILYN TOLENT	31,600	13,539			13,539	31,600	45,139
700069906	FERNANDEZ, REYNALDO CARIÑ	10,778	24,639			24,639	10,778	35,417
700845191	FERNANDO, JEROME THADDEUS	13,625	15,886			15,886	13,625	29,511
709905356	FEROL, FLORENCE BASOC		38,195			38,195	-	38,195
709755238	FRANCISCO, FERDINAND BRIA		48,611			48,611	-	48,611
701045148	FUENTES, YOM LLENOS		46,528			46,528	-	46,528
701013165	GABUCAN, RIZALINO LASALA	31,033	9,903			9,903	31,033	40,937
707586132	GALAN, FILRO DIVINAGRACIA	17,473	33,720			33,720	17,473	51,193
701040430	GALANG, EDIMEL GONZALES	27,500	11,389			11,389	27,500	38,889
701013203	GALEON, EDWIN ALAAN	38,278		7,442		-	30,836	30,836
701023551	GALURA, REDENTOR SOMOSO	23,584		3,584		-	20,000	20,000
700827894	GARCIA, CARMELANY BALDOVI	11,111	74,344			74,344	11,111	85,455
701043528	GARCIA, CHRISTINE TABABA		44,444			44,444	-	44,444
700807630	GARCIA, FELIX JR. PLATA	41,684		41,684			-	-
701006410	GARCIA, GARRICK GERONIMO	12,875	23,931			23,931	12,875	36,806
700856606	GARCIA, GERALDO VISPERAS	12,167	26,028			26,028	12,167	38,195
701046535	GARCIA, JULIUS MANIEBO		53,445			53,445	-	53,445
700954365	GARCIA, MICHAEL CANDA	3,584		3,584			-	-
701024884	GARCIA, REYNAN LOUIE BATO	17,375	19,431			19,431	17,375	36,806
700989118	GARCIA, WILFREDO CENENSE	18,556	21,028			21,028	18,556	39,583
701013289	GARGARITA, MARIA VICTORIA	38,103	1,480			1,480	38,103	39,583
701045709	GASPAN, EDBERWEN REGINO		850			850	-	850
700991244	GATBONTON, MONICA F.		25,000			25,000	-	25,000
700856592	GATBONTON, NATHANIEL MUNA	43,000	11,861			11,861	43,000	54,861
700992763	GAYATIN, ERIC ALINSUG	33	37,467			37,467	33	37,500
709903024	GAYATIN, RICHEL FLORES	41,249		4,109		-	37,140	37,140
700835412	GEMMA MAY LOPEZ	12,632		12,632			-	-
701021273	GEOCANIGA, MA PAMELA CARA	68,840		30,645		-	38,195	38,195
700079227	GERONIMO, ANGELITO FAUSTI	3,584		3,584		-	-	-
700079197	GERONIMO, ANGELRIC SIOCO	8,000		6,076		-	1,924	1,924
701013521	GETONES, RICHARD J.	8,139	33,861			33,861	8,139	42,000
709906617	GIDUCOS, RANDY LABTON	-	454			454	-	454
700845620	GIOVANNI P. ALBERCA	51,389		51,389			-	-
700080012	GO, MICHAEL ALLAN REYES	48,750		23,667		-	25,083	25,083
700847399	GO, PHILLIP JAYSON CHUA	102,028		72,167		-	29,861	29,861
701013963	GONZALES, ALBERTO DE CAST	9,768	27,732			27,732	9,768	37,500
700055301	GONZALES, MELANIE DACAYO	70,083		6,889		-	63,195	63,195
700082724	GOOPIO, JOSE EDUARDO GALV	47,583		24,667		-	22,917	22,917
700355496	GREGORIO, AUGUSTO III FEL	2,390		2,390			-	-
700828050	GUANZON, HERBERT PAUL N.		9,154			9,154	-	9,154
700083291	GUANZON, LEOPOLDO JR. TAY	1,195		1,195			-	-
709906202	GUECO, ARLENE MEJIA	-	38,195			38,195	-	38,195
700990515	GUERRA, JINKEE ALMARIO	110,800		63,581			47,219	47,219
700358789	GUEVARA, JOEL BRIONES	40,530		31,919			8,611	8,611
709906457	GUEVARRA, JENNIFER FEBEE	690	54,977			54,977	690	55,667
709900813	GUIEB, ED SALOMON	-	45,195			45,195	-	45,195
700971669	GUNDRAN, MARLON NG	46,194	11,417			11,417	46,194	57,611

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties) As of December 31, 2011**

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
709905227	GUNTINIAS, IRENEO AQUIRRE	16,750	18,667			18,667	16,750	35,417
700087475	HABACON, TERESITA G.	874,728		874,728			-	-
701037072	HADLOC, LUCY CLAIRE AQUIN		066			966	-	966
709905226	HALILI, ARTURO JR CARLOS	12,500	23,611			23,611	12,500	36,111
709905179	HALILI, CARLOS CARLOS	35,500		35,500			-	-
700043176	HARRIET CECILIA AUSTERO	2,390		2,390			-	-
701024876	HERNANDEZ, RICO LAUREL	23,000	18,572			18,572	23,000	41,572
709906460	HINA, JOSE BERTONEL	-	-			-	-	-
700089699	IDOS, VLADIMIR SIMON	8,000	27,417			27,417	8,000	35,417
709906219	IDUL, ART ANTHONY MAGHILU	-	3,808			3,808	-	3,808
700989126	IGLESIAS, DANILO CARVAJAL	32,167	13,000			13,000	32,167	45,167
701033360	IGNACIO, ARIANE JOY VILLA	8,500		8,500			-	-
709905285	IGNACIO, GLEANN CATINDIG	9,250	25,472			25,472	9,250	34,722
701036130	IMANIL, DEBIE JOY R.		15,000			15,000	-	15,000
700991783	IMATONG, GABRIELA GABRIEL	15,278	22,917			22,917	15,278	38,195
700091308	INES, ALBERT ALCANTARA	47,829		12,127			35,701	35,701
700806129	INFANTE, LAURELLE SAN ROQ	15,278		15,278			-	-
700002019	INOCENCIO, RYAN BINGCANG	8,000	30,889			30,889	8,000	38,889
709904974	INTAL, ABNER TALAVERA	8,000	44,732			44,732	8,000	52,732
700845949	INTENGAN, ROSARY GISELLE		5,000			5,000	-	5,000
709905464	ISO, RIZA-MAE TAPAWAN	8,000		8,000			-	-
700092134	JACINTO, JOSE ROMULO DE SILVA	6,250		6,250			-	-
700807532	JACOB, ANNA KATRINA DE LA	25,847	15,819			15,819	25,847	41,667
700992623	JACOB, HENJIE REYES	12,167	68,950			68,950	12,167	81,117
700067482	JAIME P. FACTOR	2,390		2,390			-	-
707699042	JAMORA, CONCHITA PEREZ	4,779		4,779			-	-
709905521	JANAYON, KATHERINE MACALI	8,000	30,195			30,195	8,000	38,195
700093211	JAVELLANA, JEFFREY JAMES	1,195		1,195			-	-
700827924	JAVIER, RAPHAEL CHRISTIAN		98,889			98,889	-	98,889
709906259	JENOTAN, MARLON LABANON		3,516			3,516	-	3,516
700094188	JIMENEZ, GEORGE AGUTEP	13,556	21,861			21,861	13,556	35,417
701033638	JIMENEZ, GUTZBELLE MURIEL		45,148			45,148	-	45,148
700815314	JIMENEZ, NORMA JANE DEL R	7,892		7,892			-	-
701039946	JOCSON, MA. MERCEDITAS CA	23,750	14,792			14,792	23,750	38,542
700033235	JOEL R. CALUYA	3,584		3,584			-	-
709906454	JOERNALDO, ANACLETO GONZA		9,093			9,093	-	9,093
700094633	JONSON, JEORGE WEBB	107,447		67,654			39,793	39,793
709906610	JOSE ANTON C. CLAVISILLAS JR.	34,320		34,320			-	-
700985970	JOSEPHINE B. AWA-AO	56,138		56,138			-	-
709902481	JUAN, ROBERT ABELLO	29,335	14,378			14,378	29,335	43,713
700814032	JUANILLO, MICAH PASCUA	8,334		8,334			-	-
701031074	JUBAN, KRIZLE JANE BALALL	35,500	8,965			8,965	35,500	44,465
700868116	JUCABAN, ROMEO L.	2,788		2,788			-	-
701016555	JUNIA, JOSE EGOS	83	40,195			40,195	83	40,278
700989460	JUNIO, MANNY PATAYAN	10,778		10,778			-	-
700857173	JUNIO, VIVIAN DAUS	12,973	23,139			23,139	12,973	36,111
700825271	JUSTINIANO, DIANNA LYN SA	14,723	21,389			21,389	14,723	36,111
709903383	KALALO, LENIE G.	12,835		12,835			-	-
709906115	KAPALUNGAN, VIRGINIA MA		9,334			9,334	-	9,334
709906098	KAPAWAN, ANTHONY STEPHEN		39,583			39,583	-	39,583
709906156	KHO, JOSEPH MARTIN MIRAND		159,405			159,405	-	159,405
709904182	LABAYUGA, DEXTER HEREDIA	8,000	31,583			31,583	8,000	39,583
701002991	LABRADOR, REENA T.		25,000			25,000	-	25,000
700858498	LACABA, LEO LANZARROTE	8,000	40,611			40,611	8,000	48,611
701017152	LACIDA, LLOYD REGODON	41,062		1,228			39,834	39,834
700395501	LADAO, EDUARDO JR., T.	4,028		4,028			-	-
709905873	LADAO, NIKKOLO MIGUEL LIM		49,306			49,306	-	49,306
700096733	LAFORTEZA, BERNARDO ARENA	23,556	14,639			14,639	23,556	38,195
700096792	LAGARDE, WILFREDO RADO	46,889		24,667			22,222	22,222
700097845	LAMSEN, LORETO LAYNO	14,278	9,777			9,777	14,278	24,055
701017179	LANTACA, RUFINO	2,390	36,611			36,611	2,390	39,000
709905085	LANUZA, JOSEPH EVANS MARA	83	46,459			46,459	83	46,542
700856517	LAOANG, RENATO JOSE JR. S	39,806	707			707	39,806	40,513

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
700811220	LARANJO, NELVIN PAGHASIAN	29,306	14,689			14,689	29,306	43,995
701036742	LARDIZABAL, ROWENA PENDRE	8,000	33,667			33,667	8,000	41,667
700099325	LASIN, TEODORICO T.	13,065		13,065			-	-
700955876	LATINA, RICHARD SANCHEZ	5,974		5,974			-	-
709904144	LAURE, JOSE ORQUIN		28,847			28,847	-	28,847
700861200	LAURON, FLORDELIZA TANGID	39,406		39,406			-	-
700868493	LAURON, ROLAND CAGAS	16,300	22,516			22,516	16,300	38,816
700991384	LAVIÑA, SHERYL ALMEDA	-	34,028			34,028	-	34,028
700100293	LAZO, FELICISIMO ROCERO	3,584		3,584			-	-
700835129	LEE, EDWARD SUS	15,000	12,882			12,882	15,000	27,882
701013297	LEODEN GELIDO	6,770	13,230			13,230	6,770	20,000
700101672	LEONILLO, LEWISITO D.	15,000		15,000			-	-
700867012	LIBOON, ELENITA FERRER	72,667		10,892			61,775	61,775
701007728	LICAYAN, RYAN BURDO	11,670	22,811			22,811	11,670	34,481
700981087	LIM CONCEPCION	8,695		8,695			-	-
700899860	LIM, DALE LEONIL CHUA	19,934		19,934			-	-
709906437	LIMIAC, LOU CARL MALLARI		18,333			18,333	-	18,333
700124222	LIOANAG, ROSALINA A.	4,381		4,381			-	-
700867586	LIRAC, MICHAEL RIVERA	32,723	6,799			6,799	32,723	39,521
700833460	LLANOS, ARDEN PEÑALOSA	36,292		13,000			23,292	23,292
700103594	LLORIN, ZALDINDO RAMIRO	27,550	12,728			12,728	27,550	40,278
700991635	LOBINGCO, ALLAN ABELLA	83	22,000			22,000	83	22,083
700846953	LOOD, JENETH COLINA	7,103	36,647			36,647	7,103	43,750
701017667	LOPEZ, KERWIN L.		18,900			18,900	-	18,900
700822876	LOPEZ, RAYMOND LLAMOSO	47,583	16,456			16,456	47,583	64,040
700861960	LORENZO G. HERNANDEZ	19,167		19,167			-	-
700421324	LORENZO, ARIEL SANTIAGO	73,000		38,278			34,722	34,722
709903205	LU, REGGIE SUN	23,833	25,189			25,189	23,833	49,022
700990965	LUAGUE, GERARD CAÑARES	7,169	17,483			17,483	7,169	24,651
701024582	LUMACTUD, ANA MARIE	9,500		9,500			-	-
700105422	LUNA, LUIS JORGE SAN AGUS	3,584		3,584			-	-
700105503	LUNA, WINEFREDO R.	8,210		8,210			-	-
707800266	MABANGLO, ROMEO ARAGOZA	3,584	26,980			26,980	3,584	30,565
709906226	MABATID, NOEL LANGGAMIN		11,984			11,984	-	11,984
700832790	MACABAGDAL, CARLA BIANCA	93,778		59,750			34,028	34,028
701035681	MACADANGDANG, SHIRLEY C.		46,101			46,101	-	46,101
700802360	MACALALAG, EMMANUEL BODO	290,378		176,616			113,762	113,762
700106046	MACARAEG, LEO ABULENCIA	10,778	25,333			25,333	10,778	36,111
700807397	MACARAIG, ANTHONY MARI SA	7,500	44,589			44,589	7,500	52,089
700107565	MACARAIG, JERRY POMBUENA	16,334	25,469			25,469	16,334	41,802
701019139	MACASERO, DENNIS VILLANUE	83	41,583			41,583	83	41,667
701019201	MADEJA, RAYMUNDO BATUTO	20,004	20,968			20,968	20,004	40,972
700841048	MADRASO, MARY ANN ADALIN	15,972		15,972			-	-
700107069	MADRID, SENEN R.	1,195	8,705			8,705	1,195	9,900
700046167	MAGANES, REGINO MADAYAG	34,639	7,226			7,226	34,639	41,865
700990051	MAGNO, ALFREDO JOSON	13,556	5,752			5,752	13,556	19,308
701005626	MAGTAJAS, MARY JOSEPHINE	4,908	38,833			38,833	4,908	43,741
700822930	MALABANAN, MICHAEL JAY ME	56,578		33,662			22,917	22,917
701036254	MALABO, JEFFREY MORENO		38,889			38,889	-	38,889
709905242	MALABO, SUZENNE MORENO	19,250	19,639			19,639	19,250	38,889
700112992	MALABUYOC, RODOLFO CAMPAS	17,690	23,977			23,977	17,690	41,667
701019635	MALASARTE, ALMARIO BARZ	16,158	41,627			41,627	16,158	57,785
700113026	MALIGALIG, FERNANDO JR LA	12,825	27,286			27,286	12,825	40,111
708903017	MALIWAT, NOEL CASUPANAN	19,250	22,165			22,165	19,250	41,415
700815322	MALLARI, RICARDO JR. SEVI	8,000		8,000			-	-
701002023	MAMARIL, EUFRACIO JR EUSE	4,779		1,947			2,832	2,832
700111678	MANALANG, ALMA LIM	24,465	15,195			15,195	24,465	39,660
700099457	MANALO, DINAH LAURON	34,712	4,146			4,146	34,712	38,858
700111694	MANALO, RAMIRO SADSAD	16,300	23,978			23,978	16,300	40,278
700112011	MANANGAN, PEDRO CALIZO	29,278	8,222			8,222	29,278	37,500
701019775	MANAYA, EVANGELISTO , JR.	28,556		16,750			11,806	11,806
701019813	MANCELITA, ROMEO ABATAYO	83		83			-	-
709906160	MANDAP, JONATHAN MARK COR		45,833			45,833	-	45,833

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders**
(Other than Related Parties)
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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
701010417	MANGAO, ARQUILLA DEBALUCO	14,376	27,952			27,952	14,376	42,328
700867276	MANGAPOT, LITO YANES	22,028	17,555			17,555	22,028	39,583
700845655	MANGLINE, ERNEST RAMIL	89,381		89,381			-	-
700803235	MANINGAT, JUAN MA. CARLOS	1,195		1,195			-	-
700445452	MANLUNAS, NENITA F.	8,000	2,000			2,000	8,000	10,000
709904575	MANTO, JOANAVI ADOVE	8,000	31,045			31,045	8,000	39,045
700115932	MANUEL, FERNANDO GERONIMO	30,051	8,838			8,838	30,051	38,889
700981117	MANUEL, JESUS GABRILLO	10,778	26,028			26,028	10,778	36,806
700828670	MANUIT, ROGELIO JR. CASTR		47,914			47,914	-	47,914
708402002	MAQUIDATO, ANSELMO JINTAL	8,000	32,278			32,278	8,000	40,278
707852886	MARALIT, ALDORITA BURCA	1,195		1,195			-	-
700117005	MARANAN, REYNALDO FLORES	28,297		10,975			17,322	17,322
709907593	MARASIGAN, ARIS		7,000			7,000	-	7,000
700988952	MARCAIDA, REZA MENDOZA	17,209		16,273			936	936
700122963	MARCELINO P. MAYHAY	2,607		2,607			-	-
700812293	MARIN, MARILEN M.	8,000	30,195			30,195	8,000	38,195
700001012	MARQUEZ, BERNARD D.	14,337		14,337			-	-
700120863	MARTINEZ, SUSANA FELICIAN	48,073		18,572			29,501	29,501
700119024	MARZOÑA, ANGELA BARANDON	25,305		25,305			-	-
700032727	MASONGSONG, MA TERESA CAL	19,800	23,593			23,593	19,800	43,393
700810193	MATEO, REYNALYN ABALUS	5,723	48,625			48,625	5,723	54,348
709907156	MAURENCE C. SALUNGA	3,274		3,274			-	-
701020803	MAYOL, LITO REPAJA	83		83			-	-
701020838	MAYOL, SANDY PERALES	83		83			-	-
700123951	MEJICO, ALFREDO MALAPOTE	39,583		16,667			22,917	22,917
700884014	MELLA, ELMER JR. PASCUAL	9,945		9,945			-	-
709905590	MENDOZA, WILBERT IVAN CAR		12,711			12,711	-	12,711
700992950	MENESES, ROMEL NICASIO	29,528	27,139			27,139	29,528	56,667
707890796	MERCADO, ALLAN PINEDA	4,779		4,779			-	-
709905859	MERCADO, MARK ANTHONY SUM	33,000		33,000			-	-
701004697	METRA, JEZEBEL PELONE	9,610	29,185			29,185	9,610	38,795
700813672	MICIANO, LEON MIGUEL ZOLE	20,115		1,075			19,040	19,040
709902762	MIGUEL, MATEO JR. FLORES	51,555	14,694			14,694	51,555	66,250
709905555	MIRAFUENTES, JASON B.		3,000			3,000	-	3,000
700020133	MOMBAY, MA. ALMA BAUTISTA	84,167		80,000			4,167	4,167
700838462	MONCES, CYLBRYAN MENDOZA	47,583	12,045			12,045	47,583	59,628
709905272	MONGADO, CHERRY ATABELO	2,583	49,548			49,548	2,583	52,131
700856371	MONTANO, REGGIE M.		9,000			9,000	-	9,000
709905554	MONTEMAYOR, KAHLIL DAVID		27,125			27,125	-	27,125
709903821	MONTENEGRO, JOSELITO OPUR	39,667		16,750			22,917	22,917
709905927	MONTERO, CRISTINA GRACILL		36,806			36,806	-	36,806
700815756	MONTES, MARK HAROLD MARFE	37,931	23,181			23,181	37,931	61,111
709905409	MORALDE, JOEM IAN HERNAND	8,000		8,000			-	-
700841226	MORALEDA, CHARESSE MAYEN D.	92,417		92,417			-	-
709905032	MORENO, JHONATHAN MICHAEL	15,875	26,395			26,395	15,875	42,270
700848450	MORERA, MARIROSE GUTIERRE	27,125	72,625			72,625	27,125	99,750
700129895	MORTA, RITCHE BONTOGON	3,584		1,852			1,732	1,732
701016679	MOULIC, VLADIMIR CEREZO	8,000	31,583			31,583	8,000	39,583
701035134	MUNAR, MAE ANNEGELIC BAUL	6,667	30,144			30,144	6,667	36,811
701036335	MUYCO, JOBEN SARDUA	8,000	34,961			34,961	8,000	42,961
700858790	NAPIZA, BRIAN MONTALES	8,743	35,702			35,702	8,743	44,444
709902610	NAVATO, WILFRED ARIES RAC	42,361		16,667			25,695	25,695
709903453	NEYRA, CARLOS AZNAR V DIM	25,500		18,239			7,261	7,261
700132381	NICOLAS, ARNEL MORILLA	17,690		16,845			845	845
700132373	NICOLAS, RODYVER TUBIG	23,518	17,288			17,288	23,518	40,806
700854379	NIEVALES, JESUS LUIS JUCA	23,938		23,938			-	-
709906600	NIEVES, BONIFACIO I		10,480			10,480	-	10,480
700818569	NINI, MYAN JEMIMA ANDOY	8,555	23,111			23,111	8,555	31,667
700133043	NOBLEZA, LILIA TIBAY	10,278	49,077			49,077	10,278	59,355
700985139	NOLASCO, LUCILA PEREZ		54,446			54,446	-	54,446
701003291	NOVEMIA S. BICO	4,632		4,632			-	-
701021591	OCTAVIO, STEVEN YASA	51,492		36,492			15,000	15,000
709900413	ODRON, MARIA CRISTINA VIL	9,078		8,903			176	176

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
700199109	OGOY, ELENA VISPERAS	21,486	19,323			19,323	21,486	40,810
700179574	OKOL, ARLITZ TALEON	82,850		30,628			52,222	52,222
700824135	ONELLA, RICARDO DALISAY	47,583		21,167			26,417	26,417
700180006	OPADA, PERLITO	1,195		1,195			-	-
700135747	ORA, ARMANDO PARAS	14,945	21,861			21,861	14,945	36,806
701041690	ORTEZA, JESUS TEJADA		43,056			43,056	-	43,056
709902473	OTON, RODOLFO DELA TORRE	48,139	4,306			4,306	48,139	52,444
700824151	PABALAN, ROLDAN BASCO	30,240	4,191			4,191	30,240	34,431
700991660	PAEZ, ARTURO JR. TULING	15,426		15,426			-	-
700848018	PAGDANGANAN, IRIS GRACE C	108,417		2,358			106,059	106,059
700810681	PAGSANHAN, MAILA NICOLASO	2,390		2,390			-	-
700137871	PAGSOLINGAN, BERNARDO ARA	10,778	24,639			24,639	10,778	35,417
700868469	PALAGANAS, EDWIN ERFE	17,556	20,639			20,639	17,556	38,195
709903541	PALAGANAS, GILBERT TULAO	13,889		1,374			12,516	12,516
700137987	PALAGANAS, ROLANDO CATUNG	21,889	17,694			17,694	21,889	39,583
701006436	PALANGYOS, JONAS CLEMENT	10,022		10,022			-	-
709903576	PANGAN, BILLICENT DANTES	2,084	42,452			42,452	2,084	44,536
700844845	PANGILINAN, RACHELLE HERR	8,000	36,444			36,444	8,000	44,444
709906428	PANGUITO, ARNEL DOMINGO	5,000	6,199			6,199	5,000	11,199
700828335	PARAYNO, MARIELLE ATO	23,084	18,583			18,583	23,084	41,667
700141011	PARCO, EMMANUEL LINGCORAN	30,765	11,430			11,430	30,765	42,195
700991392	PASCUA, MARIE ANTOINETTE	25,500	30,349			30,349	25,500	55,849
700141801	PASCUAL, JOSE REGINALD DE	37,500		36,844			656	656
700824640	PASTOR, ERNESTO TABABA	8,000		8,000			-	-
700142298	PASUMBAL, JOEL	8,210		8,210			-	-
709905403	PAYUMO, MARK DANIEL GOMEZ		43,750			43,750	-	43,750
707067437	PEDREGOSA, MARIA LOURDES	2,595		2,595			-	-
709906700	PEPITO, ALVIN O		53,444			53,444	-	53,444
700802697	PERALTA, SERENICO MAUBAN	10,641		9,141			1,500	1,500
700143642	PEREDA, ARLENE JAVIER	46,036	16,297			16,297	46,036	62,334
700144371	PERIA, IMELDA CASTILLO	50,334		50,334			-	-
709905570	PERRERAS, MELISSA GUARDIA	8,000	9,440			9,440	8,000	17,440
700144606	PESIGAN, ROBERTO OBLEFIAS	32,306		24,667			7,639	7,639
700806510	PINEDA, CHRISTOPHER JOHN	42,893		1,263			41,630	41,630
709905697	PINEDA, MARIA CRISTINA AG	26,750	10,972			10,972	26,750	37,722
701033948	PINGUL, FRANCIS QUIAMBAO	8,000	40,927			40,927	8,000	48,927
701023713	PINTOR, BENJAMIN DOROTAYO	34,583		12,417			22,167	22,167
700992720	PLEGARIA, EMILY CERENO	38,599		404			38,195	38,195
709905552	PONCE, NICOLAS JR DELFINO	250		250			-	-
700801429	PRUDENTE, ANDY RESABA	4,779		4,779			-	-
700824160	QUERIDO, FRANCIS JAN ARIT	48,278		24,667			23,611	23,611
700988960	QUIDAYAN, VINCENT NOEL SA	33,472		16,067			17,405	17,405
709905396	QUIJANO, ALLEN DOMINGO	11,250	43,318			43,318	11,250	54,568
709904921	QUILET, MARLON PANGAN	28,750		27,126			1,624	1,624
709904122	QUIMADA, WILLIAM SEGISMAR	83	35,959			35,959	83	36,042
709901754	QUINTO, REYNALDO JR. C	12,167	30,466			30,466	12,167	42,633
700148393	QUINTO, ROMULO GUIBONE	12,167	28,811			28,811	12,167	40,978
700201011	RADAZA, MARICEL CARILLO	53,300		6,810			46,490	46,490
700150215	RAMOS, HERCULANO JR. MEJI	13,556	26,028			26,028	13,556	39,583
709903347	RAMOS, JOSEPH JAY DANILO	8,750	37,083			37,083	8,750	45,833
709903952	RAÑA, FRED III ASINAS		47,080			47,080	-	47,080
709901398	RAVAL, CHARLEMAGNE DELA C	60,063		38,046			22,016	22,016
700990650	RAYMOND D. MANGARON	9,500		9,500			-	-
709905336	RELOZOR, FREDIE V	8,750	41,127			41,127	8,750	49,877
700152269	RELUCIO, RODILLO BASSIG	30,917	23,250			23,250	30,917	54,167
700857203	REMPILLO, ROEL DESTACAMEN	2,823	34,677			34,677	2,823	37,500
701025155	RESABAL, MARIO HIBAYA	17,167		1,070			16,097	16,097
700899224	RESARE, JOSELINO FLORES	23,750		10,000			13,750	13,750
700969591	RESPICIO, RAYMOND RAMELB	8,000		8,000			-	-
700871044	REYES, AIMEE FLORES	10,725	25,386			25,386	10,725	36,111
701003267	REYES, ELLAINE DELA CRUZ	29,124		24,680			4,444	4,444
709907103	REYES, ROSENDO PASCUAL		32,103			32,103	-	32,103
701041363	REYTANA, ANNA KATRINNA OC		3,045			3,045	-	3,045

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Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
709906065	RIFOL, FROILAN RIVERA	9,500	38,804			38,804	9,500	48,304
709906384	RIVAD, SHERINE LAGMAY		47,611			47,611	-	47,611
709903905	RIVAMONTE, RHEA FESTIN	7,473	46,503			46,503	7,473	53,976
709902776	RIVAS, BILLY JOEL TERZOL	8,000	78,206			78,206	8,000	86,206
709905410	RIVERA, JOEL DELA CRUZ	15,000	27,917			27,917	15,000	42,917
700972240	ROBLES, JOSELITO MENDOZA		34,722			34,722	-	34,722
709905106	ROBLES, SHERWIN DEOCAMPO		5,112			5,112	-	5,112
709905880	ROCELA, RICHARD STA. SING	210	40,068			40,068	210	40,278
709906651	ROGADOR, ALMYRA RIÑOZA		525			525	-	525
700037818	ROLDAN, MARGARITA CASABAR	6,250		6,250			-	-
700155136	ROMAN, RICO DELA CRUZ	20,848		18,764			2,084	2,084
709905454	ROMERO, ROCHELLE LAPUZ	11,789	35,434			35,434	11,789	47,222
709902448	RONALD FREDERICK G. ADEVA	9,879		9,879			-	-
700159204	ROSALES, GARY	13,889		13,889			-	-
700004138	ROSALES, ROWENA AGUSTIN	6,945		6,280			665	665
700984612	ROXANNE B. MILLAN	4,779		4,779			-	-
709906768	RUBIATO, HAMILCAR ESPESOR		1,395			1,395	-	1,395
709904105	RUFO, RUSSEL MENDOZA	9,306	27,222			27,222	9,306	36,528
709907021	RUSELL, ELLENA DELA CRUZ		7,792			7,792	-	7,792
700592552	SABAULAN, ROBERTO MONTES	10,753		10,753			-	-
700169692	SADI SANTOS	37,732		37,732			-	-
700002065	SAJUL, MICHAEL PORLEY	50,417		4,861			45,555	45,555
700163201	SALINAS, ROLANDO BARONGAN	16,334	24,291			24,291	16,334	40,625
700104523	SALVADOR T. LOPEZ	5,576		5,576			-	-
700855529	SALVADOR, ANGELITO CUNANA	15,556	27,050			27,050	15,556	42,606
709906567	SALVO, VICENTE T	3,172		3,172			-	-
709907402	SAMIANO, ARSENIO	10,000	10,000			10,000	10,000	20,000
700163635	SAMSON, HENRY OMILIO	27,722	27,023			27,023	27,722	54,745
709905321	SAN AGUSTIN, JOHN CARLO S	20,500	18,389			18,389	20,500	38,889
709902584	SAN DIEGO, ANDREW LAPIDARIO	4,167		4,167			-	-
709905861	SAN JOSE, ROMUALDO RICARD	8,000		8,000			-	-
700802840	SAN JUAN, RAYMUNDO TUASON	8,000	2,769			2,769	8,000	10,769
701012541	SANCHEZ, LEO II FERNANDEZ	20,500		20,500			-	-
701045342	SANCHEZ, REYNALDO UNTAL		49,306			49,306	-	49,306
700827959	SANICO, CESAR SEDILLO	12,779	374			374	12,779	13,153
709900468	SANIEGO, ENRIQUE PLATON	53,103	10,092			10,092	53,103	63,195
700972177	SANTIAGO, GILBERT SEBASTI		38,727			38,727	-	38,727
701040502	SANTIAGO, MARVIN JACINTO		28,333			28,333	-	28,333
701043056	SANTIAGO, MELINDA PENULIA		45,444			45,444	-	45,444
709906238	SANTIAGO, WILBERT FAELNAR		833			833	-	833
700990397	SANTOS, CHRISTINE SAN JUA		36,643			36,643	-	36,643
700805394	SANTOS, ELENA CARMELA ANC	20,917	18,686			18,686	20,917	39,603
709904614	SANTOS, ERNESTO MACALE	8,000	30,195			30,195	8,000	38,195
701042963	SANTOS, FELCHIE ALIBIO		49,306			49,306	-	49,306
701034987	SANTOS, JOHN MICHAEL AMOR	8,000		7,400			600	600
700168254	SANTOS, JUEL FERNANDEZ	29,167		29,167			-	-
700973912	SANTOS, KERWIN PASCUAL	23,611	15,333			15,333	23,611	38,945
700828874	SANTOS, MEILANI MAY BAUTI	10,000	34,583			34,583	10,000	44,583
700097201	SANTOS, SIDFREY	35,000		35,000			-	-
700979201	SANTOS, SIDFREY CASTRO	4,779		4,779			-	-
709906199	SANTOS, TONI ROY REMIAS		966			966	-	966
700625892	SARIA, EDUARDO DAYACAP	32,779	10,971			10,971	32,779	43,750
708233446	SARMIENTO, RONILO ARMANDO	73,584		65,157			8,427	8,427
700171603	SASIL, JESUS JR. MOYA	35,880	1,898			1,898	35,880	37,778
700137901	SATURNINO G. PAJARILLO, JR.	31,584		31,584			-	-
700870765	SAVELLANO, CRISANTA GONZA	2,179		2,179			-	-
700856584	SEMBRANA, JOJI SABADO	19,856	19,033			19,033	19,856	38,889
700991805	SERAPION, OLIVIA ORPILLA	19,945	19,077			19,077	19,945	39,022
701022083	SERING, RODNEY ALLEN CALA	45,139		16,667			28,472	28,472
700862991	SIBULO, CLARISA C.	19,250		15,250			4,000	4,000
700103041	SICAT, BRYAN G	14,875	22,625			22,625	14,875	37,500
700993115	SILVA, JULIOUS VARGAS	47,583		24,667			22,917	22,917
700827070	SINGSON, MICHELLE SOLLER	18,750		16,667			2,084	2,084

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**
As of December 31, 2011

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
700819620	SISCON, GIGINA DUPHNE AMO	22,900	13,211			13,211	22,900	36,111
700175471	SITJAR, MARIO MALINIS	2,390	6,414			6,414	2,390	8,804
700402024	SO, RONALD GUBAT	32,555	16,103			16,103	32,555	48,657
709906494	SOLATORIO, JOEL LONZON		616			616	-	616
700082872	SORIA, KAREN GRANDE	-	54,695			54,695	-	54,695
701006428	SORIANO, GERALD DELA CRUZ	10,167	25,250			25,250	10,167	35,417
700640409	SORIANO, JESUS CASTRO	4,284		2,588			1,696	1,696
700970395	SOTIANGCO, NOEL DAVID	20,500	16,306			16,306	20,500	36,806
709904401	STA CRUZ, GENEVIEVE SOTO	31,875	11,181			11,181	31,875	43,056
700867080	STA. ROSA, ROSALINDA REYE	-	43,750			43,750	-	43,750
700178381	SUPNET, DAVID VISPERAS	30,222	8,666			8,666	30,222	38,889
701029304	SY, EUGENE BALMORI	12,856	35,204			35,204	12,856	48,060
709906604	SY, HECTOR AUGUSTUS SALVADOR		25,000			25,000	-	25,000
700868680	SY, MERIDEL T	24,000		24,000			-	-
700841056	TABAY, ROSALIE	21,528		16,528			5,000	5,000
709905136	TAGANGUIN, ARLENE QUIJANO	9,363	28,831			28,831	9,363	38,195
709905348	TAGANGUIN, JOAN B		34,961			34,961	-	34,961
709905553	TAGUDING, RICHEL QUINDAG		47,197			47,197	-	47,197
701009125	TALUBAN, ROBERTO SALAZAR	8,000	32,972			32,972	8,000	40,972
700107646	TAMAYO, ESTRELLA MAGISAN	1,195		1,195			-	-
701043560	TAMAYO, ROSE CRISA GALURA		40,972			40,972	-	40,972
700981150	TAMIN, JESSIE ROY	12,528	24,278			24,278	12,528	36,806
700845388	TAMSI, ROSEMARY JAE DOLFO	2,800		2,800			-	-
701030523	TAN, WILSON CHU	4,779	155,691			155,691	4,779	160,470
700180661	TANCINCO, LYNDON GALVEZ	22,693	25,918			25,918	22,693	48,611
709903780	TANGCAWAN, LOVEH ECONAR	810		210			600	600
700848204	TATEL, JOSEPHINE ROJAS	140,306		7,583			132,723	132,723
709905938	TATLONGHARI, CHRISTIAN HO	9,350	39,481			39,481	9,350	48,831
709903057	TENDERO, ROEL RAMIRO	8,000		8,000			-	-
709905205	TENEPERE, JENIFFER TORRES	8,000	39,917			39,917	8,000	47,917
701045245	TENORIO, DIANA OLIVA		41,125			41,125	-	41,125
701033700	TIBON, MARICAR SIMAN	10,610	26,796			26,796	10,610	37,406
709905543	TIGARONITA, ERWYN CORDERO	8,000	37,833			37,833	8,000	45,833
709903016	TING, MICHAEL YAP	26,240		19,122			7,118	7,118
700816493	TIU, HARLEY AGATON	41,556		1,972			39,583	39,583
700812412	TOBIAS, EDWIN RAPHAEL N.		1,749,500			1,749,500	-	1,749,500
700185779	TOLENTINO, LARMAN MENDOZA	34,570		34,570			-	-
707585349	TOMASITO M. GAERLAN	44,779		44,779			-	-
708338590	TOMENLACO, ROY VINCENT	5,576		5,576			-	-
709900610	TORALBA, MICHAEL MARANAN	41,333		3,000			38,333	38,333
700824178	TORRES, ERIC MACALALAD	23,000	15,889			15,889	23,000	38,889
700813176	TORRES, JACKIELOU DIMARAN	58,518		20,760			37,758	37,758
700187364	TORRES, JOSE OMAR MARGALL	13,657	22,454			22,454	13,657	36,111
709902904	TORRES, MARK ANTHONY CANE		38,195			38,195	-	38,195
700991937	TOTING, NILO SANCHEZ	1,216		1,216			-	-
700991775	TOVILLA, MARIE GRACE TABI	9,300		7,788			1,512	1,512
709906546	TRAVIÑO, MA ARIANNE KRIST		1,400			1,400	-	1,400
709905267	TRINIDAD, KATHLEEN AÑES	20,000	2,125			2,125	20,000	22,125
700189383	TRINOS, EUGENE G.	11,265		4,965			6,300	6,300
700189421	TRUGO, ARCHIE ARCEO	46,445	28,077			28,077	46,445	74,522
700005541	TUAZON, JENNY ANNE SANCHE	4,500	46,746			46,746	4,500	51,246
700189774	TUMANG, AUGUSTO VARGAS	31,333	4,750			4,750	31,333	36,083
700899658	TUPAZ, PAOLO JOSE ROBLES	2,278		2,278			-	-
709905340	UMAYAM, DENNIS BASTE	83		83			-	-
700190462	UNSAY, LUCIA D.	44,921		44,921			-	-
701002801	URZO, REA ETHEL A.		63,710			63,710	-	63,710
709902764	USI, EMMANUEL GOPEZ	33,110	8,557			8,557	33,110	41,667
700865915	UY, ANGELINE	2,390	26,611			26,611	2,390	29,000
701046438	UY, ENRIQUE BATUSIN-IN	3,250	43,972			43,972	3,250	47,222
709901781	UY, IAN IGNACIO III TUPAS	24,083	25,222			25,222	24,083	49,306
700190586	UY, JOEL OCTOBRE	20,622		18,422			2,200	2,200
700190691	VALENCIA, RAMONCITO L.	2,390		2,390			-	-
708378495	VALENTINO G. VEGA	222,247		222,247			-	-

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**
As of December 31, 2011

Employee No.	Name	Balance at Beginning of Period	Additions	Amounts Collected	Amounts written off	Current	Not current	Balance at the end of period (2011)
700085440	VARGAS, ERNESTO JR. CARIN	36,020	2,175			2,175	36,020	38,195
709905323	VARGAS, MARITES GUIRA	8,500	30,389			30,389	8,500	38,889
700866121	VEGA, BILLIE JEANE VALINO	15,630	140			140	15,630	15,770
700991791	VEGA, VERA MAY SANTOS	19,192	51,003			51,003	19,192	70,195
700192899	VELOSO, EDGARDO LUIS DOLO	70,083		29,904			40,179	40,179
700899380	VERONICA CHUA	54,527		54,527			-	-
709905538	VICTOR JASON LAZARTE	11,220		11,220			-	-
701026020	VIDAL, JOAN MAUHAY	18,313		18,313			-	-
709906177	VIERNES, GABRIEL ANTON C.		50,000			50,000	-	50,000
700176877	VILLADELGADO, EMMA JOCELY	8,000	32,278			32,278	8,000	40,278
700194832	VILLAMOR, ELIZABETH HERUE	83		83			-	-
700195863	VILLANUEVA, MARLYN M.	13,584		13,584			-	-
700811963	VIRAY, ROMMEL HERNANDEZ	26,030		24,680			1,350	1,350
700198544	VISPERAS, ROGELIO VELORIA	17,722	27,416			27,416	17,722	45,139
700176745	VISTA, SONIA SORIANO	3,584		3,584			-	-
700643998	VIVAS, MARGIE SUMIDO	20,500	18,026			18,026	20,500	38,526
709900664	VIVAS, MARLON AMPARO	8,000	41,090			41,090	8,000	49,090
700199508	WASAWAS, JESSIEBERT REOYA	56,554		26,278			30,275	30,275
709906629	YATAR, GERARD S.		35,000			35,000	-	35,000
709906271	YONGQUE, EDMUNDO DELA TOR	20,000		9,482			10,518	10,518
701011499	YU, SARA-ANGELICA TOMALE	8,000	30,195			30,195	8,000	38,195
700981192	ZAFRANCO, SILVERIO MALEDE	114,556		113,206			1,350	1,350
709904069	ZAÑO, REGINALD ALTO	8,000	18,862			18,862	8,000	26,862
701034057	ZARAGOSA, JADCES COLANGO	113,884		113,884			-	-
700201014	ZARAGOZA, EDWIN MONSANTO	53,573		27,407			26,167	26,167
700035734	ZARRAGA, MARIA CAROLYN CA	5,400	33,489			33,489	5,400	38,889

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Assets
December 31, 2011
(In Thousands)

NAME OF RELATED PARTY	BEGINNING BALANCE	ADDITIONS	AMOUNTS COLLECTED	AMOUNTS WRITTEN OFF	TOTAL	CURRENT	NONCURRENT	ENDING BALANCE
Distileria Bago, Inc.	₱ 669,528	₱ 321,044	₱ (835,384)	₱ -	₱ 155,188	₱ 3,278	₱ 151,910	₱ 155,188
Agricrops Industries, Inc.	11,454	64	(105)	-	11,413	64	11,349	11,413
Healthy Condiments, Inc.	1,693	107	-	-	1,800	107	1,693	1,800
Global Beverage Holding Ltd.	65,454	-	-	-	65,454	-	65,454	65,454
Siam Holdings Ltd.	91,512	-	-	-	91,512	-	91,512	91,512
Thai San Miguel Liquor Co. Ltd	-	96,477	-	-	96,477	96,477	-	96,477
	₱ 839,641	₱ 417,692	₱ (835,489)	₱ -	₱ 421,844	₱ 99,926	₱ 321,918	₱ 421,844

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

Schedule D. **Intangible Asset - Other Asset**
December 31, 2011
(In Thousands)

Description	Beginning Balance	Additions At Cost	Deductions: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes- Additions (Deductions)	Ending Balance
License	₱ 61,804	₱ -	₱ -	₱ -	₱ (2,970)	₱ 58,834
	₱ 61,804	**₱ -**	**₱ -**	**₱ -**	**₱ (2,970)**	**₱ 58,834**

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

Schedule E. Long-term Debt
December 31, 2011
(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
Fixed	Security Bank Corporation	₱ 300,000	₱ 85,714	₱ 300	₱ 85,414	₱ 214,286	₱ 722	₱ 213,564	₱ 298,978	8.30%	Amortized	Semi-annual	May-15
Fixed	Security Bank Corporation	1,200,000	171,429	1,272	170,157	1,028,571	3,015	1,025,556	1,195,713	7.63%	Amortized	Semi-annual	May-15
Floating	ABN AMRO	148,535	59,414	212	59,202	89,121	257	88,864	148,066	THBFIX + agreed margin	Amortized	Quarterly	Feb-14
Floating	United Overseas Bank	148,535	59,414	213	59,201	89,121	258	88,863	148,064	THBFIX + agreed margin	Amortized	Quarterly	Feb-14
		₱ 1,797,070	**₱ 375,971**	**₱ 1,997**	**₱ 373,974**	**₱ 1,421,099**	**₱ 4,252**	**₱ 1,416,847**	**₱ 1,790,821**				

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

Schedule F. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)
December 31, 2011
(In Thousands)

Name of Related Parties	Beginning Balance	Ending Balance
Petron Corporation	₱ 55,875	₱ 147,023
SMC Shipping and Lighterage Corporation	206,433	140,186
San Miguel Yamamura Asia Corporation	163,975	137,332
San Miguel Corporation	95,259	118,987
San Miguel Pure Foods Company, Inc.	53,332	35,954
San Miguel Yamamura Packaging Corporation	228,744	31,727
SMITS, Inc.	15,395	6,349
San Miguel Brewery, Inc.	5,809	2,932
Archen Technologies	159	2,353
Others	4,614	400
	₱ 829,595	₱ 623,243

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

Schedule H. Capital Stock
As of December 31, 2011

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	290,075,941	11,448,335	216,972,000	11,829,367	49,826,239
	560,000,000	**322,862,826**	**11,448,335**	**249,758,885**	**11,829,367**	**49,826,239**

GINEBRA SAN MIGUEL, INC.
AGING OF ACCOUNTS RECEIVABLES
AS OF DECEMBER 31, 2011
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	2,007,526,116	1,174,052,371	107,485,744	87,186,597	101,599,905	537,201,499
Less: Allowance for Doubtful Accounts		108,291,753	-	-	-	-	108,291,753
NET TRADE RECEIVABLES		**1,899,234,363**	**1,174,052,371**	**107,485,744**	**87,186,597**	**101,599,905**	**428,909,746**
b). **Non-Trade Receivables**		1,278,076,715	201,380,147	106,185,629	75,423,405	41,154,959	853,932,575
NET NON-TRADE RECEIVABLES		**1,278,076,715**	**201,380,147**	**106,185,629**	**75,423,405**	**41,154,959**	**853,932,575**
NET RECEIVABLES	P	**3,177,311,078**	**1,375,432,518**	**213,671,373**	**162,610,002**	**142,754,864**	**1,282,842,321**

Manabat Sanagustin & Co., CPAs
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REPORT OF INDEPENDENT AUDITORS

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Ginebra San Miguel, Inc. (the "Company") as at and for the year ended December 31, 2011, and have issued our report thereon dated March 9, 2012.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration, presented as an attachment to the audited financial statements of Ginebra San Miguel, Inc. is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Securities and Exchange Commission Memorandum Circular No. 11, Series of 2008, *Guidelines on the Determination of Retained Earnings Available for Dividend Declaration,* and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the financial statements data required to be set forth therein in relation to the basic financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

JORGE MA. S. SANAGUSTIN
Partner
CPA License No. 0030399
SEC Accreditation No. 0026-AR-3, Group A, valid until January 4, 2015
Tax Identification No. 124-282-616
BIR Accreditation No. 08-001987-7-2010
Issued June 30, 2010; valid until June 29, 2013
PTR No. 3174027MA
Issued January 2, 2012 at Makati City

March 9, 2012
Makati City, Metro Manila

Manabat Sanagustin & Co., CPAs, a Philippine partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

PRC-BOA Registration No. 0003, Group A, valid until December 31, 2013
SEC Accreditation No. 0004-FR-3, Group A, valid until November 22, 2014
IC Accreditation No. F-0040-R, Group A, valid until September 11, 2014
BSP Accredited, Group A, valid until December 17, 2014

GINEBRA SAN MIGUEL, INC.
6th Floor, San Miguel Properties Centre
St. Francis Street, Ortigas Center, Mandaluyong City
RETAINED EARNINGS AVAILABLE FOR DIVIDEND

		(Figures based on functional currency audited financial statements as of and for the year ended December 31, 2011) *In Thousands*
Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, January 1, 2011*		**P5,791,659**
Add: Net income actually earned/realized during the period		
Net loss during the period closed to Retained Earnings	(P853,244)	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	2,125	
Unrealized actuarial gain	-	
Fair value adjustments (M2M gain)	-	
Fair value adjustments 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	-	
Sub-total	2,125	**(855,369)**
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)	-	
	-	-
Net income actually earned during the period		**4,936,290**
Add (Less):		
Dividend declarations during the period	(482,014)	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	(2,579,409)	
	-	**(3,061,423)**
TOTAL RETAINED EARNINGS, DECEMBER 31, 2011 AVAILABLE FOR DIVIDEND		**P1,874,867**

Manabat Sanagustin & Co., CPAs
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Ginebra San Miguel, Inc.
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. and Subsidiaries included in this Form 17-A and have issued our report thereon dated March 9, 2012.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The tabular schedule of Philippine Financial Reporting Standards as of December 31, 2011 is the responsibility of the Company's management. Such tabular schedule is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended and is not part of the basic consolidated financial statements. The tabular schedule has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the consolidated financial statements data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

JORGE MA. S. SANAGUSTIN
Partner
CPA License No. 0030399
SEC Accreditation No. 0026-AR-3, Group A, valid until January 4, 2015
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Issued January 2, 2012 at Makati City

March 9, 2012
Makati City, Metro Manila

Standards	"Adopted", "Not adopted" or "Not applicable"
Philippine Financial Reporting Standards (PFRS)	
PFRS 1 First-time Adoption of Philippine Financial Reporting Standards	Not applicable
PFRS 2 Share-based Payment	Adopted
PFRS 3 Business Combinations	Adopted
PFRS 4 Insurance Contracts	Not applicable
PFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Not applicable
PFRS 6 Exploration for and Evaluation of Mineral Resources	Not applicable
PFRS 7 Financial Instruments: Disclosures	Adopted
PFRS 8 Operating Segments	Adopted
Philippine Accounting Standards (PAS)	
PAS 1 Presentation of Financial Statements	Adopted
PAS 2 Inventories	Adopted
PAS 7 Statement of Cash Flows	Adopted
PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Adopted
PAS 10 Events after the Reporting Period	Adopted
PAS 11 Construction Contracts	Not applicable
PAS 12 Income Taxes	Adopted
PAS 16 Property, Plant and Equipment	Adopted
PAS 17 Leases	Adopted
PAS 18 Revenue	Adopted
PAS 19 Employee Benefits	Adopted
PAS 20 Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
PAS 21 The Effects of Changes in Foreign Exchange Rates	Adopted
PAS 23 Borrowing Costs	Adopted
PAS 24 Related Party Disclosures	Adopted
PAS 26 Accounting and Reporting by Retirement Benefit Plans	Not applicable
PAS 27 Consolidated and Separate Financial Statements	Adopted
PAS 28 Investments in Associates	Adopted
PAS 29 Financial Reporting in Hyperinflationary Economies	Not applicable
PAS 31 Interests in Joint Venture	Adopted
PAS 32 Financial Instruments: Presentation	Adopted
PAS 33 Earnings per Share	Adopted
PAS 34 Interim Financial Reporting	Adopted
PAS 36 Impairment of Assets	Adopted
PAS 37 Provisions, Contingent Liabilities and Contingent Assets	Adopted
PAS 38 Intangible Assets	Adopted
PAS 39 Financial Instruments: Recognition and Measurement	Adopted
PAS 40 Investment Property	Adopted
PAS 41 Agriculture	Not applicable

KPMG

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Ginebra San Miguel, Inc.
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. and Subsidiaries included in this Form 17-A and have issued our report thereon dated March 9, 2012.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The map of the conglomerate within which the Company belongs is the responsibility of the Company's management. Such map is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended and is not part of the basic consolidated financial statements. The map has been subjected to auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the consolidated financial statements data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

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Partner
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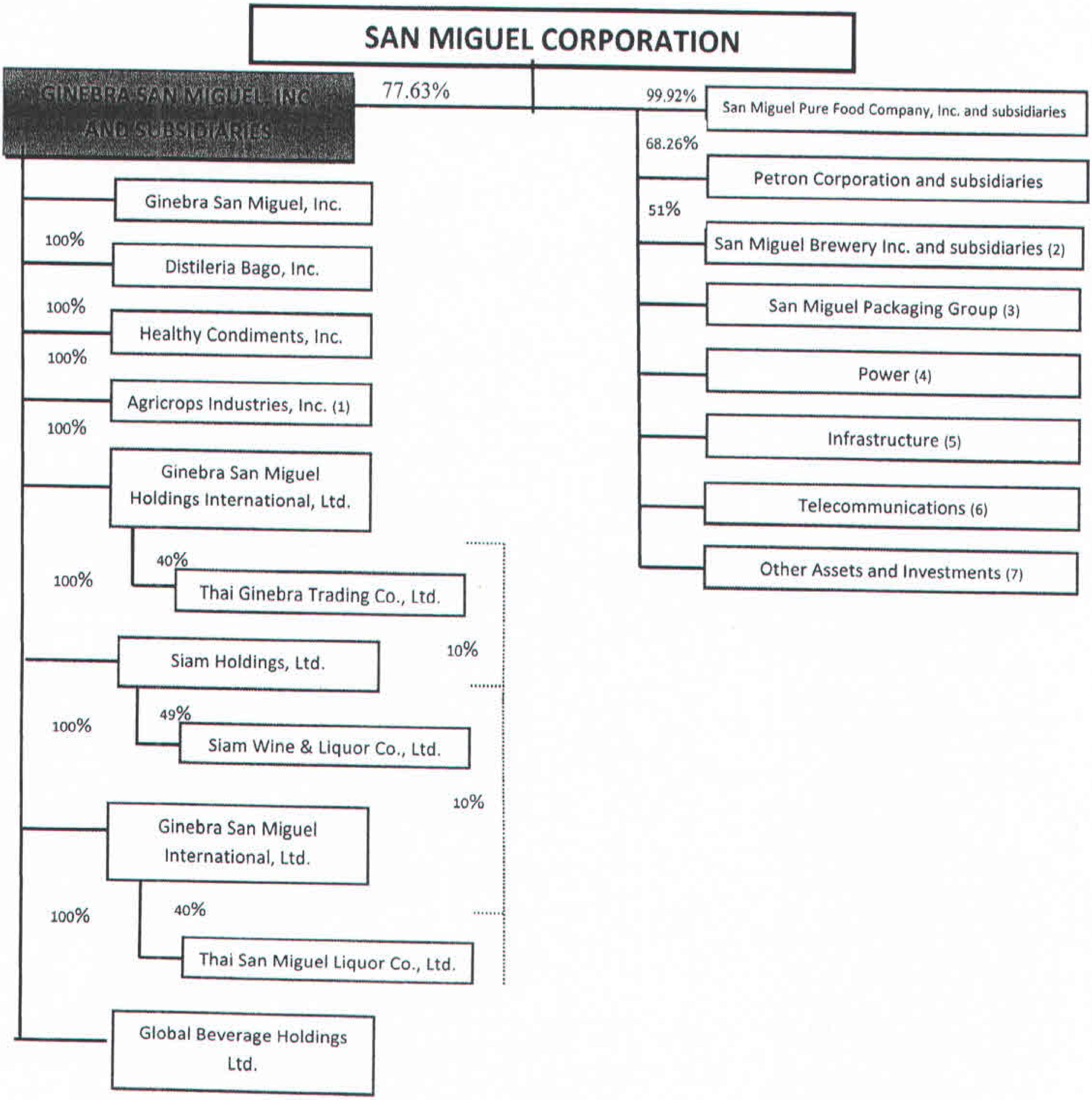
SEC Accreditation No. 0026-AR-3, Group A, valid until January 4, 2015
Tax Identification No. 124-282-616
BIR Accreditation No. 08-001987-7-2010
Issued June 30, 2010; valid until June 29, 2013
PTR No. 3174027MA
Issued January 2, 2012 at Makati City

March 9, 2012
Makati City, Metro Manila

GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES
GROUP STRUCTURE



GINEBRA SAN MIGUEL, INC. AND SUBSIDIARIES

(1) Incorporated in September 2000 and has not yet started commercial operations

(2) Group comprised of Brewery Properties Inc. (40%), Iconic Beverages, Inc. (100%) and San Miguel Brewing International Ltd. (100%)

(3) Group comprised of San Miguel Yamamura Packaging Corporation (65%), San Miguel Yamamura Packaging International Limited (65%), San Miguel Yamamura Asia Corporation (60%) and Mindanao Corrugated Fibreboard, Inc. (100%)

(4) Power business comprised of SMC Global Power Holdings Corp. and subsidiaries (100%) and Manila Electric Company (33.19%)

(5) Infrastructure business comprised of Trans Aire Development Holdings Corp. (93%), Private Infra Dev Corporation (35%) and Universal LRT Corporation (BVI) Limited (51%)

(6) Telecommunications business comprised of Liberty Telecommunications Holdings, Inc. (41.48%), Bell Telecommunication Philippines, Inc. (100%) and Eastern Telecommunications Philippines, Inc. (77.70%)

(7) Other Assets and Investments comprised of San Miguel Properties, Inc. (99.68%) and its associate Bank of Commerce (39.93%)

Annex "E"

2011 REPORTS ON SEC FORM 17-C

Date Reported	Subject
March 8, 2011	The Board declared a cash dividend of P0.375 per share payable on April 8, 2011 to all stockholders of record as of March 23, 2011. The stock transfer books will be closed from March 24, 2011 to March 30, 2011. The Board declared that the Annual Stockholders' Meeting of the Company will be held on May 12, 2011. The record date of the stockholders entitled to vote at the said meeting is April 12, 2011. The stock transfer books will be closed from April 13, 2011 to April 20, 2011. The deadline for the submission of proxies is on April 25, 2011 and the validation of proxies is on May 5, 2011.
April 11, 2011	The Board elected Mr. Bernard D. Marquez as member of the Board vice Ms. Ma. Belen C. Buensuceso who resigned effective April 11, 2011 to focus on her other functions and responsibilities in the SMC Group. Mr. Marquez is currently a Vice President of the Company and General Manager of Thai San Miguel Liquor Co., Ltd. (Thailand). He previously held the following positions: Business Manager of the non-alcoholic beverage business of the Company (July-December 2009); Assistant Vice President and Business Manager of San Miguel Beverages, Inc. (March 2007- June 2009) and Assistant Vice President and Business Planning and Development Manager of Coca-Cola Bottlers Philippines, Inc. (August 2004-February 2007). Mr. Marquez currently owns 30,000 shares in the Company.
May 5, 2011	The Board declared a cash dividend of P0.375 per share payable on June 15, 2011 to all stockholders of record as of May 23, 2011. The stock transfer books of the Company will be closed from May 24, 2011 to May 27, 2011.
May 12, 2011	At the ASM, the following directors were duly re-elected: Eduardo M. Cojuangco, Jr. Ramon S. Ang Bernard D. Marquez Leo S. Alvez Gabriel S. Claudio Roberto V. Ongpin Gerardo C. Payumo Carlos Palanca III - Independent Director Carmelo L. Santiago – Independent Director The foregoing directors with the exception of Mr. Marquez and Mr. Palanca currently have 5,000 shares each in the Company. Mr. Marquez has 30,000 shares, while Mr. Palanca has 5,001 shares.

At the Organizational Meeting of the BOD, the following officers were elected:

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

Of the aforementioned officers, Ms. Baroy and Ms. Jamora have 30,000 shares each in the Company. On the other hand, Mr. Jacinto and Mr. Santiago do not own shares in the Company.

In the same meeting, the following were elected as chairmen and members of the following Board Committees:

Executive Committee

1. Eduardo M. Cojuangco, Jr. – Chairman
2. Ramon S. Ang
3. Bernard D. Marquez
4. Ferdinand K. Constantino

Audit Committee

1. Carlos Palanca III – Chairman
2. Leo S. Alvez
3. Ferdinand K. Constantino
4. Carmelo L. Santiago

Executive Compensation Committee

1. Ferdinand K. Constantino – Chairman
2. Carlos Palanca III
3. Leo S. Alvez
4. Carmelo L. Santiago

Nomination and Hearing Committee

1. Leo S. Alvez – Chairman
2. Bernard D. Marquez
3. Carmelo L. Santiago
4. Roberto V. Ongpin
5. Gabriel S. Claudio

David S. Santos – Ex Oficio Member

May 12, 2011	Please see attached press release entitled “Ginebra posts strong full-year 2010 results.
July 8, 2011	Please be advised that the Company paid Seventy Thousand Pesos (Php70,000.00) to the Securities and Exchange Commission (the “Commission”) today as penalty in connection with the late filing of the General Information Sheets of the Company for previous years. The payment of such penalty was contained in the Letter-Advice of the Commission, dated April 11, 2011, a copy of which was received by the Company on July 4, 2011.
August 9, 2011	The Board declared a cash dividend of Php0.375 per common and preferred share payable on October 3, 2011 to all stockholders of record as of September 8, 2011. The stock transfer books of the Company will be closed from September 9, 2011 to September 14, 2011.
November 8, 2011	The Board declared a cash dividend of Php0.375 per common and preferred share payable on January 3, 2012 to all stockholders of record as of December 8, 2011. The closing of the books shall be from December 9, 2011 to December 14, 2011. The Board approved the creation and adoption of internal self-rating system intended to assess and improve the performance of the Board of Directors in accordance with the Company’s Amended Manual on Corporate Governance.